

DEMATERIALIZATION OF SECURITIES

1. What is dematerialisation?

Dematerialization is the process of converting your physical shares/securities into digital or electronic form. All your securities are stored in an electronic form instead of physical certificates. Let us delve deeper into the topic of dematerialization.

In India, a depository is an organization which holds securities of investors in electronic form. Currently, there are two depositories viz. Central Depository Services India Limited (CDSL) and National Securities Depository Limited (NSDL) who are registered with the Securities and Exchange Board of India (SEBI).

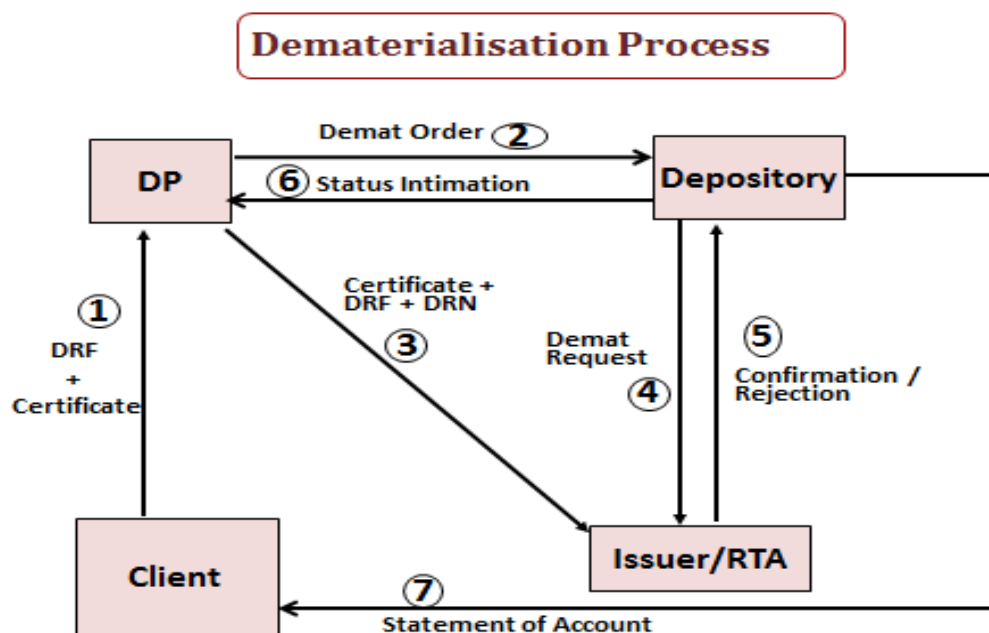
2. Benefits of Dematerialization

- Dematerialization eliminates the chances of shares being lost, forged, or misplaced, increasing the safety of the holding. If the original share certificates are misplaced it takes time and money in obtaining duplicate share certificates.
- Ease of buying/selling of shares in secondary market any time.
- Receive corporate benefits like dividend, bonus, split of shares, rights issue directly into your account. It avoids risk of loss of documents in transit.
- Timely receipt of important communications from the Company.
- Transfer of shares can only be done in dematerialized form.

3. Dematerialization process

- Investors cannot directly trade through depositories and must interact through a depository participant. A Depository Participant (DP) is an agent of the depository through which it interfaces with the investor and provides depository services. Most financial institutions and brokerage service firms are referred to as Depository Participants.

- Submit all the documents required by DP to open a demat account. Once all your documents are verified by DP, your Demat account number and ID will be generated.
- Once the demat account has been opened, fill up a 'Dematerialization Request Form' and submit it with your DP along with your original share certificates.
- Your DP will forward the request to the concerned Issuer Company or its Registrar and Transfer Agent for further processing. Once the request is confirmed and all the documents are complete and approved by the Issuer Company or its Registrar and Transfer Agent, you will receive credit of shares in electronic form into your demat account. The process of dematerialization is shown in the diagram below:



For further details, kindly access below links:

<https://www.cdslindia.com/Investors/open-demat.html>

<https://nsdl.co.in/services/demat.php>