

FAQs

DEMATERIALISATION OF SHARES

1. What is Dematerialisation of shares and what are its benefits?

Dematerialisation (or Demat) signifies the conversion of a share certificate from its present physical form to electronic form for the same number of holdings.

It is a direct application of scope provided by the tremendous progress made in the area of Information Technology, whereby voluminous and cumbersome paper work involved in the scrip based system is eliminated.

It offers scope for paperless trading through state-of-the-art technology, whereby share transactions and transfers are processed electronically without involving any share certificate or transfer deed after the share certificates have been converted from physical to electronic form.

Demat attempts to avoid the time consuming and complex process of getting shares transferred in the name of buyers and also aims to shirk inherent problems of bad deliveries, delay in processing, fraudulent interception in postal transit, etc.

Dematerialisation of shares is optional and an investor can still hold shares in the physical form. However, he/she has to demat the shares if he/she wishes to sell the same through the Stock Exchanges. Similarly, if an investor purchases shares, he/she will get delivery of the shares in demat form.

The Depositories Act, 1996 has been enacted to regulate the matters related and incidental to the operation of Depositories and demat operations. Two Depositories are in operation - National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

2. How does the Depository System operate?

The operations in the Depository System involve the Depositories, Depository Participants, Company/Registrars and Investors.

A Depository (NSDL and CDSL) is an organisation like a Central Bank, i.e. Reserve Bank where the securities of an investor are held in the electronic form through Depository Participants.

A Depository Participant is the agent of the Depository and is the medium through which shares are held in the electronic form. They are also the representatives of the Investor, providing the link between the Investor and the Company/ Registrar through the Depository.

To draw an analogy, the Depository System functions in a manner similar to a banking system. A bank holds funds in accounts whereas a Depository holds securities in accounts for its clients. A bank transfers funds between accounts while a Depository transfers securities between accounts.

In both systems, the transfer of funds or securities occurs without the actual handling of funds or securities. Both, the bank and the Depository, are accountable for the safe keeping of funds and securities respectively. The Company signs an Agreement with NSDL/CDSL (the depositories) and installs the necessary hardware/software for operations.

3. How do I demat my shares?

First, please open an account with a Depository Participant (DP) and obtain a unique Client ID number. Thereafter, kindly fill up a Dematerialisation Request Form (DRF) provided by the DP and surrender the physical shares intended to be dematted to the DP.

Upon receipt of the shares and the DRF, the DP will send electronic requests through the Depository to the Company/Registrar for confirmation of demat. Each request will bear a unique transaction number.

Simultaneously, the DP will surrender the DRF and the shares to the Company with a covering letter requesting the Company/Registrar to confirm the demat. After verifying the documents received from the DP, the Company/Registrar will confirm the demat to the Depository.

This confirmation will be passed on from the Depository to the DP, which holds your account. After receiving this confirmation from the Depository, the DP will credit the account with the dematerialized shares. The DP will then hold the shares in the dematerialized form on your behalf and you become the beneficial owner of these dematerialized shares.

4. Once my shares are dematted, can I ever get them converted into physical shares?

If you hold shares in the electronic form, you have the option of converting your holding to the physical form by submitting a Rematerialisation Request Form (RRF) through your DP.

The procedure is as follows:

Shareholders should submit the duly filled in Rematerialisation Request Form (RRF) to the concerned DP.

DP intimates the relevant Depository of such requests.

DP submits RRF to the Company's R&TA.

Depository confirms rematerialisation request to the Company's R&TA.

The Company's R&TA updates accounts and prints certificate(s) and informs the Depository.

Depository updates the Beneficiary Account of the shareholder by deleting the shares so rematerialised.

Share certificate(s) is despatched to the shareholder by Company's R&TA.

5. What are the charges to be paid to demat one's physical shares? Will it be paid by the Company or do I have to pay for it?

The charges for demat have to be borne by the shareholder. The charges differ from DP to DP and therefore you will have to contact your DP for details regarding the same.

6. I have purchased some shares in paper form. Can I directly give the share certificates to my Depository Participant for dematting them in my favour?

Shares should be registered in your favour before they can be dematted.

7. Is it a fact that Biocon Limited shares are to be traded compulsorily in Demat Form? Do I have the option of holding them in physical form?

Yes. With effect from 5th April, 1999 it has become mandatory to trade shares in demat form. However, you can exercise the option of holding the shares in physical form.

8. How do I get my dividends on dematted shares? Will I get the Annual Report after I demat my shares? Will I be able to attend the AGM?

On the Record date, the Depository Participants will provide a list of demat account holders indicating the number of shares held in electronic form (known as Benpos – Beneficiary Position). On the basis of Benpos, the Company will make dividend payments in favour of the demat account holders.

The rights of the shareholders holding shares in demat form are at par with holders of shares in physical form. Hence, you will be eligible to procure the Annual Report and can rightfully attend the AGM as a shareholder.

It is advisable to register your NACH mandate with your Depository Participant to enable us credit all your dividends electronically.

9. What are the chances of any fraud/disputes in using a demat account? Whom should I approach in such cases?

Common risk factors applicable to trading in physical shares like mismatch in signatures, loss in postal transit, etc., are absent since dematted shares are traded scrip-less.

In case of any dispute, please contact your Depository Participant would have to be approached for resolution of the same.

10. Can I pledge my shares in demat form to avail any funding/loan arrangement with my bankers?

Yes

11. Why can't the Company take request for change of details recorded in the demat account?

As per the Depository Regulations, the Company/ RTA is obliged to take on record the details of shareholders (having shares in dematerialised form) furnished by the concerned Depository Participant. The Company/ RTA cannot make any change in such records received from the Depository.

12. Can shares held jointly in physical form be dematerialised, if the sequence of names mentioned in certificate differs from sequence of names as per beneficiary account?

Depositories provide "Transposition cum Demat facility" to help joint holders to dematerialize securities in different sequence of names. For this purpose, DRF and Transposition Form should be submitted to the DP.

13. What are the documents required for transposition-cum-deletion request?

- Attested / Notarized copy of death certificate of the deceased shareholder.
- Request letter duly signed by the surviving share holders.
- Self attested copies of PAN card and address proofs of the surviving share holders
- Original Share certificates

14. What is SMS alert facility?

NSDL and CDSL have launched SMS Alert facility for demat account holders whereby the investors can receive alerts for debits and credits in their demat accounts. Under this facility, investors can receive alerts, a day after such debits (transfers) / credits take place. These alerts are sent to those account holders who have provided their mobile numbers to their DPs. Alerts for debits are sent, if the debits (transfers) are up to five ISINs in a day. In case debits (transfers) are for more than five ISINs, alerts are sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP.