



FREQUENTLY ASKED QUESTIONS ON DEMATERIALIZATION OF SHARES

1. What is Dematerialization?

Dematerialization is a process by which physical certificates of an investor are converted into electronic form and credited to the account which he/she opens with a Depository Participant (DP) registered with Securities and Exchange Board of India ('SEBI'). An investor will have to first open an account with a Depository Participant and then request for the dematerialisation of his share certificates through the Depository Participant so that the dematerialised holdings can be credited into that account. This is very similar to opening a Bank Account.

2. What is a Depository?

A Depository [National Securities Depository Limited ('NSDL') & Central Depository Services Limited ('CDSL')] can be compared to a bank. A depository holds securities (like shares, debentures, bonds, Government Securities, units etc.) of investors in electronic form. Besides holding securities, a depository also provides services related to transactions in securities.

3. Who is a Depository Participant?

NSDL & CDSL provides its services to investors through its agents called depository participants (DPs). These agents are appointed with the approval of SEBI. According to SEBI regulations, amongst others, three categories of entities i.e. Banks, Financial Institutions and Members of Stock Exchanges [brokers] registered with SEBI can become DPs. You can get a list of DPs from NSDL's website at www.nsdl.co.in or from CDSL's website at www.cdslindia.com

4. Is dematerialization of securities compulsory?

Ministry of Corporate Affairs vide their notification dated 10th September, 2018 has mandated unlisted company to issue securities only in dematerialised form and facilitate dematerialisation of all its existing securities in accordance with provisions of Depositories Act, 1996 and regulations made thereunder. India Exposition Mart Ltd has received the ISIN ('International Securities Identification Number') on NSDL & CDSL systems.

Every shareholder who intends to transfer such securities on or after 2nd October, 2018 has to mandatorily get his securities dematerialised. Further, to subscribe any security that the company issue (by way of private placement or bonus share or rights offer), on or after 2nd October, 2018 shall require mandatory dematerialisation of existing securities held by subscriber.

5. What should I do to open a de-mat account?

You can approach any DP of your choice and fill up an account opening form. At the time of opening an account, you have to sign an agreement with the DP in a NSDL/CDSL prescribed standard agreement, which details your and your DP's rights and duties. You have to submit the following with the prescribed account opening form. In case you want to open account jointly with other person(s), following should be submitted for all the account holders.

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6. What are the benefits of having a de-mat account?

- The depository system reduces risks involved in holding physical certificated, e.g., loss theft, mutilation and forgery, etc
- Immediate transfer of securities
- No stamp duty is paid on transfer of shares
- Reduction in transaction cost
- It ensures faster communication to investors
- It helps avoid bad delivery problem due to signature differences, etc.
- It ensures faster payment on sale of shares
- It provides more acceptability and liquidity of securities
- Facility to pledge and hypothecate your securities available

7. How long does it takes to dematerialise the shares?

Dematerialisation will normally take about 30 days. If the process of dematerialisation takes more than 30 days, please contact your DP. If he is unable to help you, then you may send your grievance to the respective Investor grievance cell of NSDL or CDSL.

8. Can the physical shares be sold?

No, with effect from October 2, 2018, a shareholder holding shares of an unlisted public company shall not be able to transfer his/her shares unless all his/her existing securities are held in dematerialised form.

9. Can I open a joint account for shares held singly?

No. The Demat account must be opened in the same ownership pattern in which the securities are held in the physical form e. g. if one share certificate is in his individual name and another certificate is jointly held in his and his wife's name, two different accounts would have to be opened.

10. Do I have to keep any minimum balance of securities in my account with DP?

No. The depository has not prescribed any minimum balance. You can have zero balance in your account.

11. Can I buy shares in physical form?

No, as per the MCA notification dated September 10, 2018 every holder of an unlisted public company who intends to transfer the shares on or after October 2, 2018, needs to get them dematerialised before the transfer. Similarly, a security holder of an unlisted public company who wishes to subscribe to the shares of an unlisted public company shall ensure that all his existing securities are held in dematerialised form before such subscription.



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12. What are the charges to be paid to de-mat one's physical shares? Who will bear these charges?

The charges differ from DP to DP and therefore you will have to contact your DP for the same. The charges for de-mat have to be borne by the shareholder.

13. How do I get my dividends on dematerialization of shares? Will I get the Annual Report after I de-mat my shares and would I be able to attend the AGM?

The Depository Participants will give the list of de-mat account holders and the number of shares held by them in electronic form on the Record date to the company (Beneficiary Persons, known as Benpos in short). On the basis of Benpos, the company will issue dividend warrants in favor of the de-mat account holders. The rights of the shareholders holding shares in de-mat form are at par with the holders in physical form. Hence you will be eligible to get the Annual Report and will have the right to attend the AGM as a shareholder.

14. Can I convert my electronically held de-mat shares back into physical form?

Yes, if you wish to convert your de-mat holdings into physical form, you need to send a Rematerialisation Request Form (RRF) through your DP in the same manner as Dematerialisation. Upon receipt of such request from the DP, the R&TA of the company will issue share certificates to you. However, before sale/ transfer of such shares, the same will have to be dematerialised as per the process.

15. Where should I file my grievances?

The shareholders of an unlisted public company may, in case of any grievance file the same before the Investor Education and Protection Fund Authority ('IEPF') which shall initiate any action against a depository or DP or the R&TA after prior consultation with SEBI.

NSDL FAQ link

Shareholders may further refer to the FAQ's published on the NSDL website at <https://nsdl.co.in/faqs/faq.php>

CDSL FAQ link

Shareholders may further refer to the FAQ's published on the CDSL website at <https://www.cdslindia.com/investors/q-and-a.html>