

Transfer of Shares – Mandatory to hold shares in dematerialized form

The Securities and Exchange Board of India (the 'SEBI'), through its Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, has amended Reg. 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from December 5, 2018, due to which the **securities listed on the stock exchanges can be transferred only if they are held in dematerialized form**. The security holders will not be able to transfer the securities held in physical form.

Persistent Systems Limited (the 'Company') and Link Intime India Private Limited (the 'RTA') will not consider any requests received for transfer of its Equity Shares in physical form except for transmission and transposition of Equity Shares with effect from **December 5, 2018**.

We request the Members to take note of the above changes in the Regulations and initiate a process to dematerialize your Equity Shares in order to continue its liquidity.

The following are the three parties to Dematerialization of securities:

Depository – SEBI has authorized National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as the Depositories in India. The Demat Accounts are opened with either of these Depositories. Apart from a few customizations, both NSDL and CDSL provide same level of services to the shareholders as directed by SEBI.

Depository Participant – Depository Participant (DP) is an agent who connects the shareholder with the Depository. Now days, almost all nationalized and private banks have registered themselves as Depository Participant with SEBI. A shareholder needs to approach DP and apply for opening a Demat Account. Though Demat Account is opened with Depository, it is maintained and operated through DP. Therefore, a shareholder need not connect directly with Depository.

Registrar and Transfer Agent – Registrar and Transfer Agent (RTA) is an agency that maintains details of the shareholders /investors on behalf of the Company.

The steps for dematerialization are as follows:

1. The Members may approach any DP registered with SEBI to open a Demat account. The list of DP registered with Depositories can be accessed on the SEBI website as follows:

NSDL: <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19>

CDSL: <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=18>

2. Once the demat account is opened, a Member needs to submit a Dematerialization Request to the DP in Dematerialisation Request Form (DRF) . The share certificates to be dematerialised are to be submitted along with the DRF.

While submission, physical certificates are defaced by writing "SURRENDERED FOR DEMATERIALISATION".

3. The DP will scrutinize DRF with regard to following:
 - a. Verification of Member's signature on the DRF with the specimen signature (the signature on the account opening form). If the signature differs, the DP needs to ensure the identity of the Member.
 - b. Compare the names on DRF and share certificates with the client account.
 - c. Number of certificates
 - d. Number of securities
 - e. Distinctive numbers
 - f. Security type (equity, debenture etc.)
 - g. Paid up status
 - h. ISIN (International Securities Identification Number)
 - i. Lock - in status

If DRF is in order, the DP will issue an acknowledgement slip duly signed and stamped, to the Member.

4. In case the securities are not in order they are returned to the Member. The DP will reject the request and return the DRF and certificates in case:
 - a. A single DRF is used to dematerialise securities of more than one company.
 - b. The certificates are mutilated, or they are defaced in such a way that the material information is not readable. It may advise the client to send the certificates to the RTA and get new securities issued in lieu thereof.
5. In case the securities are in order, the details of request as mentioned in the DRF are entered and a Dematerialisation Request Number (DRN) is generated.
6. Thereafter, DP will forward the DRF and physical share certificates to the RTA for verification.
7. Upon verification of the submitted DRF and share certificates, RTA reports such applications to the Company for approval to proceed for Dematerialization.
8. Upon approval from the Company, the RTA will send a confirmation to Depository who will update the details in its records to process the dematerialization.
9. The Depository will then forward the confirmation to DP. Once the confirmation is received, the DP will credit the Demat Account of the Member with dematerialized shares. A communication to that effect will be sent by the DP to the Member.
10. In case the request for dematerialization is rejected due to some reason, the RTA will send an objection memo to the DP, with or without DRF and share certificates depending upon the reason for rejection.

The DP has to remove reasons for objection within 15 days of receiving the objection memo. If the DP fails to remove the objections within 15 days, the RTA may reject the request and return DRF and accompanying certificates to the DP. The DP, if the Member so requires, may generate a new dematerialisation request and send the securities again to the RTA. No fresh request can be generated

for the same securities until the RTA has rejected the earlier request and informed Depository and the DP about it.

In case the Members have any questions or concerns with respect to dematerialization, they may please approach:

- RTA at pune@linkintime.com; or
- Company at <https://www.persistent.com/contact/> or investors@persistent.com

Clarification:

Attention of the shareholders is invited to the provision that the aforesaid restriction will not be applicable in case of transmission or transposition of shares.

Transmission of Shares: It is the transfer of title to shares by the operation of law in the event of insolvency, death, inheritance or lunacy of the Member.

Transposition of Shares: It is applicable in cases of joint shareholders who wish to change the holding order in the Register of Members of the Company. The changes are to be incorporated in the share certificates.

Important Weblinks:

1. The notification can be accessed on the SEBI website at https://www.sebi.gov.in/legal/regulations/jun-2018/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fourth-amendment-regulations-2018_39263.html
2. In view of the above notification, BSE Limited (BSE) has issued a circular on July 5, 2018 to intimate these changes to the investors by placing the restrictions applicable to the transfer of physical shares and the process of dematerialization of shares. The circular can be accessed on the BSE website at <https://www.bseindia.com/corporates/Displaydata.aspx?id=cd22b184-1153-4b05-8ad9-d04699161f89&Page=cir>
3. The procedure for opening a Demat Account with the above Depositories is available on their respective website and can be accessed at the following:

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

CDSL website: <https://www.cdslindia.com/investors/open-demat.aspx>

4. The FAQs about procedure of dematerialization are available on the respective websites of Depositories as given below:

NSDL website: <https://nsdl.co.in/faqs/faq.php>

CDSL website:

<https://www.cdslindia.com/downloads/faq/Demat%20CDSL%20Way%20-%20V%20-%20Dematerialization.pdf>