

PROCEDURE FOR DEMATERIALISATION SHARES

Dematerialisation (Demat) is the process by which securities held in physical form evidencing the holding of securities by any person are cancelled and destroyed and the ownership thereof is entered into and retained in a fungible form on a depository by way of electronic balances.

The two depositories presently functioning in India are National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

SEBI has notified various companies, whose shares shall be traded in demat form only. By virtue of such notification, the shares of the Company are also subject to compulsory trading only in demat form on the Stock Exchanges.

A. Benefits of Dematerialising the share certificate

- Elimination of bad deliveries;
- Elimination of all risks associated with physical certificates;
- Avoidance of stamp duty on transfers Immediate transfer / trading of securities
- Faster settlement cycle;
- Faster disbursement of non cash corporate benefits like rights, bonus, etc.;
- SMS alert facility;
- Lower brokerage is charged by many brokers for trading in dematerialised securities;
- Periodic status reports and information available on internet;
- Ease related to change of address of investor;
- Elimination of problems related to transmission of demat shares;
- Ease in portfolio monitoring;
- Ease in pledging the shares.

B. How to dematerialise the shares?

1. Demat opening procedure in detailed manner:

First and foremost step:

You have to open a demat account with the Depository Participant, shortly abbreviated as DP. The DP is usually a share broker who acts as an intermediary between you and the bank.

As you are the beneficiary of the demat account, you will have to get the account opening form duly filled. You will have to fill in your bank account details clearly and legibly. Bank details include your bank account number, IFSC code, name of the bank and branch, address of the branch, etc.

2. How to transfer your share certificate into demat format?

This is the second most important step in operating your demat account. The process is quite simple.

1. Submit Demat Request Form (DRF) as given by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the concerned certificate(s) and the Company records along with the share certificate(s).
2. Once the applicant submits the DRF Form, your share certificates will be verified by the concerned authorities. Upon verification, the DRF team converts all your physical share certificates into their electronic form. It takes approximately 2-3 weeks for the conversion.

3. What happens next?

Once all your physical share certificates are converted into electronic form, the DP will provide a confirmation statement of holdings. Statement of holdings is sent by the DPs from time to time. Presently confirmation is given by DPs on an immediate basis through email or sms facilities.

4. Register for SMS alert facility

NSDL and CDSL have launched SMS Alert facility for demat account holders whereby shareholders can receive alerts for debits (transfers) in their demat accounts and for credits in respect of corporate actions for transfers, IPO and offer for sale.

Under this facility, shareholders can receive alerts, a day after such debits (transfers) / credits take place. These alerts are sent to those account holders who have provided their mobile numbers to their DPs.

C. How Company does pay dividend on Dematerialised shares

The dividend warrants in respect of all shares, whether held in electronic form or by way of share certificates, are sent by the Company directly to the shareholders whose names are on the Company's register of members or in the electronic form under the depository system on the designated date to be notified by the Company.

While opening Accounts with Depository Participants (DPs), shareholders are required to give details of their bank Accounts, which will be used by the Company for direct credit of the dividend to the respective accounts.

D. How transactions are effected through the Depository

- After you open an account with a DP, you can buy or sell shares in the electronic form without share certificate or transfer forms, provided the seller/ buyer also holds shares in the electronic form.
- You can sell the shares in the depository mode through any share broker. All you need to do is to provide him the details of your account with the DP, with a delivery instruction to debit your share account with the number of shares sold by you.
- When you buy shares in the depository mode, you must, similarly, inform the broker about your depository account details so that the shares bought would be credited to your account with the DP
