

## **INVESTOR SERVICES**

### **DEMATERIALISATION (DEMAT)**

Dematerialization is a process by which physical share certificates of an investor are converted into electronic form through investor's Depository Participant (DP) and respective shares are credited to the investor's demat account with his DP.

City Union Bank Limited (CUB) has entered into a tri-partite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate investors to hold and trade in CUB's shares in electronic form. M/s Karvy Computershare Private Ltd., is appointed as the Registrar and Share Transfer Agents of the Bank (RTA). The correspondence address of RTA is as follows:

Karvy Selenium Tower B, Plot number 31 & 32,  
Financial District, Gachibowli, Hyderabad 500 008.  
Tel: (040) 23420815 – 24  
Toll Free No: 1-800-3454001  
Fax: (040) 23420814  
Email: mailmanager@karvy.com  
Website: www.karvy.com

### **(A) OPENING DEMAT ACCOUNT**

A demat account needs to be opened with any one Depository Participant (DP) of investor's choice. For list of Depository Participants please visit <https://nsdl.co.in/dpsch.php>

An account can be opened with a DP by:

- Filling up the account opening form available with DP (one can open multiple accounts with the same DP as also with different DPs).
- Signing Participant - Client Agreement.
- While opening demat account, the holder will be required to give details of his Bank Account No., Name of the Bank, Branch and Account No., as part of the information requirement. Karvy will print the same details in the Dividend Warrants or any remittances payable based on the details furnished by the Investor to DP.
- Investor will receive his account number which should be quoted in all his correspondence with his DP and also to the Karvy.
- Please note that the order of names appearing in the demat account and the share certificates should be same.

### **(B) DE-MAT OF PHYSICAL SHARE CERTIFICATES**

- In order to get the shares dematerialized, the investor needs to fill a Dematerialization Request Form (DRF) which is available with the DP. The share certificates are to be submitted along with the duly filled up form to the DP.

- On receipt of the DRF, the DP will transmit the DRF to Karvy and electronically generate the Dematerialization Request.
- DRF along with share certificates with a seal "Surrendered for dematerialization" affixed on the share certificates will be sent by the DP to Karvy
- Karvy will verify the certificates and DRF, and if found in order, confirm the dematerialization to NSDL/CDSL. NSDL/CDSL will in turn confirm the dematerialization to the DP.
- On receiving the confirmation, DP will credit investor's account with the number of shares so dematerialised and thereafter the investor will be holding the shares in the electronic form.
- Normally the investor's account will be credited within 15 days from the date of receipt of both Electronic Request and physical certificates along with DRF.
- DP will give periodic statements of holdings and will update client's account after each transaction.

#### INVESTOR BENEFITS:

- No stamp duty for transfer of securities in the Depository System. In the case of physical shares, stamp duty of 0.25% of sale value is payable on transfer of shares.
- Elimination of bad deliveries and all risks associated with physical certificates such as loss in transit, theft, mutilation, damage, etc.
- Facility for freezing/locking of investor accounts to make it non-operational for specified period.
- Instead of filling up transfer deed(s) a simpler form is to be given to the DP.
- Facility to pledge and hypothecate securities. Pledging dematerialised securities is easier and advantageous as compared to pledging physical shares. In respect of shares in "compulsory demat" category, banks prefer to lend against shares held in electronic form, and offer better terms.
- Odd lots are not differentiated in the electronic system. Even a single share can be traded at the market rates without any reduction in realisation.
- Just like a bank branch, the DP will give a periodical statement of account of holdings. In addition, investor can obtain a statement of holdings as and when required for a fee.
- In case investor loses the statement of holdings, he can inform his DP and obtain a duplicate statement. Investor's statement of holdings cannot be used by anybody else for trading in his account.
- When an investor opens an account with a DP, he signs an agreement with the DP in which the DP will indemnify the investor for any misuse of his holdings. The depository will also ensure that the interests of the investor are protected. Grievances, if any, against his DP will be resolved by the Depository.
- Every transaction in investor's account will have to be authorised by him which ensures total control of the investor over his investment.

#### **BANK MANDATE**

For Shares held in Physical form, any change in bank account details should be intimated to Karvy and not to the Bank.

For shares held in electronic/demat form, Bank Mandate should be intimated to the DP and not to the Bank/Karvy.

## **CHANGE IN CORRESPONDENCE ADDRESS**

For Shares held in physical form, Karvy should be informed immediately if there is any change in address, quoting Folio No. duly signed by the Shareholder and in case of joint holder by the 1<sup>st</sup> holder, as per specimen signature recorded with the registrar. Change of address will be effected and would be informed to the investor if documents are found in order.

For shares held in electronic/demat form, any change in address should be intimated to the DP and not to the Bank/Karvy.

## **CHANGE IN NAME**

1. All requests for change of name should be accompanied by a copy of notification in Official Gazette or a Newspaper.
2. Request for change of name consequent upon marriage/divorce should be accompanied with marriage certificate/divorce decree.
3. For effecting change of status from minor to major, please send proof of age (such as attested copy of Birth Certificate or School Leaving Certificate).
4. In the case of limited companies, a certified true copy of the Certificate of Incorporation consequent to Change of Name issued by the Registrar of Companies should be submitted along with Memorandum & Articles of Association

## **NOMINATION**

Nomination will enable smooth inheritance of ownership of the shares by the Nominee without any procedural difficulties. In the absence of nomination, transfer of title is a cumbersome process involving multiple documentation. Hence it is recommended that nominations are registered without fail.

Nomination can be made only by individuals holding beneficiary accounts on their own behalf either singly or jointly. Other entities including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot nominate. Only an individual can be a nominee.

A minor can be a nominee but the guardian will sign on behalf of the nominee and in addition to the name and photograph of the nominee, the name, address and the photograph of the guardian must be given in the case of the Minor.

NRI can nominate directly. But, the power of attorney holder cannot nominate on behalf of NRI. NRI can be a nominee subject to the exchange control regulations in force from time to time.

Nomination will enable smooth inheritance of ownership of the shares by the Nominee without any procedural difficulties. (Presently, there is no difficulty where shares are registered in joint names. But if the shares are held in individual name, addition of a joint name can only be done as a transfer, involving share transfer form, stamp duty, surrender of original certificates etc. All this inconvenience is eliminated by following the nomination procedure).

Government has prescribed a separate **form SH-13** for Nomination. Investors wishing to avail this facility may fill up the Nomination Form.

#### A. Shares held in the individual name

If the shares are held in the sole name without any joint holder/s, upon the death of the sole holders, the securities would be transmitted to the nominee.

#### B. Shares held jointly

Nomination is permitted for accounts with joint holders. But, in case of death of any of the joint holder, the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee.

Any investor holding shares in **physical form** should submit the nomination form duly filled and signed to Karvy.

Any investor holding shares in **demat/electronic form** should contact his DP directly for nomination (the bank/ karvy does not register nomination for shares held in electronic/demat form). Normally nomination can be done at the time of opening the demat account itself.

### **TRANSFER OF SHARES**

#### Shares held in physical form

As regards holding of shares in physical form, the following to be kept in mind for transfer of shares:

- Always buy/sell only through Share Brokers who are registered with SEBI and members of the recognized Stock Exchange.
- Fill form SH-4 and submit to the Karvy alongwith other relevant documents viz. original share certificate, copy of PAN of transferor and transferee etc., for effecting the transfer.
- Please ensure that all columns of the transfer deed are filled properly and transfer deed signed at the appropriate places. Share transfer stamps @0.25% of the sale value / market value of the shares as on the date of execution of the transfer deed has to be affixed on the back of the transfer deed and the stamps affixed be cancelled by crossing lines or by writing name.
- Where the transferor / transferee have signed through a Constituted Attorney, please ensure to forward the Power of Attorney duly notarised without which the transfer is liable to be rejected by Karvy.
- Please always furnish full address including Pin Code Number. Incomplete address may cause delay or non-delivery of share certificate(s), notices, annual reports, dividend warrant(s) and other communications.
- Please always mention contact telephone/fax no /E-Mail address while corresponding with Karvy for better and faster communication.
- Please keep photocopies of share certificates, transfer deeds and other documents before lodging shares for transfer and also proof of mailing the documents to the company, acknowledgement card, slip, receipt etc. Please preserve contract note issued by brokers for share purchase/ sale. These will be useful for sorting out any issue, problem or query on a later date.
- If one is already a shareholder of the Company in the same name(s), please mention the existing folio number while lodging shares for transfer. This will help to consolidate holdings in one folio.

- Please always keep a copy/record of specimen signature lodged with the company at the time of applying for new shares or lodging transfer documents for transfer of shares as transferee. This will help in signing in the same manner as per the specimen signature lodged with the company to avoid any difficulties/complications that may arise due to signature difference. Please sign all correspondence as per specimen lodged with the Company mentioning the correct Folio No.
- Any change in shareholder's specimen signature should be informed to the company immediately with revised signature duly attested by the shareholder's banker.
- Any alterations or corrections in the Transfer Deed should be avoided. If it is unavoidable, then the alteration should be authenticated **both** by the transferor and transferee by signing fully alongside the alteration.
- To transfer the shares in favour of a minor, please ensure that transfer deed is signed by the parent (Natural Guardian) on behalf of the minor.
- According to the statutory provisions, when shares are lodged with Karvy with properly executed transfer deed, Karvy is obliged to effect the transfer, unless there is an injunction order of a court prohibiting Karvy from transferring the shares.
- Please maintain the record of share certificates and physically verify the share certificates periodically. If shares are lost/ stolen, please take immediate legal action including taking injunction order from the competent Court with full details such as Certificate and Distinctive Nos. for stopping transfer.
- Conversion of single holding into joint holding, transfer within the family members, etc. lead to a change in the pattern of ownership, and therefore, can be done only through execution of stamped Transfer Deed.

In order to facilitate the dematerialisation process, SEBI has introduced a facility of "transfer-cum-demat" for the physical share certificates to the investors whereby the physical share certificates are lodged for transfer. Under this arrangement, the investors may opt for dematerialisation immediately after registration of transfer, thereby avoiding repetitive physical transit of the original share certificates.

On completing the registration of transfer, Karvy will send an Option letter to the investor. If the investor desires to demat his shares, he can submit the Option letter alongwith a completed DRF form to his DP within 30 days from the date of the Option letter. The DP will in turn forward it to Karvy for confirmation of demat. Karvy will thereafter credit the shares to the investors demat account.

If the investor does not submit the DRF form and the option letter within 30 days, Karvy will forward the physical certificates to the investor. The option letter sent earlier, would automatically lapse.

#### Shares held in demat form

If an investor wishes to transfer his electronic shares, he has to instruct his DP by way of a Delivery Instruction (which is similar to a cheque) to debit his account with the number of shares sold by him and credit these shares to the demat account of the person to whom the shares are proposed to be transferred.

Likewise when he buys electronic shares, he must inform his broker about his depository account number so that the electronic shares bought by him can be credited into his account, also, he has to instruct his DP by way of Receipt Instruction to receive credit in his account. Instead of giving a receipt instruction for each purchase, a standing instruction can be given to the DP.

## **TRANSMISSION OF SHARES (ON DEATH OF SHAREHOLDER)**

### A. If Nomination has been registered with the bank

Please forward copy of the following documents:

1. Death Certificate
2. Copy of the Nomination filed with the bank/ Karvy or Nomination registration number, if any, given by the bank/ Karvy.
3. Original copy of share certificate

### B. Where no nomination has been registered

If shares are held in single name

Following documents are required to be submitted for getting the shares transmitted in favour of the beneficiaries:

1. Copy of Death Certificate.
2. ID and address proof of claimant self signed.
3. Transmission form duly filled in the prescribed format along with one cancelled & signed blank cheque leaf for updating of bank details.
4. Succession Certificate or Probate of the Will or Letters of Administration issued by the competent Court, In absence of this, following needs to be lodged:
  - a) Legal Heir Certificate/ Survival Certificate issued by competent authorities of the Government.
  - b) Indemnity Bond **as per format** on Rs. 100/- in India non judicial stamp paper and duly notarized by a notary public.
  - c) In case the shares are proposed to be transmitted only to some of the beneficiaries, No Objection from the other beneficiaries (**in the prescribed format**) who are giving up their rights and duly notarized by a notary public.

If the shares are held in joint name(s)

Please submit a certified copy of the Death Certificate of the deceased shareholder along with all the relevant share certificates so that the name of the deceased could be deleted from records as well as the certificates.

## **TRANSPPOSITION**

If it is proposed to change the order of names appearing in the share certificate (i.e. transposition) this does not require any transfer deed or share transfer stamps. Transposition would only be done of the entire holding in any one folio. Part transposition is allowed only through execution of transfer deed.

Such request has to be submitted duly signed by all shareholders and submitted along with all the original share certificates.

Transposition is possible only in respect of shares held in physical form.

### **LOSS OF SHARE CERTIFICATES**

- Any communication to Karvy regarding loss of share certificates should always be signed by the shareholder as per specimen signature registered with the Company, accompanied by FIR lodged with local police station giving full details of lost certificate(s) such as Certificate Nos., Distinctive Nos. etc, Indemnity Bond and affidavit **in the prescribed format.**
- Please immediately apply for injunction order in appropriate Court of Law for stopping transfer, giving full details of certificate nos., distinctive nos. etc.
- Upon receipt of the necessary documents from the investor, Karvy will intimate the stock exchanges about the loss of the certificates.
- Thereafter the request for issue of duplicate certificate will be placed for the approval of the Share Transfer Committee of the Company.
- After approval is received, Karvy would print the duplicate share certificates for onward transmission to the investor.

### **ELECTRONIC CLEARING SERVICE (ECS)**

Reserve Bank of India has introduced Electronic Clearing Service (ECS) for facilitating crediting of dividend directly to the shareholder's bank account. This facility eliminates loss of dividend warrants sent by post due to pilferage in transit, delay in receipt of dividend warrants and ensures quick credit of the dividend.

Under this arrangement, the payment instructions would be issued electronically through our Banker to the Clearing Authority (Reserve Bank of India) and the Clearing Authority would supply credit reports to the Bank with which shareholder maintains his / her Account and his/her bank will give instant credit to shareholders account.

In order to avail ECS facility, investors are required to submit the request in the prescribed form (ECS request form). This form should be accompanied by a photocopy of a cheque for verifying the accuracy of the MICR code number. The duly filled up form should be submitted:

- In case of shares held in physical form, to Karvy. Separate sheets should be used for each folio. The information will be kept confidential and will be utilised only for the purpose of effecting payments meant for holders.
- In case of shares held in demat form, to the DP. ECS mandate can be submitted at the time of opening the demat account itself.

### **INCORPORATING BANK PARTICULARS IN DIVIDEND WARRANTS**

Investors may provide details of their Bank Account i.e. name of the Bank, Branch & A/c No. to enable printing these on the dividend warrants. This will help to reduce possibility of any fraudulent interception and encashment of dividend warrant. The Warrants will be posted to the registered address of the investor, wherever dividend mandate is not registered with the Company.

In case of physical shares, the bank account particulars must be furnished to Karvy.

In case of demat shareholding, the bank account details must be furnished to the Depository Participant (DP). Normally these details are furnished at the time of opening the demat account.