

Securities and Exchange Board of India (SEBI) had notified amendments dated 8th June, 2018 to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 5th December, 2018 instructing that shares held in physical form will not be transferred to any other person unless the shares are held in dematerialized form. Only transmission or transposition of securities would be carried out if the shares are held in physical form.

Dematerialization is the process of converting shares held in physical form into electronic form. Under this process shares held by shareholders in physical form are converted into electronic form which is maintained in an account known as demat account with Depository Participant (DP), who is intermediary between the depositories and the shareholders.

The advantages of holding shares in dematerialized form are mainly:

- Convenient mode of holding shares, especially in case of holding shares of many Companies
- Immediate and fast transfer of shares
- No stamp duty payment on transfer of shares in demat mode
- Elimination of risks such as bad delivery, fake shares, theft, damage etc.
- Reduction in paper work & transaction costs
- Saving of time – Change in address / bank account particulars etc. recorded with DP gets registered electronically with all the Companies in which the shareholder holds shares
- Facilitates faster disbursement and settlement of corporate benefits like Dividends, Bonus, Rights, etc.
- Easy Transmission formalities
- Convenient Nomination facilities

Procedure for dematerializing the shares held in physical form:

- Open a Demat Account with a DP and obtain an account number
- A Dematerialization Request Form (DRF), which is available with the DP, has to be duly filled in and signed and submitted along with original share certificate(s) and other requisite documents to the DP
- DP would verify that the DRF has been filled correctly
- DP would setup a demat request with the depository and send the same to the Company and the Registrar and Share Transfer Agent
- The Company / Registrar and Share Transfer Agent would verify the genuineness of the share certificates and confirm the request
- Once the request has been successfully made, DP would deface and mutilate the physical share certificates, generate a Demat Request Number (DRN) and intimate the same to the depository and send the DRF and the share certificate to the Company
- On receiving confirmation, depository will credit an equivalent number of shares in the demat account of the shareholder maintained with the depository

Shareholders are therefore requested to approach Depository Participant (DP) and get their shares converted into dematerialized form (Demat) on or before 5th December, 2018 in their interest.