

Frequently asked questions on Dematerialization

A. What is a Depository?

A depository is an organisation which holds securities (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors through a registered Depository Participant. It also provides services related to transactions in securities.

B. How many Depositories are registered with SEBI?

At present two Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are registered with SEBI.

C. Who is a Depository Participant?

A Depository Participant (DP) is an agent of the depository through which it interfaces with the investor and provides depository services. Public financial institutions, scheduled commercial banks, foreign banks operating in India with the approval of the Reserve Bank of India, state financial corporations, custodians, stock-brokers, clearing corporations /clearing houses, NBFCs and Registrar to an Issue or Share Transfer Agent complying with the requirements prescribed by SEBI can be registered as DP. Banking services can be availed through a branch whereas depository services can be availed through a DP.

D. What is dematerialisation?

Dematerialisation is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited into the BO's account with his DP.

E. How can one convert physical holding into electronic holding i.e. how can one dematerialise securities?

In order to dematerialise physical securities one has to fill in a DRF (Demat Request Form) which is available with the DP and submit the same along with physical certificates that are to be dematerialised. Separate DRF has to be filled for each ISIN. The complete process of dematerialisation is outlined below:

- Surrender certificates for dematerialisation to your DP.
- DP intimates to the Depository regarding the request through the system.
- TSR Consultants Private Limited ("Registrar")/("TCPL") confirms the dematerialisation request from depository.
- After dematerialising the certificates, Registrar updates accounts and informs depository regarding completion of dematerialisation.
- Depository updates its accounts and informs the DP.
- DP updates the demat account of the investor.

Your DP will then send the DRF and the certificates to the Registrar of the Company, Further, registrar shall send electronic request through the NSDL/CDSL network reconfirming the same. TCPL will verify the documents and if found in order, the dematerialization request will be confirmed to NSDL/CDSL who will in turn inform your DP. In the books of the Company, your folio with TCPL will be debited and the account of NSDL/CDSL will be credited in respect of such dematerialized securities. NSDL/CDSL in their electronic records will credit the account of your DP who will then credit your account with the number of securities that have been dematerialized and these securities will thereafter be held in electronic form. This process would take approximately 15-20 days.

F. What are the benefits of Dematerialisation of shares?

Shares held in DEMAT form have several advantages and helps eliminate many problems that investors have to face while dealing with securities. They minimise paperwork that is involved with the ownership, trading and transfer of securities. It facilitates faster transactions and makes trade of securities extremely convenient. There are a wide range of advantages associated with a DEMAT account such as:-

- a. The risks pertaining to physical certificates like loss, theft, forgery and damage are eliminated completely

- with a DEMAT account.
- b. The lack of paperwork enables quicker transactions and higher efficiency in trading including
 - c. immediate transfer of shares and faster settlement cycle.
 - d. Ease in portfolio monitoring.
 - e. The shares that are created through mergers and consolidation of companies are credited automatically in the DEMAT account.
 - f. There is no need to pay stamp duty on transfer of securities, thereby bringing down the cost of transaction significantly.

G. How do I open an account with a Depository Participant and will I be periodically informed about the movement in my electronic account?

You may open an account with a Depository Participant („DP“) of your choice. As an investor you will interact with National Securities Depository Limited (NSDL) or Central Depository Services India Limited (CDSL) through your DP. Your DP will allot you an account number which will serve as a reference for all your future dealings with them.

Your DP will update your account after each transaction, and will periodically furnish you with a statement of holding. You may verify this with them at the time of opening your electronic account.

H. How do I convert my paper/physical certificates into an electronic holding? [Dematerialisation]

To dematerialize your holding, you should first have an account with a DP of your choice. You may then hand over to your DP, the certificates along with the 'Dematerialisation Request Form' (DRF). Only the securities registered in your name can be submitted for dematerialization.

I. Will I continue to receive corporate benefits?

All the corporate benefits such as dividend, interest, bonus shares, rights shares will be issued by TSRDL to the beneficial owners i.e. the account holders who hold the securities in electronic form. The dividend/interest amounts as and when declared/issued will be sent to you/your bankers directly. The entitlement of rights and bonus shares/debentures, wherever applicable, will be credited to the beneficiaries accounts as per the investors' option and the terms of the issue.

J. How do I trade (buy/sell) in electronic form?

You may buy and sell securities in electronic form through the depository by co-ordinating with your broker and your DP. Such transactions would be simpler and faster. Payments for such transactions would be made in the same way as is done for physical certificates. Securities purchased in electronic form are credited to your account on the next day of payout with no formalities of filling transfer deeds or applying to the Company for registration.

Such transactions are not routed through the Company and the debit/credit takes place directly in the Depository System. However, corporate benefits would be paid to the person holding such securities on the Record Date/Book Closure date as applicable.

K. What if I continue to hold shares in Physical form?

You may please note that in case you fail to convert your physical holdings in dematerialized form then as a member you will not be able to access any services from Company and TCPL.
