



Transfer of shares shall be in dematerialized form only w.e.f December 5, 2018

Securities and Exchange Board of India (SEBI) vide Gazette notification dated June 8, 2018 has mandated that transfer of securities shall be carried out in dematerialized form only.

Members may please be informed that **effective 5th December, 2018**, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository. Hence, investors are requested to demat their physical holding for any further transfer.

Procedure for converting physical shares into electronic mode:

The process of opening an account with a Depository Participant is similar to the opening of a bank account.

1. Open an account with a Depository Participant (DP) by filling up an Account Opening Form and signing a "Participant-Client Agreement". Then a unique client ID number will be given, which must be quoted in all correspondence with the DP. (Depository participant is a representative of the depository. The DP maintains the investors securities account balances and intimates him about the status of holdings).
2. Thereafter, fill up and submit a Dematerialization Request Form (DRF) provided by the DP duly signed by all the holders and surrender the physical shares intended to be dematted to the DP.
3. The DP upon receipt of the shares and the DRF will issue an acknowledgement and will send an electronic request to the Company/ Registrars and Transfer Agents (RTA) of the Company through the Depository for confirmation of demat. The DP will simultaneously surrender the DRF and the shares to the Company / (RTA) of the Company with a covering letter requesting the Company to confirm demat.
4. The (RTA) of the Company, after necessary verification of the documents received from the DP, will cancel the physical shares and confirm demat to the Depository. This confirmation will be passed on by the Depository to the DP which holds investor's account. After receiving this confirmation from the Depository, the DP will credit investor account with the number of shares dematerialized. The DP will hold the shares in the dematerialized form thereafter on behalf of the investor. And hence one becomes the beneficial owner of these dematerialized shares.
5. When the beneficial owner submits the shares for dematerialization, his DP will deface the share certificates with the stamp "SURRENDERED FOR DEMATERIALIZATION". This ensures that shares are not lost in transit or misused till credit is received in demat account.
6. The securities on dematerialisation will appear as balances in the depository account. These balances can be transferred like the shares held in physical form. Dematerialised shares are in the fungible form and do not have any distinctive or certificate numbers.

We request you to get the physical share certificates dematerialized at the earliest. Kindly refer the enclosed FAQs.

Contact below for further enquiries/doubts:

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FAQ on Dematerialization of Shares

Q. 1 What is Demat and what are its benefits?

Dematerialization ('Demat' in short form) signifies conversion of a share certificate from its present physical form to electronic form for the same number of holding.

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 form to electronic form.

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

BSE has issued a Circular to Listed Companies on July 05, 2018 informing about amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only. A copy of circular is attached as [Annexure 1](#)

According to the Circular, request for effecting transfer of securities shall not be processed unless the securities are held in the Dematerialized form with the depository with effect from December 5, 2018. Therefore, please note that R&T agent and Company will not be accepting any request for transfer of shares in physical form with effect from December 5, 2018. This restriction shall not be applicable to the request received for transmission or transposition of physical shares.

You may access the Circular from the website of Bombay Stock Exchange using the following link:

<https://www.bseindia.com/corporates/Displaydata.aspx?Id=cd22b184-1153-4b05-8ad9-d04699161f89&Page=cir>

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).

You may also visit web site of depositories viz., NSDL or CDSL for further understanding about the demat procedure:

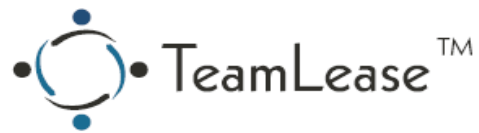
NSDL website: <https://nsdl.co.in/faqs/faq.php> (dematerialization)

CDSL website: <https://www.cdslindia.com/investors/open-demat.aspx>

Q. 2 How does the Depository System operate?

The operations in the Depository System involve the participation of a Depository, Depository Participants, Company/Registrars and Investors. The company is also called the Issuer.

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



A **Depository Participant** is the agent of the Depository and is the medium through which the shares are held in the electronic form. They are also the representatives of the investor, providing the link between the investor and the company through the Depository.

To draw analogy, the Depository system functions very much like the banking system. A bank holds funds in accounts whereas; a Depository holds securities in accounts for its clients. A bank transfers funds between accounts whereas; a Depository transfers securities between accounts.

In both systems, the transfer of funds or securities happens without the actual handling of funds or securities. Both the banks and the Depository are accountable for safe keeping of funds and securities respectively.

Q. 3 How do I demat my shares?

First, you will have to open an account with a Depository Participant (DP) and get a unique Client ID number. Thereafter, you will have to fill up a Dematerialization Request Form (DRF) provided by the DP and surrender the physical shares, which you want to be demated to the DP.

The DP upon receipt of the shares and the DRF will send an electronic request to the company's registrar and share transfer agent through the Depository for confirmation of demat. Each request will bear a unique transaction number.

The DP will simultaneously surrender the DRF and the shares to the company's registrar and share transfer agent with a covering letter requesting the registrar and share transfer agent of the company to confirm demat. The company's registrar and share transfer agent after necessary verification of the documents received from the DP will confirm 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 shares so dematerialized. The DP will hold the shares in the dematerialized form thereafter on your behalf. And you will become beneficial owner of these dematerialized shares.

Q. 4 What are the charges to be paid to demat one's physical shares? Will the company pay it or do I have to pay for it?

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

Q. 5 I have purchased some shares in Physical (paper) form. Can I directly give the share certificates to my Depository Participant for dematting them in my favor?

Prior to dematting your shares, they have to be registered in your favor. Hence, you have to necessarily lodge the share certificates with a duly executed transfer deed with the company's registrar and share transfer agent. Once the shares so purchased are transferred, the shareholder can lodge the same for demat to DP.

Q. 6 Is it a fact that TeamLease shares are to be traded compulsorily in Demat Form? Do I have the option of holding them in physical form?

Yes. The shares of the company are to be compulsorily traded in demat form.

BSE has issued a Circular to Listed Companies on July 05, 2018 informing about amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 has mandated that



transfer of securities would be carried out in dematerialized form only. The shares of the company may be held in physical form but transfer cannot be done in physical form after December 5, 2018.

Q. 7 How do I get my dividends on dematted shares? Will I get the Annual Report after I demat my shares and would I be able to attend the AGM?

The Depository Participants will give the list of demat 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 demat account holders.

The rights of the shareholders holding shares in demat 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.

Q. 8 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 the dematted shares are traded scrip less.

However, in the unlikely event of any other dispute, the concerned Stock Exchange and/or Depository Custodian viz. NSDL/CSDL or SEBI would have to be approached for resolving such issues.

Q.9 Can I pledge my shares in demat form for the purpose of availing any funding/loan arrangement with my bankers?

Yes. You will have to contact your DP for this.

Annexure 1

LIST/COMP/15/2018-19

July 05, 2018

To
All the Listed Companies,
Dear Sir / Madam,

Subject: **Amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to mandatory dematerialization for transfer of securities**

The amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide Gazette notification dated June 8, 2018 has mandated that transfer of securities would be carried out in dematerialized form only.

Accordingly, Listed Companies and their Registrars and Transfer Agents (RTAs) are hereby advised that, with effect from December 5, 2018, it should be ensured that shares which are lodged for transfer shall be in dematerialized form only.

In order to implement the aforementioned Amendment in the Regulation and as advised by SEBI, all the Listed Companies are hereby directed to carry out the following actions:

- 1) To take special efforts through their RTAs to send letter under Registered/Speed post to the holders of physical certificates appraising them about the amendment and sensitise them about the impact of the regulation on the transfer of shares held by them in physical form w.e.f December 5, 2018.
- 2) RTAs may also be advised to send two reminders, preferably at a gap of 30 days, to such shareholders who continue to hold their shares in physical form, advising them to get the same dematerialized
- 3) Listed Companies shall prominently place information on their website intimating the investors about the proposed change and provide appropriate guidance on how to dematerialize their shares.
- 4) Listed companies should ensure that the signature cards of all the holders of physical securities are handed over to its RTA at the earliest.

All listed companies are requested to take note of above and comply accordingly. Companies may also report compliance with these requirements by end September 2018 to the Exchange, in a specified format that will be sent out shortly.

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