DEMATeRIALISATION OF SHARES

SEBI vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 has mandated that with effect from December 05, 2018 the transfer of securities shall be carried out in dematerialized form only i.e. physical shares will not be allowed to be transferred (except in case of transmission or transposition). In view of same, you are advised to convert your physical shares in Demat form.

Dematerialisation is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form. Holding shares in electronic form has many advantages, inter-alia, it facilitates paperless trading whereby securities transactions are executed electronically reducing/mitigating possibility of loss of related documents and / or fraudulent transaction.

FREQUENTLY ASKED QUESTIONS
ON
DEPOSITORY SYSTEM

1. How can one convert physical holding into electronic holding i.e. how can one dematerialise securities?

First a shareholder has to approach a Depository Participant (DP) and fill up an account opening form. The account opening form must be supported by copies of any one of the approved documents which serve as proof of identity and proof of address as specified by SEBI. Apart from these PAN card has to be provided in original at the time of account opening. All applicants should carry original documents for verification by an authorized official of the DP, under his signature.

Subsequently, the shareholder holding shares in physical form needs to fill a Demat Request Form (DRF) which is available with the DP signed by all the holders and submit the same along with physical certificates that are to be dematerialised. The shareholder must obtain acknowledgement from DP on handing over the share certificate(s). Once the shares are converted into Demat, shareholder will receive a statement of holdings from the DP which is sent to shareholders from time to time.

(Note: Shareholders shall not send share certificate(s)/documents to the Company/Company’s R&TA directly)

2. Who is a Depository Participant (DP)?
A DP is an agent of the depository through which it interfaces with the investor and provides depository services. Number of Public financial institutions, scheduled commercial banks, foreign banks operating in India, stock-brokers, agencies acting as Share Transfer Agent are acting as DP. The link below provides you a list of Depository Participants.

NSDL
https://nsdl.co.in/related/deprt.php

CDSL
https://www.cdslindia.com/dp/dplist.aspx
3. **What is a Depository?**

A depository is an organisation which holds securities (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors through a registered depository participant. It also provides services related to transactions in securities. At present two Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are registered with SEBI. Their addresses are:

**National Securities Depository Limited (NSDL)**
Trade World, A wing, 4th & 5th Floors,
Kamala Mills Compound,
Lower Parel, Mumbai-400013
Tel: (022) 2499 4200 (60 lines)
Fax: (022) 24976351
Email: info@nsdl.co.in

**Central Depository Services (India) Limited (CSDL)**
Phiroze Jeejeebhoy Towers,
16th Floor, Dalal Street
Mumbai 400001
Phone: 91-22-22723333
Fax91-22-22723199/22722072
Email: investors@cdsindia.com

(Note: A demat account cannot be opened directly with depository. It has to be opened only through a DP of depository)

4. **What are the benefits of availing depository services?**
The benefits are enumerated below:-
- A safe and convenient way to hold securities;
- Immediate transfer of securities;
- No stamp duty on transfer of securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.
- Reduction in paperwork involved in transfer of securities;
- Reduction in transaction cost;
- No odd lot problem, even one share can be traded;
- Nomination facility;
- Change in address recorded with DP gets registered with all companies in which investor holds securities electronically eliminating the need to correspond with each of them separately;
- Transmission of securities is done by DP eliminating correspondence with companies;
- Automatic credit into demat account of shares, arising out of bonus/split/consolidation/merger etc.;
- Holding investments in equity and debt instruments in a single account.