Pursuant to rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (notification dated 10.09.2018), it is now made mandatory for all the unlisted public companies to issue the securities only in dematerialised form and facilitate dematerialisation of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under. This article summarises the position as of now and the actions to be taken further.

This rule shall not apply to an unlisted public company which is: -

* a Nidhi company;
* a Government company; or
* a wholly owned subsidiary.

***References: -***

1. **Dematerialization of securities**: - Dematerialization is the process by which physical share certificates of an investor are taken back by the company/ RTA (Registrar & Transfer agent) and destroyed. Then an equivalent number of securities in the electronic form are credited to the investors account with his/her Depository Participant.
2. **Depositories**: -A company formed and registered under the Companies Act, 1956 or 2013 and which has been granted a certificate of registration under sub-section (1A) of section 12 of the SEBI Act, 1992. Presently, there are two depositories which are functional in India – National Securities Depository Ltd **(NSDL)** and Central Securities Depository Ltd **(CDSL)**
3. **International Securities Identification Number (ISIN): -** The ISIN standard is used worldwide to identify specific securities such as bonds, stocks (common and preferred), futures, warrant, rights, trusts, commercial paper and options. ISINs are assigned to securities to facilitate unambiguous clearing and settlement procedures. They are composed of a 12-digit alphanumeric code and act to unify different ticker symbols “which can vary by exchange and currency” for the same security.
4. **Registrar & Transfer Agents (R&T Agents)**: - Any person registered with SEBI to carry on the activities as a registrar to an issue or share transfer agent or both.

The following actions can be taken by the company only after the entire holding of securities of its promoters, directors, key managerial personnel have been dematerialised in accordance with provisions of the Depositories Act 1996 and regulations made there under: -

* Offer for issue of any securities
* Rights Issue
* Issue Bonus shares
* Buy Back of securities

***Procedure to facilitate dematerialisation of all its existing securities by the unlisted public company***: -

1. Passing of necessary Board Resolution for dematerializing the existing securities and authorizing any one of the directors for submitting necessary documents and forms.
2. Passing of Board Resolution for appointment of an existing R&T Agent registered with SEBI to obtain electronic connectivity. (in case in-house connectivity with NSDL is not being obtained)
3. Make an application for procuring ISIN code (visit [www.isin.org](http://www.isin.org) for making an application)
4. Enter into a tripartite agreement between the company, R&T Agent and NSDL/CDSL. (In case in-house connectivity with NSDL/CDSL has been obtained, bi-partite agreement should be executed between the company and NSDL/CDSL)
5. Register with the Depositories i.e NSDL or CDSL or both in order to facilitate dematerialization of existing securities.(visit [www.nsdl.co.in](http://www.nsdl.co.in) and/or visit [www.cdslindia.com](http://www.cdslindia.com) for registering as an issuer)

*Note that the registration process can be done by the issuer itself or by the professionals registered with ICSI, ICAI, ICWAI on behalf of the issuer or by the R&T Agent on behalf of the issuer*.

**RESPONSIBILITY OF THE SHAREHOLDER/ SECURITY -HOLDER**

***Transfer of securities by the holder of securities of an unlisted public company:*** -

Every Share holder who intends to transfer his/her securities shall get such securities dematerialised before the transfer.

***Subscription of securities by the holder of securities of an unlisted public company***: -

Every holder who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) shall ensure that all his/her existing securities are held in dematerialized form before such subscription.

***FILING OF PAS -6 (RETURN WITH ROC)***

***Half Yearly filing with Registrar of Companies (ROC)***: -

* Every unlisted public company governed by this rule shall submit [Form PAS-6](http://ebook.mca.gov.in/notificationdetail.aspx?acturl=6CoJDC4uKVUR7C9Fl4rZdatyDbeJTqg371oZBjHrVtxObRRMpENZtesyfs8BA2URg0yfymXl3N8=) to the Registrar within 60 days from the conclusion of each half year (i.e 30th September and 31st March) duly certified by a company secretary in practice or chartered accountant in practice. (refer **ANNEXURE I**)
* The company shall immediately bring to the notice of the depositories any difference observed in its issued capital and the capital held in dematerialised form.

**ANNEXURE I**

The following are the requirement for filing form PAS-6: -

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Particulars** | **Remarks** |
|  | Basic details of the company: | CIN, Name, Reg. address, Phone number, Email ID of the company |
|  | ISIN Code | All information shall be furnished for the half year ended 30th September and 31st March in every financial year for each ISIN separately. |
|  | Period of reporting | 1st April to 30th September; or1st October to 31st March |
|  | Details of Capital of the company. Each category in number of shares and percentage of total issued capital | 1. Issued Capital
2. Held in dematerialized form in NSDL.
3. Held in dematerialized form in CDSL
4. Held in Physical form
5. Total number of shares (b + c + d)
 |
|  | Reason for difference in Issued Capital and the Total number of shares as mentioned above. | ( If any) |
|  | Details of changes in capital (number of shares) during the half year under consideration and whether the same has been intimated to NSDL and/or CDSL | **Change in capital through: -**1. Rights Issue
2. Bonus Issue
3. Private Placement
4. ESOPs
5. Amalgamation Conversion
6. Buy Back
7. Capital Reduction
8. Forfeiture
9. Any other (Please Specify)
 |
|  | Details shares held by the Promoters, Directors and KMPs | In Dematerialized form and/or in Physical form. |
|  | Whether the Register of members is updated  | Yes or NoIf no, the date upto which it is updated |
|  | Whether there were dematerialised shares in excess in the previous half-yearly period | Yes or No |
|  | Has the company resolved the matter mentioned in above in the Current half-year | Yes or NoIf no, give details and reasons thereof |
|  | Total no. of demat requests along with the number of shares. | 1. Confirmed after 21 days
2. Pending for than 21 days

Mention the reason for delay. |
|  | Details of Company Secretary of the company, if any. | Details:-1. PAN
2. Name
3. Membership No.
4. Address
5. E-mail
6. Telephone no.
 |
|  | Details of the CA/CS certifying the form. | Details:-Name AddressE-mailTelephone no. |
|  | Whether there is appointment of common agency for share registry work. | Yes or No |
|  | Any other details that the professional signing this form may like to provide. |  |
|  | Attachments | There are no mandatory attachments required for this form. |
|  | Digitally signature of: | Any one of the following:1. Directors
2. Manager,
3. Company secretary,
4. CEO,
5. CFO
 |
|  | Certification by a Professional  | Chartered accountant (in whole-time practice) orCompany secretary (in whole-time practice |
|  | Approval of the form. | The form is STP based |