

Dematerialization of shares

Securities and Exchange Board of India (SEBI) vide its gazette notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only.

Accordingly, Listed Companies and their Registrars and Transfer Agents (RTAs) are advised that, with effect from December 5, 2018, it should be ensured that shares which are lodged for transfer shall be in dematerialized form only.

In view of the above, those shareholders of the company who are holding shares in physical form are requested to convert them into demat shares before 5th December 2018 so that the shareholders can easily trade in the shares of the company.

1. What is dematerialization of shares?

Dematerialization is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited into the investors account with his Depository Participant.

2. Benefits of Demat

- 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.

3. How to dematerialize shares?

The procedure for dematerializing shares is as under:

- Open Beneficiary Account with a DP (Depository Participant registered) with SEBI.
- Submit Demat Request Form (DRF) as given by the DP, duly signed by all the holders with the names and signature in the same order as appearing in the concerned certificate(s) and the Company records, along with physical certificate.
- Obtain acknowledgment from the DP on handing over the share certificate(s).
- In case the securities are in order, the details of the request as mentioned in the form are entered in and a Dematerialization Request Number (DRN) will be generated by the system.
- The DRN so generated is entered in the space provided for the purpose in the dematerialization request form.
- Receive a confirmation statement of holdings from the DP. 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, thus enabling shareholders to further trade in the securities immediately. Shareholders should not send share certificate(s) / documents to the Company / Company's R&TA directly.