

# FAQs on Dematerialization

## What is Dematerialisation of shares?

Dematerialisation (Demat) is the process by which securities held in physical form are cancelled and destroyed and the ownership thereof is retained in fungible form in a Depository by way of electronic balances.

## Why Dematerialise shares?

SEBI has, amended Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018, pursuant to which, with effect from 5<sup>th</sup> December, 2018, securities of the Company shall be transferred only in Demat form.

## What are the benefits of Dematerialisation?

- Elimination of bad deliveries
- Elimination of all risks associated with physical certificates
- No stamp duty on transfers
- Immediate transfer/trading of securities
- Faster settlement cycle
- Faster disbursement of 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
- Reduced transaction cost
- Reduced paperwork

#### **What is the procedure for Dematerialisation of shares?**

- Shareholders should submit the duly filled in Demat Request Form (DRF) along with physical certificate(s) to the concerned DP.
- DP intimates the relevant Depository of such requests through the system.
- DP submits the DRF and the Certificate(s) to the Company's R&TA.
- The Company's R&TA confirms the dematerialisation request from Depository.
- The Company's R&TA, after dematerialising the certificate(s), updates accounts and informs concerned Depository regarding completion of dematerialisation. Depository updates its accounts and informs the DP.
- DP updates the demat account of the shareholder.
- The entire process should be completed within 30 days.

#### **Why the Company cannot take on record bank details in case of Dematerialised shares?**

As per the Depository Regulations, the Company is obliged to pay dividend on dematerialised shares as per the bank account details furnished by the concerned Depository. Therefore, investors are requested to keep their bank particulars updated with their concerned DP.