

# **SIMRAN FARMS LIMITED**

## **DEMATERIALIZATION OF SHARES AND THE COMPLETE PROCEDURE**

### **DEMATERIALIZATION OF SHARES**

It is a process of getting your share physical certificate into electronic format which is maintained in an account, known as the demat account with the depository participant (DP), who is basically an agent between the Company/Individual and the Depository.

#### **FOR INDIVIDUALS:**

- **Step1:** An Individual has to open a demat account with a Depository participant (DP) and obtain an account number.
- **Step 2:** An Individual need to fill in a Demat Request Form (DRF) and submit the same with the physical certificate(s) to the depository participants for dematerialization. For each ISIN, a separate DRF has to be used. If an Individual has free as well as lock-in shares of the same ISIN, separate demat request has to be set up for free shares and lock-in shares.
- **Step3:** DP would verify that the DRF has been filled correctly.
- **Step 4:** DP would setup a demat request on the CDSL or NSDL system and send the same to the Company and the Registrar and Transfer Agent.
- **Step 5:** Issuer/Registrar and Transfer Agent (RTA) would verifies the genuineness of the certificates and confirms the request.
- **Step 6:** Once the request has been successfully made, DP would deface and mutilate the physical certificates, generate a Demat Request Number (DRN) and send an electronic communication to the depository and courier the DRF and the share certificate to the company by courier.
- **Step 7:** On receiving confirmation, depository will credit an equivalent number of securities in the demat account of the Individual maintained with CDSL or NSDL.

#### **Other information:**

- If a shareholder who wants to transfer shares to the demat account of another can transfer by issuing appropriate instructions to the concerned depository participant through Delivery Instruction Slip (DIS) which will be issued by the DP. The delivery instruction slip is a book similar to a cheque book and an investor is supposed to handle it with the same care as a cheque book.

- If an investor wants to transfer securities through the stock exchange, he/she has to instruct the DP to transfer shares from his/her demat account to the brokers' pool account.
- In case he/she wants to transfer shares to any other buyer's demat account, i.e., an off market transaction, he/she will have to instruct his/her DP to transfer to the concerned buyer's demat account. Similarly, securities can be transferred to the buyers demat account by the instruction of the seller (transferor) to his/her concerned DP. The seller is supposed to mention investor's demat account number in the DIS.
- It is important to note that RTA has to confirm from the Company before approving the transfer. Company approval is necessary and then only RTA shall register a transfer in the demat mode.

#### **FOR COMPANIES:**

- **Step1:** Beneficiary Owner (BO) has to open a demat account with a Depository participant (DP) and obtain an account number.
- **Step 2:** BO need to fill in a Demat Request Form (DRF) and submit the same with the physical certificate/s to the depository participants for dematerialization. For each ISIN, a separate DRF has to be used. If the BO has free as well as lock-in shares of the same ISIN, separate demat request has to be set up for free shares and lock-in shares.
- **Step3:** DP would verify that the DRF has been filled correctly.
- **Step 4:** DP would setup a demat request on the CDSL or NSDL system and send the same to the Company and the Registrar and Transfer Agent.
- **Step 5:** Issuer/ Registrar and Transfer Agent (RTA) would verifies the genuineness of the certificates and confirms the request.
- **Step 6:** Once the request has been successfully made, DP would deface and mutilate the physical certificates, generate a Demat Request Number (DRN) and send an electronic communication to the depository and courier the DRF and the share certificate to the company by courier.
- **Step 7:** On receiving confirmation, depository will credit an equivalent number of securities in the demat account of the BO maintained with CDSL or NSDL.
- **Step 8:** The depository will electronically download the details of the demat request and communicate the same to the electronic registry maintained by the Registrar of Companies.

**Other information:**

- A company should amend its Articles of Association by passing a special resolution in the general meeting of the company, thereby allowing the Company to issue shares in dematerialised form.
- Private companies should register with both the central depositories i.e., National Securities Depository Limited (NSDL) and Central Securities Depository Limited (CDSL). These depositories have their own terms of registration, so it is necessary for a Company to meet those criteria. If registration is successful depositories will be providing companies with an International Securities Identification Number (ISIN) for each of the shares. "ISIN" is a unique 12 digit alphanumeric code given to a security, shares, Debentures, Bonds etc. when the security is admitted in the depository system. First two digits of the ISIN code indicate country of registration for the security. For all securities registered on depository in India, first two digits of the ISIN code are 'IN'.
- If the private company wants to transfer its dematerialized shares it may arrange demat connectivity from depositories like NSDL or CDSL along with a Registrar and Transfer Agent (RTA) by entering into a tripartite agreement between the company, the depositories and the transfer agent. A RTA i.e. Registrar and Transfer Agent is an agent of the issuer. RTA act as an intermediary between the issuer and depository for providing services such as Dematerialization, Rematerialization, Initial Public Offers and Corporate actions.