

Demat360

Dematerialisation for private companies

India has advanced its financial markets significantly by taking a major step. The Ministry of Corporate Affairs (MCA) has mandated the dematerialisation of securities for private limited companies, excluding small companies and government companies. This directive, introduced through the notification dated 27 October 2023, includes the addition of Rule 9B in the Companies (Prospectus and Allotment of Securities) Rules, 2014.



Entities Covered

Private Limited Companies

The Ministry of Corporate Affairs has explicitly stated that no private company is permitted to issue or buy back securities after 30 September 2024, unless the entire holding of securities by its Promoters, Directors, and Key Managerial Personnel has been dematerialized. Private companies, excluding those categorized as small companies as of 31 March 2023, must ensure mandatory dematerialization of securities within 18 months from the end of the fiscal year 2022-2023, specifically by or before 30 September 2024.

Applicable compliances



Securing ISIN for each type of security



Dematerialisation of all existing securities



Further issuance of all securities in dematerialised form only



Dematerialisation of entire holding of Promoters, Directors & KMPs



Periodical filings and grievances of a security holders to be filed with IEPF



How Grant Thornton Bharat can help

Facilitating ISIN generation through NSDL or CDSL, involving application preparation and documentation

Coordinating with RTA for dematerialisation and corporate actions

Assisting in tripartite agreements with Depositories and RTA

Aiding in the establishment of demat accounts for both domestic and international security holders

Assisting in the conversion of existing securities into dematerialised form

Issuing further securities in dematerialised form

Resolving issues related to security certificates and stamp duty, including adjudication

Handling all periodical regulatory filings

Aligning Articles of Association with dematerialisation requirements

Managing investor queries and coordinating with statutory authorities

Advisory and compliance services

Streamlined process of issuance and transfer of securities

01

Digitisation leading to enhanced operational efficiency & transparency

02

Reduction of risk of forgery, loss, theft and tampering in records

03

Significant impact

04

Reduction in transaction time

05

Efficient payment of stamp duty

06

Enhanced transparency leading to increased investor's confidence

Our dedicated team of experts offers comprehensive support in navigating the dematerialisation process. For understanding the implications of the new provisions, please contact:



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