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GUIDANCE ON DEMATERIALIZATION OF SHARES

The Securities and Exchange Board of India (SEBI) has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide notification dated June 8, 2018, whereby it has been mandated that transfer of securities shall be carried out in dematerialized form only. The said restriction shall come into effect from December 5, 2018.

Pursuant to the said amendment, please note that with effect from December 5, 2018:

- Transfer of securities in physical form: Not Allowed
- Holding of securities in physical form: Allowed
- Transmission/ Transposition of securities held in physical form: Allowed

Accordingly, all shareholders holding shares in physical form are requested to dematerialize their shareholding on or before December 5, 2018.

The benefits of holding securities in dematerialized mode are as under:

- ❖ No stamp duty is payable on transfer of securities in demat mode.
- ❖ Immediate transfer of securities.
- ❖ High liquidity of securities.
- ❖ Lack of paperwork enables quicker transactions and higher efficiency in trading.
- ❖ Reduction in transaction cost.
- ❖ Elimination of risks pertaining to physical certificates like loss, theft, forgery and damage are eliminated.
- ❖ Convenient mode of holding securities, especially in case you are holding shares of many companies.
- ❖ Saving of time – Change in address / bank account particulars etc. recorded with Depository Participant gets registered electronically with all companies in which you hold securities.
- ❖ Facilitates direct credit of shares in case of allotment under Initial Public Offer, Rights Issue, Bonus Issue, Stock Split etc.
- ❖ Facility to pledge and hypothecate securities

For your reference, the Frequently Asked Questions on Dematerialisation (DEMAT) are provided herein below.



Frequently Asked Questions on Dematerialisation (DEMAT)

1. What is Dematerialization and what are its benefits?

This is a process whereby the shares held in physical form are converted into Electronic form. The technique of dematerialization eliminates the time consumption and complex process of shares transferred, the problems of bad deliveries, delay in processing, and most importantly it avoids the fraudulent interception in postal transit.

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

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 Ltd. (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 would periodically furnish you with a statement of holding. You may verify this with your DP at the time of opening your electronic account.

3. How do I convert my paper/physical certificates into an electronic holding? (Demat)

To dematerialize your holding, you should first have an account with a Depository Participant (DP). You may then hand over to your DP, the physical certificates along with the 'Dematerialisation Request Form' (DRF). Only the securities registered in your name can be submitted for dematerialization. Your DP will then send the DRF and the certificates to the Registrar and Share Transfer Agents of the Company, Karvy Computershare Private Limited ('Karvy') and an electronic request will also be sent through the NSDL/CDSL network reconfirming the same. Karvy will verify the documents and if found in order, the dematerialization request will be confirmed to NSDL/CDSL which will in turn inform your DP. In the books of the Company, your folio with Karvy 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 the securities will thereafter be held in electronic form. This process would take approximately 30 days.

4. Will I continue to receive the corporate benefits?

Yes, all the corporate benefits such as dividend, interest, bonus shares, rights shares etc. will be issued by the Company / RTA to the beneficial owners i.e. the accountholders who hold the securities in electronic form. The dividend/interest amounts as and when declared/paid will be sent to you/your bankers directly. The entitlement of rights and



bonus shares/debentures wherever applicable, will be credited to the beneficiaries account as per the investors' option and the terms of the issue.

5. How do I trade (buy or sell) in electronic form?

You may buy and sell securities in electronic form through the depositories by coordinating 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 very next day of payout with no formalities of filling transfer deeds or applying to the Company for registration. All such transactions are exempt from stamp duty and accordingly no share transfer stamps are required to be affixed.

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.

6. How can I reconvert my electronic holding into physical form?

As per the existing guidelines, an investor can choose to reconvert his electronic holding into physical form at any time through his DP. On receipt of the rematerialisation request alongwith the 'Remat Request Form (RRF)', the Company will issue fresh certificates and dispatch the share certificates to the Investor directly.

7. What are the charges to be paid to Depository Participant for dematerialization of shares? Who will bear the dematerialization of shares?

The charges for the dematerialization of shares differ from DP to DP. It is therefore advisable to contact the DP for the details of the charges in question and compare with other DPs too. The charges for the dematerialization of shares will be borne by the shareholder.
