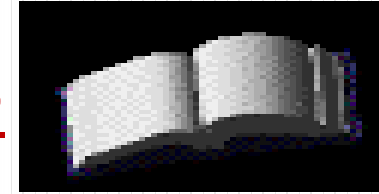


COMPANIES ACT, 2013



Dematerialisation of Shares of Unlisted Public Limited Companies

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Legal Basics....

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

Act / Rule	The Companies (Prospectus and Allotment of Securities) Rules, 2014
Date of Notification	10 – Sep - 2018
Effective Date	02 – Oct - 2018
Relevant Rule	Rule 9A

***Demat of Shares of the Companies in light of MCA
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***Issue of Securities in Dematerialised form by Unlisted Public
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Amendment, if any

Yes

Date of Notification

22 – Jan - 2019

Applicability.....

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company

Applicability

1. Listed Public Limited Company

**No
(already covered)**

***Demat of Shares of the Companies in light of MCA
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***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company	Applicability
2. Unlisted Public Limited Company	Yes
3. Unlisted Private Limited Company	No

***Demat of Shares of the Companies in light of MCA
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***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company

Applicability

**4. Subsidiary (Private Limited) of
a Public Limited Company**

Yes

**5. Subsidiary (Private Limited) of
a Private Limited Company**

No

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company	Applicability
------------------------	----------------------

6. Subsidiary (Public Limited) of a Public Limited Company	Yes
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7. Subsidiary (Public Limited) of a Private Limited Company	Yes
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***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company	Applicability
------------------------	----------------------

8. Wholly owned subsidiary companies	No
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9. Nidhi Companies	No
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***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company

Applicability

**10. Public Limited Company
(Section : 8 – Limited by Shares)**

Yes

**11. Private Limited Company
(Section : 8 – Limited by Shares)**

No

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company

Applicability

**12. Public Limited Company
(Limited by Guarantee)**

No

**13. Private Limited Company
(Limited by Guarantee)**

No

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Company

Applicability

14. Government Companies

No

Securities

*Demat of Shares of the Companies in light of MCA
Amendments.....*

*Issue of Securities in Dematerialised form by Unlisted Public
Companies*

➤ **Section 2(81) of the Companies Act, 2013 :**

“Securities” means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

*Demat of Shares of the Companies in light of MCA
Amendments.....*

*Issue of Securities in Dematerialised form by Unlisted Public
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➤ **Section 2(h) of the Securities Contracts
(Regulation) Act, 1956 :**

“securities” include—

(i) ~ shares

~ scrips

~ stocks

~ bonds

Demat of Shares of the Companies in light of MCA

Amendments

Issue of Securities in Dematerialised form by Unlisted Public Companies

~debentures

~debenture stock

~other marketable securities of a like nature in or of any incorporated Company or other body corporate;

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

(ii) derivative;

**(iii) units or any other instrument issued by any
collective investment scheme to the
investors in such schemes;**

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Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

(iv) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

(v) units or any other such instrument issued to the investors under any mutual fund scheme;

(vi) Government securities;

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

**(vii) such other instruments as may be declared
by the Central Government to be securities;**

(viii) rights or interest in securities;

**Demat of Shares of the Companies in light of MCA
Amendments.....**

***Issue of Securities in Dematerialised form by Unlisted
Public Companies***

Type of Securities	Applicability
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1. Equity Shares	Yes
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2. Preference Shares	Yes
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3. Debentures	Yes
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4. Warrants	Yes
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Salient Provisions.....

Salient Provisions For Companies.....

*Demat of Shares of the Companies in light of MCA
Amendments.....*

*Issue of Securities in Dematerialised form by Unlisted Public
Companies*

➤ **All Companies to :**

**(i) provide demat facility to all its existing
shareholders;**

*Demat of Shares of the Companies in light of MCA
Amendments.....*

*Issue of Securities in Dematerialised form by Unlisted Public
Companies*

➤ **All Companies to :**

**(ii) issue new securities in demat form only;
(physical certificate cannot be issued now)**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **Company cannot go for :**
- (a) new issue of securities;**
 - (b) buy-back of securities;**
 - (c) issue of bonus shares;**
 - (d) issue of shares on rights basis**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

unless entire holding of securities of its promoters, directors, KMPs and proposed allottees are dematerialised.

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

➤ **Promoters : Section 2(69) of CA, 2013 :**

(a) who has been named as such in a prospectus or is identified by the Company in the Annual Return referred to in Section 92; or

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

➤ **Promoters : Section 2(69) of CA, 2013 :**

**(b) who has control over the affairs of the
Company, directly or indirectly whether
as a shareholder, director or otherwise; or**

*Demat of Shares of the Companies in light of MCA
Amendments.....*

*Issue of Securities in Dematerialised form by Unlisted Public
Companies*

➤ **Promoters : Section 2(69) of CA, 2013 :**

(c) in accordance with whose advice, directions or instructions the Board of Directors of the Company is accustomed to act;

Provided that nothing in clause (c) shall apply to a person who is acting merely in a professional capacity.

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

➤ **KMP : Section 2(51) of CA, 2013 :**

(a) CEO or MD or Manager

(b) CS

(c) WTD

(d) CFO

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Kolkata

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

➤ **KMP : Section 2(51) of CA, 2013 :**

(e) such other officer, not more than one level below the directors who is in whole-time-employment, designated as KMP by the Board; and

(f) such other officer as may be prescribed.

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

➤ **The Company has to :**

- (i) appoint RTA for ISIN facility**
- (ii) Choose Either NSDL/CDSL**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

(iii) Documents Required :

MOA / AOA

Board Resolution

Corporate Action Form

Networth Certificate

(iv) Payment to NSDL / CDSL

**(v) execute the tripartite agreement with
RTA / NSDL or CDSL**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

(vi) Allotment of ISIN

**(vii) send communication to the shareholders
intimating ISIN and advise them to
dematerialise their shares**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The company has to make provision in its Articles of Association for :**
 - (i) issuance of shares in demat mode**
 - (ii) transfer of shares in demat mode only**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The Company cannot register Transfer of Shares in physical mode on or after 02-10-2018.**

*Demat of Shares of the Companies in light of MCA
Amendments.....*

*Issue of Securities in Dematerialised form by Unlisted Public
Companies*

- **However : Share Transmission**
Share Transposition
Duplicate issue of shares
Change of Nominee
Split/consolidation
Demat / Remat requests

can be carried out by the Company as usual

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The shares cannot be issued to physical shareholder, i.e., all existing shares need to be demated.**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The Company cannot go for issue of securities, buy-back or bonus or right issue unless payments of depositories and RTA are up-to-date.**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The Company has to obtain separate ISIN for separate security(ies).**
- **The Company has to intimate the shareholders regarding facility of dematerialization of their shares once ISIN is generated.**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The Company will have to file audit report in terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996 on half yearly basis with ROC/MCA.**

(can be given by PCA/PCS/PCMA)

(form not yet provided...GNL-2 can be used)

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***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Transfer of Securities in Dematerialised form by Listed
Public Companies***

➤ Time-Limit :

~ Request for demat transfer : 7 days

~ Request for demat/remat : 7 days

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Transfer of Securities in Dematerialised form by Listed
Public Companies***

➤ **Time-Limit :**

~ Request for Physical transfer : 1 month

~ Request for demat/remat : 7 days

Salient Provisions For Securityholders....

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **To open Demat Account, if not opened.**
- **To dematerialise the securities**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **All Securities Transfers in demat mode only on or after 02-10-2018**
- **To ensure all existing securities are in demat mode, before subscribing for new securities**

Consequences for Non-compliance.....

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **SEBI can frame regulations / directions for such type of companies.
(sub-rule 5(c) of Rule 9A)**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **The company will have to comply with :**
- a. SEBI (Depositories and Participants) Regulations, 1996**
 - b. SEBI (Registrars to and Issue and Shares Transfer Agents) Regulations, 1993**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **Shareholders can raise their grievances with
IEPF Authority
(No form prescribed)**
- **IEPF Authority has been empowered to deal
with it**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **IEPF Authority may take action against the DP, Company or RTA with consultation with SEBI**
- **SEBI has been empowered indirectly.**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

➤ **The Company will also be liable for non-compliance under Section 450 of CA, 2013**

**(Co. and every officer in default : Rs. 10,000 +
Rs. 1,000 per day)**

Cost Impact on Companies.....

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **RTA's fee**
- **Admission and Annual maintenance fee to
NSDL/CDSL**

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

DP (NSDL/CDSL) charges as on date....

Particulars	Fee (Rs.) / GST extra
Admission Charges (One Time)	15000
Annual custody fees (on paid up share capital) (Any 1)	
- Up to Rs. 2.5 crores	5000
- Above Rs. 2.5 crores and up to Rs. 5 crore	9000
- Above Rs. 5 crores and up to Rs. 10 crore	22500
- Above Rs. 10 crores and up to Rs. 20 crores	45000
- Above Rs. 20 crores	75000

***Demat of Shares of the Companies in light of MCA
Amendments.....***

***Issue of Securities in Dematerialised form by Unlisted Public
Companies***

- **To keep Two Years Annual maintenance fee as Security Deposit with NSDL/CDSL and RTA.**
- **Fee to be paid for each type of security (ISIN) separately.**

Stamp Duty.....

**Demat of Shares of the Companies in light of MCA
Amendments.....**

Stamp Duty (Demat)....

Instruments	Rate of Stamp Duty
A) Debenture	
i) Issue	0.0005%
ii) Transfer or re-issue	0.0001%
B) Government Securities	0%

**Demat of Shares of the Companies in light of MCA
Amendments.....**

Stamp Duty (Demat)....

Instruments	Rate of Stamp Duty
C) Security Other Than Debentures	
i) Issue	0.005%
ii) Transfer on Delivery Basis re-issue	0.015%
iii) Transfer of Non-Delivery Basis	0.003%

***Demat of Shares of the Companies in light of MCA
Amendments.....***

Stamp Duty (Demat)....

Instruments	Rate of Stamp Duty
A) Derivatives	
i) Futures (equity and commodity)	0.002%
ii) Options (equity and commodity)	0.003%
iii) Currency and interest rate derivatives	0.0001%
iv) Other derivatives	0.002%

