

Procedure for transfer of shares

Investors should send share certificate(s) along with share transfer deed(s) in the prescribed Form 7B, duly filled in, signed by seller and buyer and affixed with share transfer stamps to the Company / Registrars. It takes about 10 – 21 days to process the transfer although the statutory time limit fixed for completing a transfer is one month under the Listing Agreement and two months under the Companies Act, 1956. Share Transfer Forms can be obtained from either registered Stock Brokers or Stock Exchanges. These forms are not available with the Company or Registrars.

The Government of India, Ministry of Finance, Department of Revenue has fixed the stamp duty on transfer of shares (whether with or without consideration) at the rate of twenty five paise (25 paise) for every Rs.100/- or part thereof of the market value of the shares on the date of execution of the transfer deed. The transfer deed is valid for a period of one year from the date of presentation date or till the next book closure date of the Company, whichever is later. In case the transfer deed has expired, the buyer may approach the Registrar of Companies to get the same revalidated.

Under SEBI guidelines, it is mandatory for the transferee(s) Buyer(s) to furnish copy of PAN Card to the Company / Registrars irrespective of the fact that the transaction is market or off-market transaction.

If the shares are returned under objection, the transferee needs to proceed to get errors / discrepancies rectified by contacting the Broker or Transferor (seller) or obtain replacement with good shares / refund of the consideration amount. After rectification or replacement of shares, the same can be re-submitted for affecting transfer. In cases where discrepancies / errors are non-rectifiable, the purchaser has recourse to seller and his broker through the Stock Exchange to get his money back. However, in case of off-market transactions, the matter has to be settled with seller only.

Shares can be transferred in the name of minor. In such case the transfer deed is required to be signed by the natural guardian / legal guardian on behalf of the minor.

In the case of Hindu Undivided Family (HUF), shares can be transferred in the name of the Karta of HUF and in the case of a Firm, shares can be transferred in the name of the Partner of the firm.

In the case of Trust, shares can be transferred in the name of the Trust only when the Trust is registered under Societies Registration Act, 1860. Otherwise, the shares can be registered in the individual name of the Trustee(s).

Shares can be transferred in the name of Non-Resident Indian provided the same are acquired on the basis of non-repatriation. Otherwise prior approval of Reserve Bank of India is necessary.

Conversion of single holding into joint holding or joint holding into single holding amounts to change in ownership of shares and therefore will amount to transfer of shares. Shareholders will therefore be required to follow the procedure of transfer which will attract stamp duty.

For transferring the shares received by way of gift, the receiver of gift will be required to follow the procedure of transfer which will also attract stamp duty.