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**Toll Free No. 1800 222 990**

## **Prudent Investor's Guide to Depository**



Be Smart



Be Wise



**DEMAT SIMPLIFIED**



**INDEX****A. Let's begin with basics**

2

1. What is Capital Market?
2. What are securities? What is meant by Primary and Secondary Markets?
3. What is the role of NSDL in Capital Markets?
4. How to open a NSDL demat account?
5. What you can do with your NSDL demat account?

**B. Offerings with NSDL Demat Account**

5

1. NSDL SPEED-e service
2. NSDL Mobile App and IDeAS service
3. NSDL Consolidated Account Statement (CAS)
4. NSDL e-Voting service

**C. Being a Prudent Investor**

7

1. Ensure that you are a Prudent Investor
2. Taking care of your demat account

**D. More Information**

9

1. Claiming refund from IEPF for dividend / shares not received
2. Demat Mandatory for Transfer of Securities
3. Demat Mandatory for Unlisted Public Companies
4. Investor Awareness Programs
5. Grievance Redressal
6. Other useful services

**Dear Reader,**

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We 'Thank You' for your interest in NSDL.

We, at NSDL, believe that Every Indian should become a 'Prudent Investor' and not just an Investor. We appreciate your decision of reading this booklet and we are sure that you will benefit from the information provided. The information given in this booklet will help you to take a step towards becoming a 'Prudent Investor'.

Apart from a small introduction to NSDL, we have summarized various services that we provide once you open NSDL demat account. In case, you need more information or any clarification, please feel free to contact us.

**Regards,  
Team NSDL**





## A. Let's begin with basics

### 1) What is Capital Market?

Capital Market, in simple words is a market for capital or funds, wherein those who need funds for their business purposes look out for those who are willing to provide them. In other words, capital market is a market where persons engage in buy and sell of various kinds of financial instruments. It comprises of a Regulator (SEBI), Stock Exchanges (NSE/BSE etc.), Depositories (NSDL/CDSL) and other intermediaries like Stock Brokers, DPs, Custodians, Merchant Bankers etc.

### 2) What are securities? What is meant by Primary and Secondary Market?

Securities are various kinds of financial instruments which are traded in the capital markets. In other words, these are instruments by which funds are offered by fund supplier to fund seekers. Let us take an example to understand this. Mr. A is a well-known entrepreneur and Managing Director of ABC Limited. He wants to start a new cement plant with name as ABC Limited. This requires a huge amount of money (capital) which he himself or ABC Limited is unable to raise. It, therefore, decides to enter capital market by offering its equity shares in return of funds. So, it comes out with an Initial Public Offer or IPO (initial because it's the first time ABC Limited is seeking funds from public at large). The public may apply for the shares by paying an agreed price. After completion of the due processes, company receives the funds in its bank account and issues shares to applicants, thereby making them shareholders of the company.

A share, described above is one type of security. Other examples are - debentures, bonds, mutual fund units, commercial papers, certificate of deposits, government securities etc.

Issuance of shares or securities by issuers to general public is called 'Primary Market'. Stock exchange, which is a market place for trading (buy and sell) in already issued and traded securities, is called 'Secondary Market'. Any shareholder can offer his shares for sale through a SEBI registered stock broker on the platform provided by stock exchanges like BSE or NSE. Any person can buy these shares through his stock broker by paying the agreed price.



### 3) What is the role of NSDL in Capital Markets?

NSDL, established in 1996, is today one of the largest Depositories in the world. As a depository, it enables holding of shares and other types of securities in electronic form i.e. dematerialized form. By holding a demat account, one can own the securities in electronic form and also can transfer any security from his / her demat account to any other demat account.

NSDL's contribution to Indian Capital Markets has made it one of the Leading Capital Markets on multiple fronts in the world. With the adoption of state of art technology for various products and services and un-matched reach within the country, NSDL has won the trust of investors and other intermediaries, thus standing true to its tag line - **Technology, Trust & Reach.**

NSDL provides bouquet of services to investors, stock brokers, stock exchanges, custodians etc. through its network of more than 278 DPs (Depository Participants). Many big banks (nationalized, private and co-operative), stock brokers and financial institutions have joined NSDL as DPs. NSDL DPs are operating from more than 31,100 service centers spread across the country, and few in abroad too. List of Participants of NSDL and their service centers is available at NSDL website [www.nsdl.co.in](http://www.nsdl.co.in)

### 4) How to Open a NSDL demat account?

Opening a demat account is quite simple. All you have to do is to approach a NSDL DP which will help you to complete the formalities. You need to submit Proof of Identity and Proof of Address. Further, PAN is mandatory for opening demat account. In addition, you will also be required to provide details of your bank account.

After your demat account is opened, your DP will provide you DP ID and Client ID, a copy of your Client Master Report containing your demat account related details, tariff sheet and Rights & Obligations of Beneficial Owner and Depository Participant. You should verify the Client Master Report to ensure that all your details have been recorded correctly. If you want to trade in shares etc. (i.e. buy or sell), you would also need to open a Trading / Broking account with any SEBI registered stock broker. There are many Bank DPs which offer 3-in-1 arrangement for the benefit of investors (3-in-1 is a combination of demat account, trading account and bank account).



### 5) What you can do with your NSDL demat account?

Few important things that you can do with your NSDL demat account are listed below -

- I) You may apply for IPOs and NFOs. Do not forget to mention your DP ID and Client ID correctly in the application form. Same demat account can be used to purchase and hold shares and other types of securities.
- II) You will automatically receive all corporate benefits (bonus, rights issue, etc.) in your demat account. Cash benefits like dividend declared by your company, interest or maturity amount payable on your bond investments etc. would be credited to bank account linked with your demat account. Please ensure correct bank account details are recorded in your demat account.
- III) You may use your demat account to avail 'loan against shares' facility which is offered by many banks etc. to meet your financial requirements without requiring to sell the investments.
- IV) You may convert all your investments in shares, bonds, debentures, government securities, sovereign gold bonds etc. held in paper form and mutual fund units held in statement form to demat form through your DP.
- V) You may hold your mutual fund investments in the same demat account. Holding mutual fund units in demat account makes things a lot easier for you. Not only you are able to monitor your portfolio at one place through NSDL CAS, it also saves you from the need to engage with various mutual fund houses if you want to make any change in your personal information, for example, address or bank details or nominee, etc., you may subscribe to mutual fund units in demat form by simply mentioning your DP ID and Client ID in application form. Even investment in mutual funds by way of SIP is also possible through demat account. For redemption or repurchase of mutual fund units, you may give an instruction to your DP or may use NSDL's SPEED-e facility.
- VI) You may participate in buyback offer by tendering your shares to company through your demat account.
- VII) To operate your demat account, you need to give instruction to your DP in prescribed form. Alternatively, you may avail NSDL's SPEED-e service to give instruction to your DP electronically, anywhere and anytime.

Visit : [https://nsdl.co.in/master\\_search.php](https://nsdl.co.in/master_search.php)

to find if physical securities are available for demat





## B. Offerings with NSDL Demat Account

### 1) NSDL SPEED-e service

SPEED-e (pronounced as speedy) is an internet based facility offered by NSDL. It enables a demat account holder to give delivery, pledge and mutual fund redemption related instructions in electronic form, thus making the process quite fast, secure and efficient. Demat account holder can avail this service if his / her DP offers this service.

For more information, please visit <https://eservices.nsdl.com/>



### 2) NSDL Mobile App and IDeAS service

NSDL has developed a Mobile App for its investors. You can download and use NSDL Mobile App to view balances and participate in e-voting in your demat account on your mobile anytime, anywhere. It is available on Google Play Store and App Store and is absolutely FREE.



### 3) NSDL e-Voting service

NSDL electronic voting (e-Voting) platform allows every shareholder to exercise voting rights online without the need to be physically present at the meeting location. e-voting service has been integrated with Speed-e as well as NSDL Mobile App.

For more information, please visit <https://www.evoting.nsdl.com/>



IndiaBondInfo



Information of various bond & debentures at single place.

Visit : <https://www.indiabondinfo.nsdl.com>



#### 4) NSDL Consolidated Account Statement (CAS)

- I) NSDL sends one Consolidated Account Statement (CAS) to every demat account holder for all his / her demat account(s) and mutual fund investment in Statement of Account form. The holdings are aggregated on the basis of PAN of the first holder.
- II) This statement is sent every month if there is a transaction in the account during the month. If you have provided your email ID and consent to your DP, the statement will be sent to you by email.
- III) Check statement period and closing balance for each of your investment held in all your demat accounts and mutual fund folios.
- IV) Statement also shows the price of each of your investment, aggregate portfolio value and graph showing changes in total portfolio value over the period.
- V) It also shows other details like whether your KYC is up to date, email ID and mobile number mentioned in your MF folios, etc. If you notice any discrepancy or require an update, you may contact Mutual Fund Company or its Registrar.
- VI) In case of non-receipt of statement or if you find any discrepancy in the statement, please contact your DP immediately.
- VII) NSDL has developed an online facility at <https://nsdlcas.nsdl.com/> to enable NSDL demat account holders to provide email ID directly to NSDL to receive CAS through email (e-CAS) from NSDL.



**S** TORABLE  
ECURE  
WIFT  
IMPLE **CAS**

Subscribe to e-CAS Today  
by scanning the QR code







## C. Being a Prudent Investor

### 1) Ensure that you are a Prudent Investor. A Prudent Investor...



Always deals with a SEBI registered stock broker or authorized person for any investment in capital market.



Reads all the documents carefully before signing them.



Keeps a record of documents signed, account statements, contract notes received and payments made.



Periodically reviews his / her financial goals and portfolio.



Registers mobile number and email ID for effective monitoring and use NSDL facilities like Mobile App, NSDL e-CAS, IDeAS.



Always deals with AMFI registered mutual fund distributors for any service related to mutual funds.



Always invests using banking channels, i.e. no deal in cash.



## 2) Taking care of demat account

You hold valuable investments in your demat account. It is very important to take care of certain basic things, listed below, to ensure that your investments remain safe while you enjoy the various features of NSDL demat account.

- I) Promptly inform your DP about any change in your Personal Information (for example address) or details of Bank Account linked to your demat account in the prescribed format and obtain confirmation of update in system.
- II) Avail Nomination facility in your demat account. It simplifies the process of transmission of shares in case of death of the account holder. You can mention upto 3 nominees in your demat account. Name of nominee(s) can be changed anytime you want.
- III) Before granting Power of Attorney to anyone to operate your demat account, carefully examine the scope and implications of powers being granted.
- IV) Accept the **Delivery Instruction Slip (DIS)** book from your DP only if each slip has been pre-printed with a serial number along with your Client ID and keep it in safe custody. Never sign any blank form or DIS. Remember to fill the form completely and then only sign.
- V) Mention your Mobile Number and email ID in account opening form to receive SMS alerts and regular updates directly from NSDL. This facility is free of any charge to you. In case you change your mobile number or email ID, promptly inform your DP in prescribed way and obtain confirmation of update in the system. This will ensure that you continue to get alerts from NSDL.
- VI) Subscribe to NSDL e-CAS at <https://nsdlcas.nsdl.com/> to get a consolidated statement of all your investments through email directly from NSDL.
- VII) NSDL publishes a monthly newsletter '**The Financial Kaleidoscope**' to keep you updated about various products / services of NSDL and other important features of depository system.  
Please subscribe to it now by providing your email ID at <https://nsdl.co.in/e-newsletter.php>

All the previous issues of this newsletter are available for your reading at <https://nsdl.co.in/publications/nest.php>



## D. More Information

### 1. Claiming refund from IEPF for dividend / shares not received

All dividends and shares which remain unpaid or unclaimed for seven consecutive years due to any reason, are transferred by respective companies to Investor Education and Protection Fund (IEPF) Authority. IEPF Authority is a statutory body, constituted under the provisions of Companies Act, 2013. Investor or his / her authorized representative need to submit claim to IEPF Authority to receive unpaid dividend and/or unclaimed shares. Claimant needs to download IEPF - 5 form, fill it and upload it to IEPF Authority online. Also claim form and acknowledgment generated online should be printed and submitted to the nodal officer appointed by the respective company in physical form, alongwith required supporting documents. After verification of the claim, company confirms the claim to IEPF authority which then initiates refund to claimant in his / her linked bank account through electronic transfer. In case the claim is for shares, they are credited to demat account of the investor, specified in the claim form. One applicant can file one claim form for each company in one financial year.

For more information, please visit <http://www.iepf.gov.in/> It is important to know that all companies need to publish details of unclaimed shares and dividend on their website.

### 2. Demat Mandatory for Transfer of Securities

SEBI has mandated that w.e.f. April 1, 2019 any transfer of securities of listed companies will only be in demat form. In other words, if you are holding shares of a listed company in physical form and want to transfer it someone else, you will be able to do so only after converting them into demat form, to from April 1, 2019. From this date only transmission (that is transfer of shares in case of death of the shareholder) and transposition (that is change in order of the names of the shareholders) will be permitted for shares etc. held in the physical form. It is therefore beneficial to open a demat account and have your shares converted into demat, as early as possible.



### 3. Demat Mandatory for Unlisted Public Companies

Ministry of Corporate Affairs (MCA) has issued a notification on September 10, 2018 according to which unlisted public limited companies are required to join depository system and make their shares available for demat. Further issuance of shares by these companies will be possible only in demat form. Both these, requirements are effective from October 2, 2018. From investors point of view, it would now be possible to convert their holdings in such unlisted companies in demat form and avail the associated benefits. It may be noted that if you already have a demat account, you need not to open another demat account for holding these shares. Your investments held in paper form can be converted into demat form in the same demat account, provided the pattern of holdings is same.

### 4. Investor Awareness Programs

NSDL organises investor awareness programs all over the country. The schedule of such programs is available at <https://nsdl.co.in/Investor-Awareness-Programmes.php>. If you would like to organise Investor Awareness Programmes in your City, Housing Society, College, Institution etc., do write to us at [info@nsdl.co.in](mailto:info@nsdl.co.in).

### 5. Grievance Redressal

If you have any grievance in respect of your demat account, please write to us at [relations@nsdl.co.in](mailto:relations@nsdl.co.in) or you may lodge the same with SEBI online at <https://scores.gov.in/scores/Welcome.html>.

### 6. Other useful services of NDML, a 100% subsidiary company of NSDL

- I) **NSR (National Skills Registry):** NSR is a web-based system hosting information about existing and prospective employees of Indian IT & ITeS / BPO industry. It is a NASSCOM initiative. For more information, please visit <https://nationalskillsregistry.com/>.
- II) **KYC Registration Agency:** Upload and download of centralized KYC records of investors. For more information, please visit <https://kra.ndml.in/>.
- III) **National Academic Depository (NAD):** Digitized authentic academic certificates accessible to students, verifiers and academic institutions. For more information, please visit <https://nad.ndml.in/>.
- IV) **NIR account (e-Insurance Account):** NDML has setup an Insurance Repository on behalf of Insurance Regulatory and Development Authority of India (IRDAI). It facilitates holding of all type of insurance policies in electronic form in a single e-Insurance Account (e-IA) and enables the insured to access all insurance policies with a single log in. This account can be opened free of cost. For more information, please visit <https://www.nir.ndml.in/>.



## Feedback Form

(This form is to be used in case you are attending our investor awareness program.)

Date: DD MM YYYY

Place -

Program Details	Poor	Satisfactory	Good	Excellent
How did you like the arrangements made for the program?				
Quality of material given				
<b>Trainer Evaluation for Session 1 – Name:</b>				
A. Subject Knowledge				
B. Communication & Presentation				
C. Interaction with audience				
<b>Trainer Evaluation for Session 2 – Name :</b>				
A. Subject Knowledge				
B. Communication & Presentation				
C. Interaction with audience				

- How did you came to know about this investor awareness program? Please tick the applicable box.

☐ e-Mail ☐ SMS ☐ Newspaper ☐ Other \_\_\_\_\_

- Your suggestions to make the program better?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- Please mention your email Id if you wish to receive our newsletter 'The Financial Kaleidoscope' - \_\_\_\_\_

Name: \_\_\_\_\_ Mobile No.: \_\_\_\_\_

(Please fill up this form and handover / send to us.)

**1) Do you have a demat account?**

☐ Yes ☐ No

**2) If no, then do you want to open a demat account?**

☐ Yes ☐ No

**3) If yes, then would you like one of our DPs to contact you for opening a demat account?**

☐ Yes ☐ No

**4) Are you aware that you can convert your mutual funds units in demat form?**

☐ Yes ☐ No

**5) Are you aware that you can buy mutual fund units directly in demat form?**

☐ Yes ☐ No

**6) Are you aware that NSDL sends a Consolidated Account Statement containing details of all your investments held in demat form and mutual fund units?**

☐ Yes ☐ No

## **NSDL's INVESTOR CENTRIC PRODUCTS & SERVICES**

### **i) IDeAS**

Facility for investors to view updated holdings and valuation online.

Scan the QR Code or visit the below link

<https://eservices.nsdl.com/>



### **ii) NSDL Mobile App**

Mobile app for viewing holding statement anytime, anywhere on the go.

Scan the QR code to download the App

Available on Google play store and Apple App store.

**For Play Store**

<https://play.google.com/store/apps/details?id=com.msf.NSDL.Android>

**App Store**

<https://itunes.apple.com/in/app/nsdl/id922834763?mt=8>



### **iii) National Insurance Repository (NIR)**

Free e- insurance account for holding all insurance policies i.e. life as well as non-life at a single place.

Open a free e-insurance account Today!

Scan the QR Code or visit the below link

<https://nironline.ndml.in/NIR/onlineEiaApplicationFormEkyc.html>



### **iv) National Academic Depository (NAD)**


Free online student account to view academic certificates.

Open a free NAD account Today!

Scan the QR Code or visit the below link

<https://nad.ndml.in/NAD/newStudentRegistrationScreen.html>



 **Notes**

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