



Navneet Bhavan, Bhavani Shankar Road, Dadar, Mumbai-400 028.

Dear Shareholder,

SUB : NAVNEET GUIDE TO DEPOSITORIES

We have a pleasure in informing you that your Company has joined hands with **NATIONAL SECURITIES DEPOSITORIES LTD. (POPULARLY CALLED NSDL)** to facilitate the investors to hold securities in electronic form and trade in these securities. We feel, we should share with you certain information regarding the Depository System, which would assist you in deciding to opt for holding your Securities in electronic (also known as 'book entry') form. The need for a Depository in India was felt for quite some time, especially due to inefficiencies associated with handling large volumes of paper and other problems such as bad deliveries, fake Certificates, loss of certificates in transit, mutilation of Share Certificates, delay in transfer, long settlement cycles, etc. To provide a reliable and efficient solution to the above-mentioned problems, National Securities Depositories Ltd., was established.

We enclose herewith the **NAVNEET'S GUIDE TO DEPOSITORIES** for your ready reference.

For any further clarification you may require, kindly contact the following Persons :

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Thanking you,

Yours faithfully,

FOR NAVNEET PUBLICATIONS (INDIA) LTD.,

Y. Thakur

MANOJ J. THAKAR
COMPANY SECRETARY

ENCL : AS ABOVE

MD		BXC	
CS		DPY	
RO		DIV	
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NAVNEET'S GUIDE TO DEPOSITORY

Q. 1. What is a Depository?

A. 1 A Depository is an organisation which holds your securities in the form of electronic book entries in the same way a bank holds your money. Further, a depository transfers securities without actual handling securities, the way bank transfers funds without actually handling money.

Q. 2 Why should a Depository route be chosen for holding shares?

A. 2 There are certain advantages of holding shares in Depository which are as follows :-

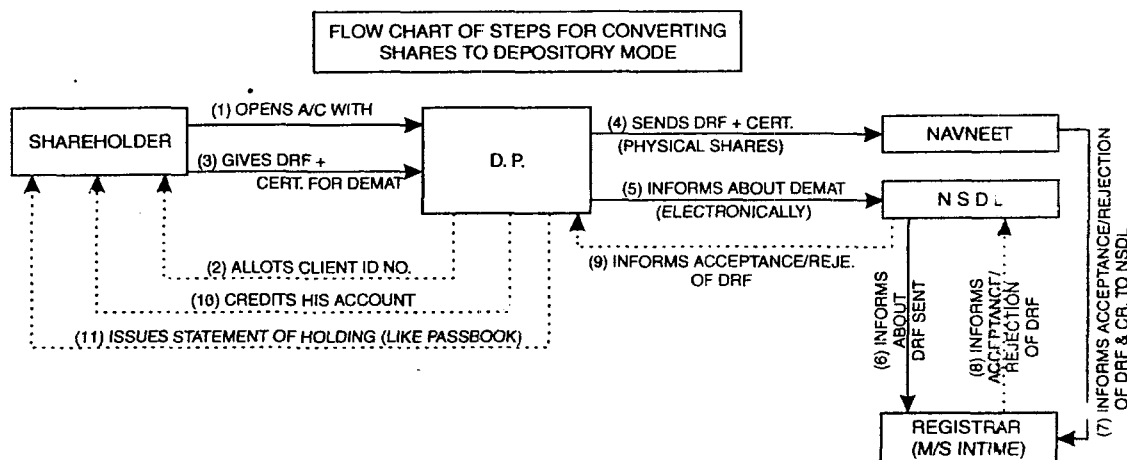
- * No stamp duty for transfer of securities in the depository mode as all the transactions are done through electronic entries. In physical form of shares, stamp duty of 0.5% is payable on transfer of shares.
- * Elimination of bad deliveries and all risks associated with physical certificates such as loss, theft, mutilation etc.,
- * After settlement, pay in and pay out are on the same day for scripless trading, which means you get your securities or the cash / cheque immediately, on purchase or sale of securities as the case may be.
- * Securities stand transferred in your name on the very next day of pay out. In the case of physical shares transfer of ownership takes 40-60 days or sometimes even more.
- * No courier/postal charges as no need to send shares for transfer
- * Facility for freezing/locking of investor accounts, which enables you to make your account non-operational, for instance if you are abroad.
- * Facility to pledge and hypothecate your securities with banks giving loan against it, becomes easy.

Q. 3 What is the procedure involved in getting shares converted into Depository mode?

A. 3 Following are the steps to be followed to get shares held by you, converted in to electronic mode i.e. Depository mode :-

STEPS FOR CONVERTING SHARES TO DEPOSITORY MODE

- a. Before joining the Depository System it is necessary that the concerned shares are held in the name of the investor. If you have got the market delivery of shares, you have to get the same transferred in your name by sending them to the company.
- b. You have to approach Depository Participant (D.P.) of your choice (from the enclosed list of DPs available) and open an account just as we open an account with the bank. With the opening of the account you will get an identification number called 'Client's ID Number' which serves as a reference for all future dealings in your shares.
- c. After you have been allotted the Client's ID Number you can hand over your share certificates after duly cancelling or defacing the certificate by writing 'Certificate for Dematerialisation' and hand it over to the DP along with the Form for Dematerialisation (DRF).
- d. Upon the receipt of the DRF along with the original Share Certificate(s), the DP will send an electronic request to IN-TIME SHARE SERVICES PVT.LTD. our Registrars for the depository mode through NSDL for confirmation of demat and will simultaneously forward your DRF and share certificates, to us (Navneet) for confirmation of demat.
- e. As soon as we confirm the acceptance of shares for dematerialisation, NSDL will confirm demat to your DP.
- f. The DP will credit your account with the number of shares dematerialised and thereafter you would hold shares in the electronic form.
- g. The DP will give you statement of holding of shares or a pass book, just like a bank account.



Q. 4 What is dematerialisation of shares?

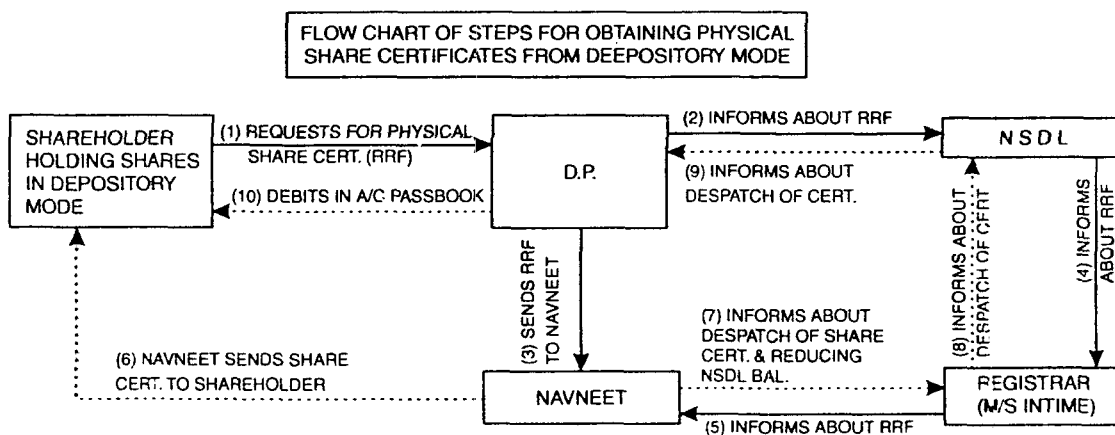
A. 4 Dematerialisation is a process by which the physical certificates of an investor are taken back by the Company and actually destroyed and an equivalent number of securities are credited in the electronic holdings of that investor. This is done at the request of the investor. An investor will have to first open an account with DP as mentioned above.

Q. 5. What is the role of Depository Participant?

A. 5 Depository Participant is the key Intermediary who is Instrumental in getting the shares of shareholder converted in Depository mode and vice-versa by Interacting with NSDL, Company and Registrar. A list of Active Depository Participants (DPs), along with their addresses and telephone numbers is given hereto.

Q. 6 Can my electronic holdings be converted back in to physical certificate? How?

A. 6 Yes, definitely! if you wish to get back your securities in the physical form all you have to do is to request your DP for the rematerialisation of the same, it is called REMATERIALISATION. Your DP will send REMAT FORM to NSDL after verifying that you have the necessary security balances. NSDL will intimate the IN-TIME SHARE SERVICES PVT.LTD., who will in turn request us and we shall despatch the share certificates within 15 days of your request.



Q. 7. How do you trade in electronic shares?

A. 7 Buying and selling electronic shares is just like buying and selling physical shares, the only difference being that trading in electronic shares is simpler and safer.

* If you wish to sell your electronic shares, through with your broker (presently an NSE member broker) under the depository mode and instruct your DP by way of a delivery instruction (which is a cheque-like instrument) to debit your account with the number of shares sold by you.



- * if you wish to buy electronic shares, you must inform your broker about your account no. (ID Number) and the DP'S NAME, so that the electronic shares bought by you will be credited to your said account once you instruct your DP by way of Receipt instruction.

THE SIMPLE CHART BELOW EXPLAINS THE DIFFERENCE BETTER

	Physical Mode	Depository Mode
When You Sell	You give your Physical Securities alongwith transfer form, you receive a cheque	You give a debit instruction You receive a cheque
When You Buy	You receive physical securities and transfer form. You send the securities to the Company for transfer. You give a cheque.	You receive securities into your account You give a cheque
	You are exposed to fake or stolen shares	NSDL guarantees you genuine shares
	Pay in is on Monday Pay.out is on next Wednesday	Pay in and pay out on the same day

Q. 8 How shall I get the benefits arising out of my holdings, say a bonus or a dividend?

A. 8 When corporate benefits like dividend or bonus or rights are declared by the company, NSDL will give the details of the shareholder's holding electronic shares as of RECORD DATE/BOOK CLOSURE to the Company. The Company in turn will credit the NSDL for the bonus shares entitlement, NSDL will then credit the Account of shareholder with respective DPs. As regards dividend, the Company will follow the existing procedure of sending Dividend Warrants directly to the shareholders at their addresses.

Q. 9 What happens if I lose my holdings-statement or Depository Pass-book?

A. 9 Simply inform your DP and obtain a duplicate holdings-statement or depository pass book. Your holdings statement or passbook can not be used by anybody else for trading in your account.

Q. 10 What if there are any discrepancies in my holdings statement or Depository pass-book entries?

A. 10 In case of disparity in the statement of holdings, you can contact your DP. If the discrepancy cannot be resolved at the DP level you should approach NSDL for clarification.

Q. 11 Can I open account with more than one DP?

A. 11 Yes! Of course! You can open an account with more than one DP just similar to opening of Saving/Current account with more than one Bank.

Q. 12 Do I have to keep some minimum number of shares in the Account?

A. 12 No there is no need to keep minimum number of shares.

Q. 13 Will there be a charge for opening of Account and for every transaction?

A. 13 There will be reasonable charge for the opening of Account and also for every transaction in the Account. The charges may differ from DP to DP.

Q. 14 How will the shares held in depository be differentiated for short term and long term Capital gains?

A. 14 It is advisable to open separate Accounts for shares held since one year or more and for shares bought recently for calculation of long term/short term Capital gains as per Income-tax Act, 1961.

Q. 15 Is it compulsory to convert shares into Depository Mode?

A. 15 No, it is not compulsory to get the shares converted into Depository mode. However SEBI has directed Foreign Institutional Investors (FIIs) Financial Institutions (FIs), Mutual funds (MFs) and those having Portfolio of Rs. 10 crores or more to trade in **Depository mode only** in respect of around 200 Companies (List finalised by SEBI) w.e.f. 15th January, 1998. SEBI will gradually expand the list of such companies.