

## **RESTRICTION ON TRANSFER OF PHYSICAL SHARES & PROCEDURE FOR DEMATERIALIZATION OF SHARES**

### **ALL SHAREHOLDERS/STAKEHOLDERS**

**Amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) with respect to mandatory dematerialization for transfer of securities**

Securities and Exchange Board of India (“SEBI”) vide gazette notification dated June 8, 2018, has mandated that transfer of securities would be carried out in dematerialized form only by making an amendment in Regulation 40 of the Listing Regulations which will come into effect from **December 5, 2018**.

According to the aforesaid notification, request for effecting transfer of securities shall not be processed unless the securities are held in the Dematerialized form with the depository with effect from December 5, 2018.

**Please Note that Registrars and Transfer Agent and Company will not be accepting any request for transfer of shares in physical form with effect from December 5, 2018.**

This restriction shall not be applicable to the request received for transmission or transposition of physical shares.

Shareholders are requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or to guide you in the demat procedure. Please refer to **Annexure A** regarding procedure for dematerialization of shares.

You may also visit web site of depositories viz., NSDL or CDSL for further understanding about the demat procedure:

NSDL website: <https://nsdl.co.in/faqs/faq.php> (dematerialization)

CDSL website: <https://www.cdslindia.com/downloads/faq/05.Demat%20CDSL%20Way%20-%20V%20-%20Dematerialization%20January%20-%202018.pdf>

You may access the circulars issued by the BSE and NSE in this regard on following links:

BSE website: <https://www.bseindia.com/corporates/Displaydata.aspx?Id=cd22b184-1153-4b05-8ad9-d04699161f89&Page=cir>

NSE website: [https://www.nseindia.com/corporates/content/eq\\_listcompanies.htm](https://www.nseindia.com/corporates/content/eq_listcompanies.htm)

**SHAREHOLDERS, HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO ARRANGE THE DEMATERIALIZATION OF THE SAID SHARES AT EARLIEST TO AVOID ANY INCONVENIENCE IN FUTURE FOR TRANSFERRING THOSE SHARES.**

### DEMATERIALIZATION OF SHARES

Dematerialization offers flexibility along with security and convenience. Holding share certificates in physical format carried risks like certificate forgeries, loss of important share certificates, and consequent delays in certificate transfers.

Dematerialization eliminates these hassles by allowing customers to convert their physical certificates into electronic format. Shares in the electronic format are held in a Demat account.

### PROCESS OF DEMATERIALIZATION OF SHARES

- Dematerialization starts with opening a Demat account. For demat account opening, you need to shortlist a Depository Participant (DP) that offers Demat services. A DP is an agent of the depository (NSDL and CDSL) providing depository services to investors.
- To convert the physical shares into electronic/demat form, A Dematerialization Request Form (DRF), which is available with the Depository Participant (DP), has to be filled in and deposited along with share certificates. On each share certificate, 'Surrendered for Dematerialization' needs to be mentioned.
- The DP needs to process this request along with the share certificates to the company and simultaneously to registrars and transfer agents through the depository.
- Once the request is approved, the share certificates in the physical form will be destroyed and a confirmation of dematerialization will be sent to the depository.
- The depository will then confirm the dematerialization of shares to the DP. Once this is done, a credit in the holding of shares will reflect in the investor's account electronically.
- This will take about 15 to 30 days after the submission of dematerialization request.
- Dematerialization is possible only with a Demat account.

### BENEFITS OF DEMATERIALIZATION

- It allows you to conveniently manage your shares and transactions from anywhere.
- Stamp duty is not levied on your electronic securities, this brings down the cost of transaction significantly.
- When you open a demat account, it provides paperless transactions of securities.
- The risks pertaining to physical certificates like loss, theft, forgery and damage are eliminated completely with a DEMAT account.
- The shares that are created through mergers and consolidation of companies are credited automatically in the DEMAT account.
- As all the transactions occur through the depository participant, a trader does not need to communicate individually with each and every company.
- One can also choose to take a loan against securities which are held in a DEMAT account by offering it as a collateral to the lender.
- A DEMAT account holder can buy or sell any number of shares. However, there is limit on the number of transactions done using physical securities.