

Advantages of holding shares in Dematerialised Form

Converting physical holding of shares into Demat holding helps the shareholder to get immediate transfer of shares. No stamp duty is payable on transfer of shares in Demat mode and the shareholder can avoid risks associated with physical certificates such as forged transfers, fake certificates, bad deliveries and loss of certificates.

Dematerialisation (Demat) is the process by which the shares held in physical form are cancelled and destroyed and the ownership thereof is entered into and retained in fungible form in electronic mode on a Depository. SEBI has notified various Companies whose shares shall compulsorily be traded in Demat form only.

Trading in Demat mode is regulated by Securities and Exchange Board of India (SEBI). Presently there are two depositories functioning i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Shareholders in Demat form are entitled to the following General Rights.

1. To receive notice of general meetings and Annual Reports.
2. To receive notice and form for Postal Ballots
3. To participate and vote at general meetings either personally or through proxy.
4. To receive dividends and other corporate benefits like bonus, rights etc. once approved.
5. To demand poll on any resolution at general meetings.
6. To inspect statutory registers and documents.
7. To require the Board of Directors to call an extra ordinary general meeting.

Following are the benefits of Demat

1. Elimination of bad deliveries.
2. Elimination of all risks associated with physical certificates
3. No Stamp duty payable on transfer of Demat shares.
4. Immediate transfer / trading of shares.
5. Fast settlement cycle
6. Faster disbursement of non-cash corporate benefits such as rights, bonus etc..
7. Ease related to Change of Address, Nomination, Bank Mandates, as the shareholders have to deal with only one Agency covering holding of shares in Demat mode of various Companies.
8. Elimination of problems related with transmission of Demat shares.
9. Ease in portfolio monitoring
10. Ease of pledging of shares
11. Pending status reports and information available on internet covering the entire portfolio through DP.

Procedure for Dematerialization of shares

1. Open a Beneficiary Account with a Depository Participant (DP) registered with SEBI
2. Submit Demat Request Form (DRF) as given by the DP duly signed by all the joint holders with names and signatures in the same order as appearing in the certificate(s) and the Company records.
3. Obtain acknowledgement from DP on handing over DRF and share certificate(s).
4. DP will take steps to log-in electronically Demat Request and forward DRF and Share Certificates to the Company / Registrars. Demat confirmations are required to be completed within 14 – 21 days from the date of receipt of documents by Company / Registrars.
5. Receive confirmation statement of holding from the DP.
6. If the shareholders have e-mail / SMS facility, request, the DP to confirm Demat immediately through e-mail / SMS.
7. Please do not send share certificates / DRF documents to the Company / Registrars directly.

Where Shares are held in Demat Mode the procedure to record change of address, change in name of the shareholders, registration of power of attorney / authority to another person to deal with shares, registration of nomination, transfer of shares, transposition of names i.e. changing the order of names of registered holders, deletion of names of deceased holder, transmission of shares, procedure for issue of duplicate share certificates, procedure related to receipt of dividend, procedure to be followed in case of non-receipt of dividend, is that the shareholder must approach his Depository Participant – DP – for recording all the changes as needed.