

## **BEGINNERS GUIDE - SHARE AND DEBENTURE HOLDERS**

### **1. Introduction:**

In keeping with SEBI credo that an “*Educated investor is a protected investor*”, this write-up spells out your rights and responsibilities as a share / debenture holder.

Constant vigil by investors is a basic prerequisite for the efficient and effective functioning of capital markets in a disclosure based regime. Accordingly, this write up also endeavors to empower you by detailing the disclosures that are available in public domain for making informed investment decisions.

As a share or debenture holder, it is important for you to be aware of the procedures to manage your investment in securities (the collective name for equity shares, debentures, bonds, mutual fund units etc.)

Managing your investment in securities is simple and easy in electronic form (**dematerialized** form) and it has many advantages over managing it in physical form (share / debenture certificates). Accordingly, this write-up details dematerialization of securities, besides describing the procedure for managing securities in physical form.

### **2. Dematerialization of securities**

#### **a. What is it?**

Your investments in shares and debentures can be held in **electronic** or **dematerialized** form in a **Depository**. Depository is an entity which holds securities (shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are the Depositories that are licensed to operate in India and are registered with SEBI.

Dematerialization is comparable to keeping your money in a bank account. In demat form, your physical share certificates are replaced by electronic book entries; purchase of shares are reflected as credits in your demat account and sales are reflected as debits.

#### **BANK-DEPOSITORY – AN ANALOGY**

<b>BANK</b>	<b>DEPOSITORY</b>
Holds funds in an account	Holds securities in demat account

Transfers funds between accounts on the instruction of the account holder	Transfers securities between accounts on the instruction of the demat account holder
Facilitates transfer of money without having to handle money	Facilitates transfer of ownership of securities without having to handle securities (shares & debentures etc.)
Facilitates safekeeping of money	Facilitates safekeeping of securities

**b. Depository Participant (DP)** is an agent of the Depository through which you maintain and operate your demat account; the DP provides the interface between you and the Depository.

Just as banking services can be availed through a branch, depository services can be availed through a DP. Any financial service provider, including, financial institutions, banks, state financial corporations, stock-brokers, NBFC etc. complying with SEBI's norms can be register and function as a DP.

**c. What are the advantages / benefits of demat?**

It is advisable to hold your securities in demat form as it offers many advantages as under:

Primary markets

- Nowadays, public issues are taking place in demat mode. Accordingly, to apply in public issues, you need to have demat account.
- Allotment of shares in public issue is credited to your demat account and hence there is no scope of loss of share certificates in transit.

Secondary markets

- As per the available statistics at BSE and NSE, 99.9% transactions are taking place in dematerialised mode only. Shares bought through the stock exchange is credited to your demat account. Unlike in physical shares, there is no scope for bad delivery or fake shares. Further, unlike physical certificates, you do not have to send the shares purchased to the company to transfer it to your name. Therefore, there is no scope for delay in transfer or for loss of share certificates in transit. There is considerable reduction in paper work and transaction cost in demat mode. You can view all your investments in listed companies or mutual funds in single account. You receive all the corporate benefits like rights, bonus

shares directly into your demat account and dividend into bank account registered in your demat account.

**Box 1: Trading with physical shares through stock exchange**

Nowadays, 99.9% transactions take place in dematerialised mode only. However, stock exchanges provide an additional trading window to facilitate trading by small investors in physical mode (maximum of 500 shares, irrespective of their value). This is a one time facility for small investors who hold shares in their name and the buyer of these shares has to demat such shares before selling it through the exchange. This facility is provided only for companies which are traded in compulsory demat mode

Further, in the case of companies that have failed to establish connectivity with the two Depositories, then trading in the stock exchange is allowed only in physical form

Managing your investment in demat mode

- It is safe and convenient to hold securities in demat form. Unlike physical certificates, there is no scope of loss, misplacement, theft or deterioration of securities in demat mode.
- Correspondences like annual reports, notice for AGM etc. are despatched to the address of investor mentioned in their demat account. Therefore, in case of change in your address, it is sufficient that you intimate the **DP** alone for all your investments in securities. Whereas if you hold physical certificates, you have to intimate each company separately.
- Refunds, dividend, interest and redemption payment of debentures are automatically credited to the bank account mentioned in your demat account, where ever such facility is available. Otherwise, the payment instrument is despatched to your address mentioned in your demat account, with your bank number printed on the warrant to prevent misuse. Therefore, in case of change in your bank account, it is sufficient that you intimate the **DP** alone for all your investments in securities. Whereas if you hold physical certificates, you have to intimate each company separately.
- You can avail the nomination facility for your demat account with the DP. Whereas if you hold physical certificates, you have to avail nomination separately for each company.
- In the event of demise of the account holder, the securities held in the demat account are transmitted to the nominee by the DP. Whereas in the case of physical certificates, your nominee will have to correspond separately with each company for transmission of shares in his / her name.
- Non cash benefits like issue of bonus shares, stock splits, consolidation, mergers etc. are automatically credited to your

demat account. Whereas, in physical certificates there is a potential for loss in transit, delay in despatch etc.

- Unlike in physical certificates, stamp duty is not applicable for transfer of securities in demat mode
- Depositories offer alerts on debits or credits in your demat account, received due to IPO or other corporate actions through SMS. Therefore, monitoring your investments is easier in demat mode.
- Pledging your securities in demat form is simpler than pledging physical certificates.
- Unlike with physical certificates, you can trade even one single share in the stock exchange in demat mode as there is no problem of odd lots (shares in compulsory demat list).

**d. How to open a demat account?**

**Step 1:**

To open a demat account, you have to approach a **Depository Participant (DP)**, an agent of Depository, and fill up an account opening form. The list of DPs is available in the websites of **Depositories** at the following web links:

- <http://www.cdslindia.com/> > publication > dplist (or) <http://www.cdslindia.com/publication/dplist.jsp>
- <https://nsdl.co.in/> > Advanced Search – DP Search – Direct connectivity centres / Service Centers (or) [https://nsdl.co.in/direct\\_search.php](https://nsdl.co.in/direct_search.php)

**Step 2:**

Along with the account opening form, you must enclose any one of the following documents for proof of identity and proof of address as under.

No.	Documents for proof of identity	Documents for proof of address
1	Passport	
2	Voter ID Card	
3	Driving license	
4	Identity card / document with applicant's Photo, issued by <ol style="list-style-type: none"> <li>a. Central / State Government and its Departments</li> <li>b. Statutory / Regulatory Authorities</li> <li>c. Public Sector Undertakings</li> <li>d. Scheduled Commercial Banks</li> <li>e. Public Financial Institutions</li> <li>f. Colleges affiliated to Universities</li> </ol>	

	g. Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members and;	
	h. Credit cards / Debit cards issued by banks	
5	PAN card with photograph	Bank Passbook
6	-	Ration Card
7	-	Verified copies of a) Electricity bills (not more than 2 months old) b) Residence Telephone bills (not more than 2 months old) and c) Leave and License agreement / Agreement for sale
8	-	Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts

You have to show the original documents, including PAN card, for verification by the DP at the time of account opening.

**Step 3:**

You will have to enter into an agreement with DP in the depository prescribed standard format, which gives details of rights and duties of investor and DP. You are entitled to receive a copy of the agreement and schedule of charges for future reference.

**Step 4:**

The DP will then open an account and give you the demat account number. This is also called **Beneficial Owner Identification number (BO ID)**. All your purchases / investments in securities will be credited to this account. If you sell your securities, your demat account will be debited.

You can have multiple demat accounts if you so wish. You can choose your DP as per your convenience and there is no compulsion to open DP account with your stock broker.

You may also like to peruse the procedure for opening demat account and to dematerialize your shares available at the websites of CDSL and NSDL at the following web links

<http://www.cdslindia.com/downloads/Investors%20Guide.pdf> (or)  
<http://www.cdslindia.com/> > Publications > Investor's Guide

<https://nsdl.co.in/faq.php> (or)  
<https://nsdl.co.in> > FAQs > General

### **Points to Remember**

Update your bank account details (bank account number, IFSC code) and postal address etc. of your demat account as and when there is a change, as you will receive direct credit of refunds, dividends, interest & redemption payment and corporate correspondences like Annual reports notice of AGMs etc. as per the details mentioned in your demat account.

### **e. What are the charges applicable for demat account**

Investors are required to pay the charges towards:-

- Dematerialisation and Rematerialisation of your securities
- Annual account maintenance
- Transactions fees (only for sell transactions)

The charges of DPs are available in comparable structure in the websites of the Depositories at the following web links.

• CDSL: <http://www.cdslindia.com/whatsnew/dpineasi.jsp> or <http://www.cdslindia.com/> > Quick Link - List of CDSL DPs

• NSDL: <https://nsdl.co.in/about/dps.php> or <https://nsdl.co.in/> > Joining NSDL > As an Investor > Charges

### **Points to Remember**

- The DP may revise the charges by giving 30 days notice in advance.
- If demat account is closed in between of the year, Annual Maintenance charges shall be levied proportionately for each quarter.
- There is no minimum number of shares that have to be kept in the demat account.
- No charge is applicable for closure of DP account.
- No charge for transfer of holdings from one DP to another DP, if investor is not satisfied with the services of your existing DP.

### **f. Nomination**

Nomination smoothen the transmission of your securities to your heirs, upon demise.

For physical shares, you have to avail nomination separately for each company in which you hold shares / debentures. Whereas, by availing nomination for your demat account, all your investments in that account is covered under that nomination. The procedure to avail

nomination for demat and physical mode of securities is covered under next chapter 'Managing your securities' at section 3.

### **g. How to demat your shares?**

To demat your physical certificates, you should approach the DP and submit the following documents

- Dematerialization Request Form (DRF)
- Physical certificates by marking "Surrendered for Dematerialization"

Separate DRF has to be filled for each ISIN.

The process of dematerialisation is as follows:

- Surrender your certificates to your DP for dematerialisation
- The DP intimates your request to the Depository through the system
- The DP submits the certificates to the Registrar and Share Transfer Agent (RSTA) of the Company
- In case of any objection or in case of any need for any additional documents, the RSTA informs you directly. RSTA confirms the dematerialisation request from Depository
- After dematerialising the certificates, RSTA updates the accounts and informs Depository regarding completion of dematerialisation
- Depository updates its accounts and informs the DP
- The DP then updates your demat account by crediting the shares

Before approaching your DP for demating your shares, you can check the list of shares and debentures that can be dematted from the websites of CDSL and NSDL at the following web links:

CDSL: <http://www.cdslindia.com/publication/IsinList.jsp> (or)  
<http://www.cdslindia.com/> > Publications > Securities List

NSDL: <https://nsdl.co.in/downloadables/list-codes.php> (or)  
<https://nsdl.co.in/> > Advanced Search – Company Search – Securities with ISIN Codes

### **Points to Remember**

- Remember, to convert physical certificates into demat mode, the name in the share certificate should match with the name of the demat account holder.
- In case of joint holding, the name should be in the same order both in the physical certificate as well as in the demat account. However, you can request to change the order of the names of the joint

holders in the share certificate by submitting a Transposition cum Demat Form (<http://www.cdslindia.com/downloads/forms/Annexure-4.2-Transposition%20Request%20Form.doc> ). Example: You may have a demat account in the sequence of , 'A' & 'B', whereas the share certificate may be in the sequence of 'B' & 'A'. In this case, you can lodge the security certificates for dematerialisation in the same account by filling Transposition cum Demat Form to effect change in the order of names and to dematerialise the securities as well

- Depository websites have a list of shares in demat form. Investor can not demat the shares of vanishing companies or shares of the companies which are not in list of depositories.

#### **h. ISIN number**

##### **i. What is ISIN number?**

ISIN (International Securities Identification Number) is a unique 12 digit alpha-numeric identification number allotted to each security. (E.g.- INE383C01018). Fully paid-up equity shares, partly paid-up shares, equity with differential voting / dividend rights issued by the same issuer will have different ISINs.

##### **ii. How to find ISIN number?**

The details of ISIN number of securities are available in the web site of National Securities Depository Limited and Central Depository Services (India) Limited.

The web link for the same is,

CDSL: <http://www.cdslindia.com/publication/IsinList.jsp> (or)  
<http://www.cdslindia.com/> > Publications > Securities List

NSDL: <https://nsdl.co.in/downloadables/list-codes.php> (or)  
<https://nsdl.co.in/> > Advanced Search – Company Search – Securities with ISIN codes.

##### **i. Power of attorney (PoA)**

You have the option to authorize any person to operate your DP account by executing a power of attorney (PoA) and submitting it to the DP. PoA enables the authorised person to operate the account on your behalf.



You have the option to grant PoA in favour of your broker and or DP to operate your account, i.e. to buy or sell shares on your behalf, debit or credit your bank account and DP account. However, you are required to carefully read and understand all the clauses of the PoA before signing it.

**PoA is an optional facility and executing it is not mandatory. No stock broker or DP can deny services to you if you refuse to execute it. You can revoke PoA at any time.**

**j. Other features / facilities of demat account**

- i. **Consolidation:** If you hold various folios of a particular company and want to consolidate them into single folio, you can forward the physical certificates along with the letter signed by you to the RSTA of the company
- ii. **Account Freezing:** You can freeze your account and / or specific security and / or specific number of securities for any given period of time
- iii. **Account types:** Similar to the bank account, you can open demat account in single / joint names / multiple accounts. If you are opening an account for the minor, guardian should be appointed for operating the account.

However, you **can not** open demat account in “**either or survivor**” basis. You can not change name or add or delete the account holder’s names. In such instances, you have to open new demat account with the desired names.

**k. Grievance Redressal**

The list of common complaints against DP, is as under

**Type I Account Opening Related**

**I a** Denial in opening an account

**I b** Account opened in another name instead of what was requested

**I c** Non receipt of Account Opening Kit

**I d** Delay in activation/ opening of account

**I e** Non Receipt of copy of DP Client Agreement/Schedule A of Charges

**Type II Demat/Remat Related**

- II a** Delay in Dematerialisation request processing
- II b** Delay in Rematerialisation request processing
- II c** Delay in/ Non-Receipt of Original certificate after demat rejection
- II d** Non Acceptance of demat/remat request

**Type III Transaction Statement Related**

- III a** Delay in/ Non-Receipt of Statements from DP
- III b** Discrepancy in Transaction statement

**Type IV Improper Service Related**

- IV a** Insistence on Power of Attorney in its favour
- IV b** Deactivation/ Freezing/ Suspension related
- IV c** Defreezing related
- IV d** Transmission Related
- IV e** Pledge Related
- IV f** SMS Related
- IV g** Non-updation of changes in account (address/ signatories/bank details/ PAN/ Nomination etc.)

**Type V Charges Related**

- V a** Wrong/ Excess Charges
- V b** Charges paid but not credited
- V c** Charges for Opening/closure of Account

**Type VI Delivery Instruction Related (DIS)**

- VI a** Non acceptance of DIS for transfer
- VI b** Delay in/ non Execution of DIS
- VI c** Delay in Issuance / Reissuance of DIS Booklet

**Type VII Closure**

- VII a** Non closure/ delay in closure of account
- VII b** Closure of a/c without intimation by DP

**Type VIII Manipulation/ Unauthorised Action**

- VIII a** Unauthorised Transaction in account
- VIII b** Manipulation
- VIII c** Unauthorised changes in account (address/ signatories/bank details/PAN etc.)

**Type IX Company/ RTA related**

- IX a Corporate** Action – Cash
- IX b Corporate** Action – Non–Cash
- IX c** Initial Public Offer/ Follow-on Public Offer Related

**Type X Others**

In case of any grievance of the aforesaid nature, you should immediately contact the compliance officer of the DP at (<http://www.cdslindia.com/publication/dplist.jsp> ; <https://nsdl.co.in/dpsch.php> ).

In case your grievance is not redressed within a reasonable time, you can escalate your complaint to the concerned Depository (NSDL or CDSL). (<http://www.cdslindia.com/> ; <https://nsdl.co.in/>).

If your grievance is still not redressed, you can escalate the complaint to SEBI. The complete contact details of SEBI are given in the last page of this write up.

However, If you do not receive credits in your demat account for corporate actions like bonus shares, stock splits, consolidation, mergers etc) or for any other complaint pertaining to the company, you should approach the company and not the DP. Please refer to the section 'Grievance redressal' at section 7 for more information.

**Points to remember:**

- You can also send your grievance to the DP at its dedicated e-mail address, which is available exclusively for receiving investor complaints. The web link for the same in case of NSDL is <https://nsdl.co.in/dpsch.php> ; and in case of CDSL is <http://www.cdslindia.com/publication/dplist.jsp>
- The details of investor complaints against DPs are available in the website of the respective Depository at ([http://www.cdslindia.com/investors/sebistatus\\_reports.jsp](http://www.cdslindia.com/investors/sebistatus_reports.jsp) ; <https://nsdl.co.in/nsdlnews/investors-arbitration-details.php> )

**3. Managing your securities**

**a. Contacting the company**

Address of registered office of all companies is available on the website of Ministry of Corporate Affairs. The web link for the same is

<http://www.mca.gov.in/DCAPortalWeb/dca/MyMCALogin.do?method=setDefaultProperty&mode=31> (or)

<http://www.mca.gov.in/> > MCA21 services > > View Company Master Data & index of charges > view company master data

The addresses of corporate office of listed companies are available in the website of the stock exchange(s) at the following web links:

BSE:

<http://www.bseindia.com/bseplus/StockReach/AdvanceStockReach.aspx?scripcd=500002> (or)

<http://www.bseindia.com/> > Get Quote (type the company name and select the company from list, if any) > Filing & other info

NSE:

[http://www.nseindia.com/content/corporate/corp\\_introduction.htm](http://www.nseindia.com/content/corporate/corp_introduction.htm)

(or) <http://www.nseindia.com/> > Corporates > Corporate Information  
>

Please also see the section Grievance Redressal and 'General information on companies' for more information.

**b. How to avail nomination?**

It is very important that you have availed nomination facility for all your investments as it ensures smooth transmission of shares to legal heir(s), upon demise of demat account holder. Nomination do away with the hazards of your legal heir from undergoing prolonged and cumbersome procedures to stake his / her claim in case of your unexpected / untimely demise. It is equally important to keep your nominee / legal heir updated on your investments in securities.

Demat mode: You can register any individual as nominee for your demat account. For this, fill up the Form for Nomination and submit it to your DP along with the enclosures (<http://www.cdslindia.com/communiques/DP/DP-1424-Nomination-in-BO-accounts-made-compulsory.pdf> ; <https://nsdl.co.in/downloadables/annex-ja.pdf> ). Please note that this nomination is for the demat account and nomination for individual securities is not allowed.

By this one time exercise of nomination, all your investments in your demat account are covered. Unlike for shares held in physical mode you do not have to nominate separately to each company, in which you hold shares / debentures.

On the demise of the beneficial owner all the securities held in demat account are 'transmitted' to the nominee account by the DP on submission of the prescribed documents.

Physical mode: Avail nomination for your physical shares through RSTA of each of the company in which you hold shares / debentures.

**c. Intimation of change in bank account or address**

Demat mode: Nowadays refunds, dividend, interest and redemptions payments are directly credited to your bank account electronically<sup>1</sup>, wherever such facility is available. The bank account details<sup>2</sup> mentioned in your demat account is used for making such

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<sup>1</sup> Electronic mode of fund transfer include, 1) ECS – Electronic Clearing Service 2) NEFT – National Electronic Fund Transfer etc.

<sup>2</sup> Bank account number, IFSC code, MICR code etc.

credits. Accordingly, you should communicate any change in your bank account to your DP in a timely manner.

Further, ensure that change in your residential address is updated in your demat account by informing your DP. This will ensure that corporate communications, like annual reports, notice for AGM, letter of offer etc., from all the companies that you have invested, reaches you.

Physical mode: If you still hold your investments in physical mode, it is important to communicate change in your bank details, to the Registrar and Share Transfer Agent (**RSTA**) of all the companies in which you have invested. This will enable direct credit of dividend, interest and redemption payments etc. into your bank account, wherever such facility is available. Other wise warrants are dispatched through mail to your address.

Accordingly, any change in your residential address should be communicated to the RSTA of all the companies in which you have invested so that such payments as well as corporate communications reach you.

**d. How to transfer securities**

Demat mode: Shares and debentures in your demat account can be transferred to another demat account by issuing appropriate instructions to your Depository Participant (**DP**) through Delivery Instruction Slip (**DIS**). If you sell your securities through the stock exchange, you will instruct your DP to transfer shares from your demat account to the brokers' pool account. In case of off market transaction, you will instruct your DP to transfer to the concerned buyer's demat account.

Similarly, securities can be transferred to your demat account by the instruction of the seller (transferor) to his DP. The seller will have to mention your demat account number in the DIS.

The **DIS** book is similar to a cheque book and it needs to be handled with the same care as a cheque book. Accordingly, you will always store the DIS book in a safe place in your custody and not hand over signed blank DIS to anybody.

Physical certificates: You can transfer shares or debentures to your name by forwarding the following documents to **RSTA** of the Company

- i. Original Certificate(s)
- ii. Duly completed Share Transfer Form(s) with valid stamp
- iii. Copy of PAN card

In case of sale of securities in physical mode, they can be transferred to the buyer by affixing your signature transfer deeds.

**Time line for transfer:** Listed companies are required to transfer shares or send the objection memo within 1 month from the date of lodgment for transfer deeds, original certificates and all other required documents. In case of debentures / bonds, the company is required to effect the transfer within 2 months from the date of lodgment for transfer deeds, original certificates and all other required documents.

**Compensation in case of delay:** You are entitled to claim interest from the company in case of delay in transfer of shares beyond the 30 day period. For this, you can file for arbitration at the stock exchange where company's shares are listed.

#### e. Transmission of securities

In the event of death of a share / debenture holder, his / her ownership rights can be passed on to the legal heir / nominee through a process known as transmission. The procedure for transmission of securities is as follows;

1. If you are a nominee:
  - For shares in **demat mode**, you have to provide the following documents to the Depository Participant (DP)
    - ✓ Notarized copy of the death certificate
    - ✓ Duly filled Transmission Request Form (TRF)
      - (<http://www.cdslindia.com/downloads/Operating%20Instruction/Annexures-as-of-June-2010.pdf> ;
      - <https://nsdl.co.in/downloadables/annex-o.pdf> )
  - For **physical certificates**, you may be required to provide one or more of the following documents to the RSTA
    - ✓ Original Share certificates
    - ✓ Duly filled Transmission Request Form (TRF)
    - ✓ An affidavit / declaration by the nominee declaring your rights
    - ✓ Notarized copy of the death certificate
    - ✓ Copy of PAN card
2. Where there is no nomination:
  - Shares held in Demat mode;

Where value of the shares does not exceed Rs. one lac, one or more of the following documents is to be furnished to the DP;

- ✓ Notarized copy of the death certificate
- ✓ Transmission Request Form(TRF)
- ✓ Affidavit – to the effect of the claim of legal ownership to the shares,
- ✓ Deed of indemnity – Indemnifying the depository and Depository Participants (DP)
- ✓ NOC\* from legal heir(s), if applicable or family settlement deed duly executed by all legal heirs of the deceased beneficial owner

Where value is more than Rs. one lac, the DP may additionally insist on one or more of the following documents

- ✓ Surety form
- ✓ Succession certificate
- ✓ Probated will
- ✓ Letter of Administration

• Shares held in Physical mode:

The RSTA may insist on one or more of the following documents;

- ✓ Original Share certificates.
- ✓ Duly filled Transmission Request Form (TRF).
- ✓ Notarized copy of the death certificate.
- ✓ Succession certificate or
- ✓ Probate or letter of administration duly attested by Court Officer or Notary
- ✓ Copy of PAN card

\* In case of multiple successors, NOC from non-applicants shall be recorded on the share transmission form of the applicant instead of insisting separate share transmission form from each of the successors.

***Time line for transmission:*** Shares in physical form are required to be transmitted within one month of receipt of complete set of requisite documents. Shares in demat form are required to be transmitted within seven days of receipt of complete set of requisite documents by the DP.

**f. How to apply for duplicate share and debenture certificate(s):**

You can request the company to issue duplicate share / debenture certificate(s), if your certificates are lost / defaced / tampered. You have to make a request to the company with an undertaking that you have not sold / disposed off these shares / debenture to any third party and enclose the following documents:

**When the value of shares is Rs.10,000/- or above:**

S.No.	By Registered share/ debenture holder	By unregistered transferee/holder in due course
1	Indemnity by registered holder	Indemnity by unregistered transferee/holder in due course
2	General purpose Indemnity	
3	Copy of FIR/police complaint/court injunction order/copy of plaint where the Suit filed has been accepted by the Court and Suit No. has been given, which shall necessarily have details of date of loss, DRNs, certificate numbers.	
4	Letter from buyer under provisions of Section 108 of Companies Act, 1956	
5	-	Affidavit by transferee
6	-	Indemnity by transferee for issue of duplicates without transfer deeds

**When the value of shares is less than Rs.10,000/-\*:**

S.No.	By Registered share/ debenture holder	By unregistered transferee/holder in due course
1	Affidavit	Indemnity
2	General purpose Indemnity	
3	Letter from buyer under provisions of Section 108 of Companies Act, 1956	
4	-	Affidavit by transferee
5	-	Indemnity by transferee for issue of duplicates without transfer deeds

\* an advertisement has to be issued in a widely circulated newspaper by the company, the cost for which will have to be borne by the investor.

In case of a third party stop transfer (“third party” does not include genuine bonafide transferee) final court order is required for issue of duplicate shares.

**Time line for transfer:** Listed companies are required to issue duplicate certificates six weeks from lodging the aforesaid documents.

You may also refer to SEBI circular dated May 9, 2011 for detailed procedure to obtain duplicate share certificates.

**g. Unclaimed dividend and Unclaimed interest and redemption payment on Debentures**

The unclaimed dividends and interest and redemption on debentures are maintained by the company in a separate account



upto 7 years. During this period you can claim the same by writing to the company.

Beyond 7 years, the amount is transferred to the Investor Education and Protection Fund (IEPF) of the Ministry of Corporate Affairs (MCA). For further details in this regard, you may like to visit the website of MCA, whose weblink is given below  
<http://www.iepf.gov.in/default.asp>

**h. Selling / surrendering your shares:**

Shares, unlike debentures, are not redeemed by the company and therefore, you cannot surrender your shares to the company for redemption. Therefore, to encash your shares you will have to find a willing buyer. Stock exchanges bring such seller and buyers together. You can sell your shares and also debentures (before its redemption) through members of stock exchange (**broker**). For more details in this regard please refer to SEBI's beginners guide to secondary markets.

**i. Stock split**

Stock split refers to split the face value of the shares of companies. Accordingly, in 1:10 split, shares of Rs. 10 face value may be reduced to face value of Rs. 1. In such case, you will have 10 times the initial number of share held. However, in such scenario, the price of the shares would also fall proportionately split but the total value of your holding remains the same. This mean more number of shares are available for investors. This is illustrated in table below.

Face value of the share	Number of shares initially held	Number of shares after the split	Share price* (Rs.)	Total value of shares held (Rs.)
Rs. 10	1	0	100	100
Rs. 5	0	2	50	100
Rs. 2	0	5	20	100
Rs. 1	0	10	10	100

\* Share price may differ based on the demand and supply factors in the market.

Change in face value of shares only changes its denomination, without any change in its total value. Illustratively, the value of your money held remains the same whether you hold 1 thousand rupee note or 2 five hundred rupee notes or 10 hundred rupee notes or 20 fifty rupee notes. Accordingly, the

capital of the company also remains unchanged after the stock split as illustrated in table below

<b>ABC company</b>	<b>Before stock split</b>	<b>After 1:10 stock split</b>
Number of shares issued	100	1,000
Face value of shares issued	Rs. 10	Rs. 1
Equity capital	Rs. 1,000 (100 shares X Rs. 10)	Rs. 1,000 (1,000 shares X Rs. 1)
Reserves (accumulated profits)	Rs. 12,000	Rs. 12,000
Net worth (Equity + Reserves)	Rs. 13,000	Rs. 13,000

As a shareholder you are entitled to receive additional shares on account of the split, as and when it is proposed by the board of directors and approved by shareholders in general meeting of the company. These are credited to your demat account. In case of physical certificates, depending on the board resolution, you may have to surrender your existing certificates and the new certificates with the changed face value will be issued to you.

**Points to remember:**

- Equity shares, like any other asset, derive their value from the price at which others are willing to buy or sell it. In the absence of willing buyers / sellers, shares of a company can become illiquid. The risk of illiquidity is inherent in investing in shares over which SEBI does not have any control.
- You will earn return on your investment in shares only if the company performs well. Unlike bank deposits, there are no guaranteed returns in investing in shares.
- In some instances the promoter of the company or an acquirer or the company himself may want to buy the shares of the company to increase their shareholding or buy back shares to enable delisting the company from the stock exchange. In such cases, they are required to make an open offer to buy shares from all the shareholders. You have the option to tender your shares in response to such offers. You will receive money from the acquirer, if your shares are accepted. Please also see 'Offer for takeover, buyback and delisting (Corporate Restructuring)' under the section 'Rights as a shareholder.'

**4. Rights:**

**a. As a shareholder:**

- i. **Dividend:** As a shareholder, it is your foremost right to receive your share in the earnings of the company distributed as dividend to the shareholders. The decision to either pay out the earnings or to retain is the prerogative of the board of directors/ management of the company. Therefore, declaration of dividend does not fall within the regulatory purview of SEBI.

However, once it is declared by the board of directors and approved in Annual General Meeting, all registered shareholders as on the record date fixed for the dividend are automatically eligible to receive dividend. Dividend payment is required to be dispatched (or electronically credited) to all shareholders, within 30 days of its declaration, as per Companies Act.

Dividend Yield: The dividend per share divided by its market price is its dividend yield.

Illustratively, consider a company with shares of Rs. 10 face value, declaring dividend of Rs. 3 per share. If its share price is Rs. 30, then the dividend yield is 10% (3 / 30). As a percentage of its face value, the dividend rate in this case would 30% (3 / 10)

Physical shareholders: Dividend payment is directly credited to bank account electronically, wherever such facility is available. In all the other cases, the RSTA dispatches the dividend warrant by post

Demat shareholders: The bank details given in your demat account is used to directly credit dividend to your bank account electronically, wherever such facility is available. In all the other cases, the RSTA dispatches the dividend warrant by post

**Announcement of Dividend:** The following information about dividend are available on the websites of stock exchange(s) (<http://www.nseindia.com/>> Corporates & <http://www.bseindia.com/> > Corporates)

- Proposal in the agenda of the meeting of the company's board of directors to declare (interim / final) dividend
- Board approval / disapproval of proposed dividend (as part of decisions of the Board meeting)

- Record Date, Ex-date and Fixed pay date for Dividend

As an alert investor it is your responsibility to monitor these information available in public domain. Please also see the sections Responsibilities and General information about companies for more information in this regard.

**Interest on delayed dividend:** In case the company delays despatch of your dividend payment beyond 30 days of its declaration, you are entitled to receive the simple interest @ 18% p.a. In case of non receipt of the interest for delay beyond 30 days, you may approach compliance officer/company of the company to claim the interest.

**Unclaimed Dividend** are maintained by the company in a separate account upto 7 years. During this period you can claim the same by writing to the company.

Beyond 7 years, the amount is transferred to the Investor Education and Protection Fund (IEPF) of the Ministry of Corporate Affairs (MCA). For further details in this regard, you may like to visit the website of MCA, whose weblink is <http://www.iepf.gov.in/default.asp>

- ii. In a **Bonus Issue**, the company issues new shares to its existing shareholders out of accumulated profits. As the new shares are issued out of the company's accumulated retained profits (reserves), shareholders need not pay any money to the company for receiving the new shares.

The net worth (owner's money) of a company consist of its equity capital and its reserves. After a bonus issue, there is an increase in the equity capital of the company with a corresponding decrease in the reserves, whereas the net worth remains constant. In a bonus issue of 5:1 ratio, you will receive five new shares of the company for each share you held as illustrated below.

<b>ABC company</b>	<b>Before bonus issue</b>	<b>After (1:5) bonus issue</b>
Number of shares issued (face value of Rs. 10)	100	600 (100+500)
Equity capital	Rs. 1,000	Rs. 6,000 (1,000+5,000)
Reserves (accumulated profits)	Rs. 12,000	Rs. 7,000 (12,000-5000)

Net worth (Equity + Reserves)	Rs. 13,000	Rs. 13,000
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As a shareholder you are entitled to receive bonus shares, as and when it is announced by the board of directors of the company and approved in the Annual General Meeting.

- iii. **Rights issue (RI):** When a company raises funds from its existing shareholders by selling (issuing) them new shares / debentures, it is called as **rights issue**. As a shareholder you are entitled to participate in rights issue.

Existing shareholders are entitled to apply for rights shares in proportion to the number of shares already held. Illustratively, in a rights issue of 1:5 ratio, you have the right to subscribe to one (new) share of the company for every 5 shares held by you.

The offer document for a rights issue is called as the **Letter of Offer** (also available in the website of stock exchanges) and the issue is kept open for 30-60 days. As a shareholder, you can participate in the rights issue even if you have not received the letter of offer, by applying on plain paper by giving filling the following details

- a. Name
- b. Address
- c. Bank details including MICR / RTGS / IFSC code
- d. Folio Number / 16 digit demat account number
- e. Number of Equity shares held on record date
- f. Number of Equity shares offered by the company
- g. Number of Equity shares accepted
- h. Number of additional equity shares, if any
- i. PAN number (in case of joint holders, PAN of all holders)
- j. Form of Renunciation, if renounce(s) is applying

You may renounce offer, if you do not wish to subscribe.

- iv. **Offer for takeover, buyback and delisting (Corporate Restructuring):**  
Consider the following situations

- A promoter along with “persons acting in concert”<sup>3</sup> may want to increase their shareholding in a listed company
- Persons in control of a company<sup>3</sup> may want to increase their shareholding in the company
- A person(s) may want to buy substantial percent of shares of a company so as to acquire control over it from the existing promoter / person in control

In such cases, the “**acquirer**” is required to make an announcement and make an open offer to buy shares from all the shareholders of the company. The open offer therefore provides an opportunity to the existing shareholder to exit from the company.

Similarly, open offer is required to be made for buyback of shares or for delisting of shares of the company from the stock exchange(s).

The intimation of all such offers is conveyed to the all the shareholders through ‘Letter of Offer’. The announcement for the same and the Letter of Offer are available in the website of stock exchanges.

As a shareholder, you can participate in these offers even if you have not received the letter of offer, by applying on plain paper by giving filling the following details / documents

S. No	Shares in physical form	Shares are in demat form
1	Name & address(es) of 1 <sup>st</sup> named person and of joint holder(s) if any	
2	Number of shares held	
3	Number of shares offered / applied	
4	Registered folio number	DP name
5	Share certificate numbers	
6	Distinctive number	
7	Valid transfer deeds and Original Contract Notes issued by the broker through whom you purchased the shares	Photo copy of the delivery instruction or counterfoil of the delivery instruction in “Off Market” mode, duly acknowledged by Depository Participant in favor of the special depository account

<sup>3</sup> Person who has subsequently taken control over the company from the promoter

The details of open offers announced by the companies listed on BSE or NSE is available at the weblinks:

[http://www.bseindia.com/bookbuilding/newbookbuilding.asp?status=l&ir\\_flag=rev](http://www.bseindia.com/bookbuilding/newbookbuilding.asp?status=l&ir_flag=rev)  
; [http://www.nseindia.com/content/ipo/ipo\\_currentreverse.htm](http://www.nseindia.com/content/ipo/ipo_currentreverse.htm)

If you choose to participate in such offer, you will receive the value of your shares from the acquirer, if your shares are accepted. For more details in this regard please refer to SEBI's beginners guide to 'Corporate Restructuring'.

- v. **Annual report:** As shareholder of listed company you are entitled to receive its abridged annual report consisting salient features of Balance Sheet, Profit & Loss a/c and Auditors Report. However, you can get the full annual report by writing to the company.

Annual reports are also available on the respective company's website and on the websites of the stock exchanges (SE), where the company is listed.

- vi. **Inspection of books:** You can visit the registered office of the company (or any other notified place) where its statutory books are kept, during business hours and inspect books and take copies of the same on payment of nominal fees. The statutory books include Articles of Association and Memorandum of the company, Register of Members (shareholders), Register of Directors, Register of Shareholding of Directors, Register of Contracts, Register of companies and firms in which Directors are interested, Annual Reports, Minutes of the General Meeting.

- vii. **To attend and vote at General Meetings:** You are entitled to receive the notice for Annual General Meeting (AGM) / Extraordinary General Meeting (EGM) along with the explanatory statement of any special business proposed to be discussed. As a responsible investor, it is in your interest to read all the explanatory statements before attending the meeting. You also have the right to raise queries on remuneration of the Directors, accounts or any other business placed before the General Meetings.

You can raise queries at the AGM / EGM for further explanation. If you are not able to attend AGM / EGM, appoint a proxy to attend and vote on your behalf at the

meeting. If you are appointing a proxy, fill the proxy form forwarded to you along with the notice and submit to the company within the time prescribed.

- viii. **Collective rights:** As a group, with requisite majority (generally, 10% of total share capital of company), you can demand for a poll on any resolution or can apply for the winding up of the company or can apply to Company Law Board (**CLB**)
- to call for or to direct holding an AGM / EGM
  - to investigate the affairs of the company
  - for relief in cases of oppression and / or mismanagement
- ix. **Liquidation benefits:** If the company in which you are a shareholder is liquidated, you are the entitled for liquidation benefits to the proportion of your holding. The assets of the company, including land, plant and machinery etc is sold by the Court appointed liquidator and the proceeds are paid first to the secured and then to the unsecured creditors. The residual amount, if any, is paid to the shareholders proportionately. As a shareholder it is your right to receive this liquidation benefit. Please also see 'Companies under liquidation / winding up' under the section 'general information on companies'.

***b. As a debenture / bond holder:***

- i. **Receipt of interest and redemption:** You are entitled to receive interest and redemption amount on the due date. In case of delay in payment you are entitled to interest on delayed payment as per the rate prescribed in the offer document, if any.

If you have communicated your bank details<sup>4</sup>, to the **RSTA** of the company, then the dividend payment would be directly credited to your bank account electronically<sup>5</sup>. In all the other cases, company should dispatch the physical warrants by post.

- ii. **Half Yearly Communication:** You are entitled to receive a communication about the debenture / bonds from company, countersigned by the debenture trustee (**DT**). This communication must include the details of credit rating,

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<sup>4</sup> Bank account number, IFSC code, MICR code etc.

<sup>5</sup> Electronic mode of fund transfer include, 1) ECS – Electronic Clearing Service 2) NEFT – National Electronic Fund Transfer



asset cover available, status of security, debt equity ratio, due date of the previous payment of interest / principal and the status of payment, due date of the next payment of interest / principal and whether or not it would be paid.

- iii. **Inspection of books:** You can visit the registered office of the company, where its statutory books are kept, during business hours and inspect books and take copies of the same on payment of nominal fees. The statutory books include debenture trust deed, register of charges created on the company's assets, register of debenture holders.
- iv. **Default and rollover:** In the event of default in payment of interest or redemption, the DT is required to invite you to the meeting of debenture holders. Further in the event of rollover of debentures, you have the right to redeem your investment if you do not wish to rollover your investment.
- v. **Collective rights:** If the company defaults on the interest or redemption payment, you can apply to CLB with the requisite majority (generally, 10% of total share capital of company) seeking winding up of the company. You can also approach the **DT** to call for meeting of debt instrument holders, when your interest is affected.

## 5. Responsibilities:

- a. **Monitor your Investments:** Unlike returns from bank deposits, which are guaranteed, returns from investment in equity shares are subject to performance of the company, risks of the market. You will earn returns only if the company in which you have invested is consistently competitive. Therefore, it is important to monitor your investments, including investment in debentures regularly and make informed decisions and or review them periodically. To facilitate this, listed companies are mandated to provide vast amount of information in the public domain through the website of stock exchange, including the following.
  - **Board Meetings:** The board of directors of companies meet quarterly to review the performance of the company and to take decisions on future plans. Agenda to such meetings may also contain
    - I. Proposal for declaration of dividend
    - II. Proposal for declaration of bonus

- III. Proposal for issue or change in share capital including rights, preference, ADR / GDR, Foreign Currency Convertible Bond (FCCB) issues and private placement, conversion of debt instruments.
  - IV. Proposal for Corporate restructuring - Amalgamation, Mergers, Takeover of another company, Buy Back of shares, Delisting, Demerger, etc.
  - V. Proposal for share split, consolidation etc.
- **Decision of Board Meetings:** Post these meetings, information on recommendation of the board on the following is available in the website of stock exchanges
    - I. Decision on declaration of dividend
    - II. Decision on declaration of bonus
    - III. Decision on issue or change in share capital including rights, preference, ADR / GDR, Foreign Currency Convertible Bond (FCCB) issues and private placement, conversion of debt instruments.
    - IV. Decision on Corporate restructuring - Amalgamation, Mergers, Takeover of another company, Buy Back of shares, Delisting, Demerger, etc.
    - V. Decision on share split, consolidation etc.
- **Announcements** pertaining to the following are also available in public domain
    - I. Record date and Ex-date for the corporate actions like dividend, bonus, rights issue etc.
    - II. Decision on corporate restructuring proposals at AGM / EGM
    - III. Buyback / Takeover / Delisting open offers along with price, terms and other conditions
- **Annual reports:** It provides information on the activities of the company during financial year and it contains 1) audited financial statements, 2) auditors report, 3) directors' report including future plans and prospects, and compliance report on the corporate governance and 4) management discussion and analysis.
- **Financial Results:** Apart from (audited) financial results, the (un audited) quarterly financial results and financial results of subsidiary of listed companies are available in websites of stock exchange.

- **Shareholding pattern:** Various classes of securities and various categories of shareholders like promoters / persons in control of the company and their associates, financial institutions, FII's, retail and high networth individuals etc are disclosed and updated on quarterly basis.
- **Change in shareholding of promoters / directors:** The shareholding of 1) promoters / persons in control of the company (including their associates), 2) directors 3) top management 4) persons holding significant percentage of company's shares is of strategic importance to other investors. Any change in their holding is of significance and signal to the other investors. Accordingly, wherever there is a change in their holding, beyond certain stipulated percentage of the company's equity, it is disclosed in the stock exchange website (disclosures under Takeover and Insider trading regulations).

Further, the details of the locked in and pledged shares of the promoters / persons in control of the company are also available on the SE websites.

- **Debentures / Bonds:** The credit rating, availability of 100% asset cover, debt equity ratio, revision in credit rating, default / expected default in payment of interest / redemption of debt securities or failure to create charge on assets, alteration in terms of redemption are available to facilitate informed decisions.
- The following **Company operations** related information are also available in the stock exchange websites
  - I. Appointment / Resignation / Removal / Death of Key management personnel
  - II. Variation between the utilisation of proceeds and profitability projected in the Offer Document against the actual
  - III. Information having bearing on performance / operations of the company and or affecting the interests of equity and debt holders
  - IV. Signing contracts / delay in execution of contracts etc., which have impact on financial performance of the company
  - V. Company updates
- **Other information available:**
  - I. Compliance report on Corporate Governance
  - II. Date of AGM/EGM along with Record date

- III. Scheme / petition proposed to be filed before any court or tribunal
- IV. Alterations in the terms regarding redemption / cancellation / retirement of any security
- V. Details of depository receipts (DR)
- VI. Offer of ESOPs to employees / directors
- VII. Issue of shares (equity/preference) on exercising ESOP

The aforesaid information / disclosures available in the websites of stock exchanges enables you to monitor your investment decisions regularly.

<http://www.nseindia.com/> > Corporates  
<http://www.bseindia.com/> > Corporates

- b. Intimation of change in address or bank account:** Please refer to the section on 'Managing your investment in securities'.
- c.** Be alert to any public announcements about the companies that you have invested in.
- d.** Actively participate in the affairs of the company by regularly attending its General Meetings and voting appropriately. Read the Annual Report and enclosed explanatory statements, if any, before attending General Meetings

## 6. General information about companies

### a. Status

#### i. Whether or not listed in stock exchange?

The details of companies whose shares are listed on BSE and NSE are available in their website at the following web links:

BSE:

[http://www.bseindia.com/about/list\\_comp.asp](http://www.bseindia.com/about/list_comp.asp) (or)  
<http://www.bseindia.com/> > Corporates > Active Companies

NSE:

[http://www.nseindia.com/content/equities/eq\\_secavailable.htm](http://www.nseindia.com/content/equities/eq_secavailable.htm) (or)  
<http://www.nseindia.com/> > Corporates > Securities Information

#### ii. Status of listing

##### 1. Suspended companies

The trading of securities may be suspended by the stock exchange on the following grounds;

- a) Non compliance with listing agreement. etc. (Agreement executed between company and the stock exchange before it get listed; it contains various disclosure requirements and obligations on the company to protect the interests of the investors),
- b) Surveillance reasons (price or volume manipulation, insider trading etc.)
- c) Non payment of listing fees

As the company's shares are suspended from trading, it will not be possible for you to trade in these shares through the Stock Exchange.

The details of the securities suspended from trading are available in the website of BSE and NSE at the following web links

BSE:

<http://www.bseindia.com/about/datal/suspend.asp> (or)  
<http://www.bseindia.com/> > Listed Companies > Suspended Companies

NSE:

[http://www.nseindia.com/content/equities/eq\\_secavailable.htm](http://www.nseindia.com/content/equities/eq_secavailable.htm) (or)  
<http://www.nseindia.com/> > Corporates > Securities Information

## **2. Delisted companies**

Shares of the company may be delisted from the stock exchange on either of the following ground;

- i) Non fulfillment of listing agreement
- ii) Voluntary Delisting - company makes an application to the stock exchange to remove its shares from the list of traded shares
- iii) Delisted by Operation of Law (to comply with any Act, Rule, Regulations, Order of the Court etc.)

As the shares of the company are no longer listed on the stock exchange, it will not be possible for you to trade in these shares through the Stock Exchange. You will be able to encash the value of your shares if you are able to otherwise find a willing buyer for your shares.

The list of delisted companies is available in the websites of BSE and NSE at the following web links

BSE:

<http://www.bseindia.com/about/datal/delist/a-delist.asp> (or)

<http://www.bseindia.com/> > Corporates - Listed Companies -  
Delisted Companies

NSE:

[http://www.nseindia.com/content/equities/eq\\_secavailable.htm](http://www.nseindia.com/content/equities/eq_secavailable.htm) (or)

<http://www.nseindia.com/> > Corporates > Securities Information

In the case of voluntary delisting, the company is required to make an open offer to the shareholder to buy their shares. You have the option to tender your shares in such offer. Please see 'offer for substantial acquisition of shares, buyback and delisting' under the section 'Rights as a shareholder'

### iii. **Vanishing company**

The following are the conditions for declaring a company as 'Vanishing Company'

- Failed to file returns with Registrar of Companies (ROC) for a period of two years
- Failed to file returns with stock exchange for a period of two years (if it continues to be a listed company)
- It is not maintaining its registered office of the company at the address notified with the Registrar of Companies / stock exchange and
- None of its Directors are traceable

The list of 'Vanishing' companies is available in the web site of Ministry of Corporate Affairs at the following web link <http://www.mca.gov.in/Ministry/vanishing.html> (or) <http://www.mca.gov.in/> > Information & Reports - Vanishing Companies

### iv. **Sick company**

A company whose net worth (equity capital + retained earnings) is eroded (sick company) can refer itself to the Board of Industrial Finance and Reconstruction (**BIFR**) for availing rehabilitation. Once registered with BIFR, the company is immune from any further action by its creditors, including its debenture holders.

The details and status of companies that are registered with BIFR as are available in the website of BIFR at the following web link

<http://www.bifr.nic.in/asp/search.asp> (or)

<http://www.bifr.nic.in/> > Online Case Status

#### v. **Companies under liquidation / winding up:**

The details / status of companies under liquidation / winding up are available on the website of Ministry of Corporate Affairs at the following web link

[http://www.companyliquidator.gov.in/liquidation\\_pocess.html](http://www.companyliquidator.gov.in/liquidation_pocess.html) (or)  
<http://www.companyliquidator.gov.in/> > Liquidation Process

The address of the official liquidator is also available in the website at the following web link

<http://www.companyliquidator.gov.in/HQContact.htm> (or)  
<http://www.companyliquidator.gov.in/> > About Us – Official Liquidators

Please also see 'Liquidation benefits' under the section 'Rights as a shareholder'

#### b. **Change in company name**

During the course of the time, the company may change its name. Details of such changes are available in the websites of BSE or NSE at the following web links

BSE:

<http://www.bseindia.com/about/datal/change/changes.asp> (or)  
<http://www.bseindia.com/> > Corporates – Change of Company name

NSE:

[http://www.nseindia.com/content/equities/eq\\_secavailable.htm](http://www.nseindia.com/content/equities/eq_secavailable.htm) (or)  
<http://www.nseindia.com/> > Corporates > Securities Information

#### c. **Director's details**

The details of directors of companies are available in the website of Ministry of Corporate Affairs at the following web link

<http://www.mca.gov.in/DCAPortalWeb/dca/MyMCALogin.do?method=setDefaultProperty&mode=12> or  
<http://www.mca.gov.in/> > MCA 21 > Access Public Documents – View Public Documents

#### d. **Trading details**

The opening, high, low and closing price of a share, number of shares traded, value of shares traded etc during the day and also their historic data over a period are available in the websites of BSE and NSE as under

NSE: <http://www.nseindia.com/>

BSE: <http://www.bseindia.com/>

Please remember, trading of shares in the market is the outcome of many factors, including demand and supply. Equity shares, like any other asset, derive their value from the price at which others are willing to buy or sell it. In the absence of willing buyers / sellers, the shares become illiquid. The risk of illiquidity is inherent in investing in shares over which SEBI does not have any control.

#### **e. Financial Results**

Financials results of listed companies are available in the Corp Filing website whose web address is as under

<http://www.corpfiling.co.in/home/homepage.aspx> (or)

<http://investor.sebi.gov.in/> > Corporate Filing

Besides, they are also available in the websites of stock exchange in the following web links

<http://www.nseindia.com/> > Corporates

<http://www.bseindia.com/> > Corporates

## **7. Where can I file my grievance?**

The matters dealt by various regulators are given below:

<b>Matters pertaining to</b>	<b>Regulator</b>	<b>For further details, visit their website at</b>
Companies whose securities are listed on Stock Exchanges	Ministry of Corporate Affairs / Securities and Exchange Board of India	<a href="http://www.mca.gov.in/">http://www.mca.gov.in/</a> <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
1. Stock broker, Sub broker, Merchant bankers, Depository participants, Registrar to Issue, Debenture trustee, Stock exchanges, Depositories or any other intermediary registered with SEBI 2. Takeover offers, Buyback offer or Delisting offer 3. Manipulation of price or	Securities and Exchange Board of India	<a href="http://www.sebi.gov.in">www.sebi.gov.in</a>



volume of securities listed on Stock exchange		
4. Mutual Funds		
Banks deposits and banking	Reserve Bank of India	<a href="http://www.rbi.org.in/home.aspx">http://www.rbi.org.in/home.aspx</a>
Deposits with Non Banking Financial Companies (NBFC) and NBFC and NBFC		
Deposits with manufacturing companies	Ministry of Corporate Affairs	<a href="http://www.mca.gov.in/">http://www.mca.gov.in/</a>
Unlisted companies		
Mergers / Amalgamations		
Insurance products and service	Insurance Regulatory Authority of India	<a href="http://www.irdaindia.org/">http://www.irdaindia.org/</a>
Commodities	Forward Market Commission	<a href="http://www.fmc.gov.in/">http://www.fmc.gov.in/</a>
Pension fund	Pension Fund Regulatory and Development Authority	<a href="http://www.pfrda.org.in/">http://www.pfrda.org.in/</a>
Monopoly and anti competitive practice	Competition Commission of India	<a href="http://www.cci.gov.in/">http://www.cci.gov.in/</a>

**a. Against listed companies**

Most listed companies outsource the back office work pertaining to shares to a specialized entity called Registrar and Share Transfer Agent (**RSTA**). RSTAs are registered with SEBI and perform various functions pertain to the listed company;

In case of any complaint pertaining to the company you can approach the RSTA of the company with the relevant documents for redressal.

The address of RSTA of the companies listed on BSE and NSE is available in the websites at the following web links;

BSE:

<http://www.bseindia.com/bseplus/StockReach/AdvanceStockReach.aspx?scripcd=500002> (or)

<http://www.bseindia.com/> >> Get Quote (type the company name and select the company from list, if any) >> Filing & other info

NSE:

[http://www.nseindia.com/content/corporate/corp\\_introduction.htm](http://www.nseindia.com/content/corporate/corp_introduction.htm)

(or) <http://www.nseindia.com/> > Corporates - Corporate Information

You can also directly approach the Compliance Officer / Company Secretary of a listed company for redressal of your issue / complaint. In such case you can send your grievance to the company at its dedicated e-mail address, which is made available

exclusively for investor complaints. The details of the company address, email ID of the companies listed on BSE or NSE are available at the weblinks provided below:

<http://www.bseindia.com/mktlive/contactinformation.asp> ;  
<http://www.nseindia.com/content/corporate/corpinfo.htm>

**Remember,**

- You can escalate your grievance to the '**Grievance Redressal Cell**' of the stock exchange, in case it is not redressed within a reasonable time.
- Status of all investor complaints against listed companies and brokers are available in the website of the stock exchanges.

**b. Against Registered intermediaries**

All intermediaries registered with SEBI are required to appoint a compliance officer to redress investor grievances. Besides, intermediaries are required to have a dedicated e-mail address, which is made available exclusively for investor complaints. The contact details including email ID dedicated for investor grievances are available in the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)).

Complaints against members of stock exchange (**broker**) or their sub brokers can be escalated to the respective stock exchange. Similarly, complaints against **DPs** can be escalated to the respective Depository. For more details on investor grievance against DP / demat account, please see 'investor grievances' under the section 'Dematerialization of Securities' at section 2.

The contact details of all the intermediaries registered with SEBI are available in the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)). The categories of intermediaries registered with SEBI against whom investors can file their grievances and their Self Regulatory Organizations (SRO) to whom the grievance can be escalated, is given in next section.

**c. Escalation of complaints to SEBI**

SEBI has a comprehensive mechanism to facilitate redressal of investor's grievances against companies listed in stock exchanges and against registered intermediaries.

Complaints of the following nature can be escalated to SEBI, if your grievance is not redressed by the listed company and subsequently by the stock exchange, within a reasonable time:

- Non receipt or delay or shortfall pertaining to refunds or allotment of shares or debentures in public issues
- Non receipt or delay or shortfall of dividend, interest and redemption payments
- Non receipt of share and bond certificates after transfer, transmission, conversion, endorsement, consolidation, splitting, bonus, rights and request for duplicate certificates
- Interest on delayed refund and interest and redemption payment on debentures / bonds
- Non compliance to Listing Agreement
- Corporate governance related
- Corporate Restructuring (Takeover, buyback and delisting of shares only)

Complaints against the following intermediaries can be escalated to SEBI if the entity, do not redress it within a reasonable time;

ASBA service provider (Banks)	Foreign Institutional Investors
Banker to the Issue	Merchant Bankers
Brokers & sub brokers	Mutual Funds
Clearing Corporation	Portfolio Managers
Collective investment scheme	Registrars and Share Transfer Agents (RSTA)
Credit Rating Agencies	Securities lending intermediaries
Custodians	Stock Exchange
Debenture Trustees	Syndicate Members in public issues (brokers)
Depositories	Venture Capital Funds
Depository Participants (DP)	-

#### **d. Grievance Redressal mechanism at SEBI**

The Office of Investor Assistance and Education (OIAE) of SEBI is the single window interface, interacting with investors seeking redressal / assistance. You can lodge complaint with SEBI in any of the following modes:

- Visit <http://www.scores.gov.in/>
- Visit SEBI Office (s)
- Letter to SEBI

All complaints received by SEBI are individually acknowledged with unique number.

**SCORES:** SEBI has launched a new web based centralized grievance redress system called SEBI Complaint Redress System (SCORES). Starting June 8, 2011 all complaints are routed through SCORES. You are therefore requested to lodge your complaint, if any, at <http://scores.gov.in>. All email communication will be considered as general correspondence and not complaint.

SCORES would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints online from the above website from anywhere. This would enable the market intermediaries and listed companies to receive the complaints online from investors against them, redress such complaints and report redressal online. All the activities starting from lodging of a complaint till its closure by SEBI would be online in an automated environment and the status of every complaint can be viewed online in the above website at any time. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

SCORES is web enabled and provides online access 24 x 7. This has following salient features:

- Complaints and reminders thereon are lodged online at the above website at anytime from anywhere;
- An email is generated instantaneously acknowledging the receipt of complaint and allotting a unique complaint registration number to the complainant for future reference and tracking;
- The complaint moves online to the entity concerned for its redressal;
- The entity concerned uploads an Action Taken Report (ATR) on the complaint;
- SEBI peruses the ATR and closes the complaint if it is satisfied that the complaint has been redressed adequately;
- The concerned investor can view the status of the complaint online from the above website by logging in the unique complaint registration number;
- The entity concerned and the concerned investor can seek and provide clarification on his complaint online to each other;
- Every complaint has an audit trail; and
- All the complaints are saved in a central database which would generate relevant MIS reports to enable SEBI appropriate policy decisions and or remedial actions, if any.

You can track the status of your complaint in website ([www.scores.gov.in](http://www.scores.gov.in)) with the acknowledgement number.

Your grievances are taken up with the respective listed companies and intermediaries and are continuously monitored. In cases where the rate of redressal of grievances is not satisfactory the official of the concerned entity is advised to redress the grievances via reminders or meetings. When the response is inadequate or lacking then enforcement actions including order of debarment of the company, its promoters and directors, suspension of registration of intermediaries, imposition of monetary penalty, launch of prosecution proceedings etc. may be initiated<sup>6</sup>.

**Disclaimer:**

- Grievances are not against SEBI perse and hence SEBI does not redress grievances on its own, it only facilitates redressal by taking up the matter with the company / intermediary.
- A month's time is the general norm for redressal of investor grievance.
- SEBI's enforcement actions are initiated when there is a failure of redressal of grievances in wholesome by the intermediary or the listed company and not for individual grievances.
- Investor complaint is one of the criteria, but not the only criteria for ordering inspection or taking enforcement action against the intermediary
- In most cases complaints referred to SEBI get redressed. However there is no guarantee for redressal for every grievance that is escalated or lodged with SEBI.
- Matters pertaining to / involving disputes, forgery, fraud and claim from counterparty, are to be settled either through arbitration or Court of law by the complainant.
- SEBI does not adjudicate on complaints and therefore, you are free to avail the legal remedies available to you as per law.
- Prevention is better than cure – be an informed investor; please peruse the 'messages to investors' in the section below (also available in SEBI investor website to understand your rights and responsibilities.

**e. Arbitration:**

Please see the section on 'Arbitration'.

- f. Consumer redressal fora:** You can also approach the consumer redressal fora for any deficiency in service, pertaining to securities market. For further details you may log on to <http://ncdrc.nic.in/> or

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<sup>6</sup> Please also see disclaimer

contact National Consumer Helpline number 1800-11-4000 (BSNL & MTNL).

- g. Court of Law:** In addition to the above, you also have the option of approaching the appropriate court of law to seek remedy for any dispute against an intermediary or listed company.

**1. Arbitration:**

**a. What is it?**

Arbitration is an alternate channel available for quick resolution of dispute, instead of approaching the court of law. In case of any dispute with an intermediary or a listed company <sup>7[1]</sup> you can opt for its quick resolution through arbitration.

**b. For what you can file Arbitration?**

<b>Dispute Against</b>	<b>Nature of dispute</b>	<b>Where to file for Arbitration</b>
Brokers (members)	Disputes against broker arising out of trades done on the exchange	Stock exchange
Companies	Dispute against company listed in the stock exchange for delay or non transfer of shares & debentures	Stock exchange
Depository Participants	Disputes against the DP pertaining to the concerned Depository	Depositories

**b. How to file for Arbitration**

You can avail the application form from the stock exchange / depository and file for arbitration along with the supporting documents within 3 years of the disputed transaction.

BSE, NSE, CDSL and NSDL have arbitration centres in each of the four regions of the country – namely Mumbai, New Delhi, Kolkatta and Chennai Depending on your place of residence; you can file your application with the concerned centre.

**c. For what can you file arbitration?**

Please refer to the table above.

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<sup>7[1]</sup> Arbitration at stock exchange against listed companies is available only for dispute pertaining to transfer of securities

**d. Appointment of arbitrators:**

Every stock exchange and depository maintains a panel of arbitrators. You can choose the arbitrator from this panel. Your counter party (the broker / Company / DP) also has the option to choose an arbitrator. The name(s) of arbitrators you choose would be forwarded to the broker / company / DP by the exchange / depository for acceptance. In case of disagreement, the exchange / depository shall decide upon the name of arbitrators. The stock exchange ensures appointment of arbitrator within 30 days of receipt of your application

**e. Arbitration proceedings:**

After appointment of arbitrators, you will be called for hearing before the arbitrators.

If your claim or counter claim is up to Rs.10 lakh and if claim is filed within six months you are not required to deposit any fee with the stock exchange as the expenses is be borne by the exchange. If your claim is Rs. 10 lakh above, you have to deposit the prescribed fee to the exchange and the cost will be recovered from either of the parties as decided by the arbitrator. The limitation period for filing an arbitration reference is governed by the Law of Limitation i.e. The Limitation Act 1963.

**f. Appeal against arbitration award:**

In case you are aggrieved by the arbitral award, you can file an appeal before the appellate panel of arbitrators in the exchange within 30 days from the receipt of arbitral award

The exchange ensures that appointment of appellate panel of arbitrators is complete within 30 days. Subsequently, the appellate award is required to be passed within three months, which can be extended by two months.

In case you are still aggrieved, you can approach the court of law followed by appeal resting with Supreme Court, if you so desire.

**g. Arbitration awards in website:**

The status of Arbitration awards (orders) against broker / companies and DPs are made available in the websites of stock exchanges and depositories respectively at the following web link

BSE: <http://www.bseindia.com/invdesk/invgrievstats.asp>

NSE:

[http://www.nseindia.com/content/assist/asst\\_SEBI\\_report\\_home.htm](http://www.nseindia.com/content/assist/asst_SEBI_report_home.htm)

CDSL: [http://www.cdslindia.com/publication/sebistatus\\_reports.jsp](http://www.cdslindia.com/publication/sebistatus_reports.jsp)

NSDL: <https://nsdl.co.in/nsdlnews/investors-arbitration-details.php>

**SEBI Circular reference:** You may like to refer the following SEBI circulars, available in SEBI website, for more details in this regard.

- CIR/MRD/DSA/24/2010 dated August 11, 2010
- CIR/MRD/DSA/29/2010 dated August 31, 2010
- CIR/MRD/DSA/2/2011 dated February 09, 2011
- CIR/MRD/DP/4/2011 dated April 07, 2011



## Message to Investors

### Share & Debenture Holders (Listed Equity Shares and Debentures)

#### DOs

- ✓ Avail nomination for all your investments without fail
- ✓ Convert your physical certificates in to demat form by opening demat a/c
- ✓ Provide your PAN card details in case of transfer / transmission of shares in physical form
- ✓ Keep track of your investments on regular basis
- ✓ Be alert to any public announcements on the shares of the companies that you have invested
- ✓ Be aware that an intermediary or its staff making a recommendation, is required to disclose their interest/ position in that scrip
- ✓ Read the Annual Report and enclosed explanatory statements, if any, before attending General Meetings
- ✓ In case of any grievance, contact the compliance officer of the company / Debenture Trustee (DT)
  - Be aware that listed companies, Registrar and Share Transfer Agents (RTA) and DTs are required to have a dedicated Email ID for registering your complaints
- ✓ Approach SEBI, if grievance is not redressed by the Company / DT
- ✓ Be aware that investor complaints against listed companies are displayed on the website(s) of SE
- ✓ Be aware that the details of disposal of arbitration proceedings are displayed on the website(s) of SE

#### DON'Ts

- ✗ Do not invest with borrowed money
- ✗ Do not expect unrealistic / guaranteed returns
- ✗ Do not be influenced by advertisement / advices / rumours / unauthentic news promising unrealistic gains and windfall profits in mass media
- ✗ Do not be guided by astrological predictions on share prices and market movements
- ✗ Do not fall prey to market rumours / 'hot tips'/ 'opportunity knocks only once' kind of advice
- ✗ Do not be swayed by market sentiments
- ✗ Do not invest on any explicit / implicit promises made by anyone
- ✗ Do not indulge in impulse investing
- ✗ Do not associate in any way with grey market

## RIGHTS

### As a holder of equity shares:

- ✓ To receive share certificates within
  - 30 days in case of transfer of physical shares
  - 6 weeks in case of issue of duplicate shares
- ✓ To receive dividend payment within 30 days of its declaration
- ✓ To receive dividend / interest through ECS / NEFT / RTGS, wherever such facility is available
- ✓ To receive simple interest @ 18% p.a. for delay in dividend payment beyond 30 days
- ✓ To receive corporate benefits like rights, bonus, split, consolidation etc.
- ✓ To receive Letter of Offer in case of
  - rights issue
  - substantial acquisition
  - buyback and
  - delisting of shares
- ✓ To apply on plain paper to Registrar to the Offer in case of non-receipt of Letter of Offer
- ✓ To inspect and take copies of
  - Memorandum and Articles of Association of the company
  - Register of
    1. Members
    2. Directors
    3. Shareholding of Directors
    4. Contracts, companies and firms in which Directors are interested
  - Annual Reports
  - Minutes of the General Meeting
- ✓ To receive abridged Annual Report containing salient features of Balance Sheet, Profit and Loss account and Auditors Report
- ✓ To receive notices of the General Meetings
- ✓ To raise queries on remuneration of the Directors, accounts or on any other business placed before the General Meeting
- ✓ To participate and vote in General Meetings either personally or through proxy
- ✓ To receive notice along with draft resolution of postal ballot, if any
- ✓ As a group, with requisite majority:
  - To apply to Company Law Board (**CLB**)
    1. to call or to direct the company to call the Annual General Meeting (**AGM**) / Extra Ordinary General Meeting (**EGM**)
    2. to investigate the affairs of the company
    3. for relief in cases of oppression and / or mismanagement
  - To demand poll on any resolution
  - To apply for the winding up of the company
- ✓ To proceed against the company by way of civil or criminal proceeding

- ✓ To receive the residual proceeds in case of winding up
- ✓ To file for arbitration in SE, in case of non / delayed transfer of listed security

**As a holder of debt instrument:**

- ✓ To receive debenture certificates transferred to your name within 2 months
- ✓ To receive redemption proceeds in due time
- ✓ To receive interest on delayed payment of interest or redemption, if provided in the offer document
- ✓ To receive redemption proceeds / interest through ECS / NEFT / RTGS, where such facility is available
- ✓ To receive half yearly communication from the Issuer, countersigned by the DT regarding
  1. credit rating
  2. asset cover available
  3. status of security
  4. debt equity ratio
  5. due date of the previous payment of interest / principal and the status of payment
  6. due date of the next payment of interest / principal and whether or not it would be paid
- ✓ To inspect and take copies of
  - Debenture Trust Deed
  - Register of
    1. Charges created on the company's assets
    2. Debenture holders
- ✓ As a group:
  - To apply to CLB in case of default of redemption
  - To apply for the winding up of the company in case of default of redemption
  - To approach DT for meeting of all debenture holders
- ✓ To redeem the debenture / bond, if you do not wish to rollover, in the event of restructuring
- ✓ To be invited for meeting of debenture holders in the event of a default
- ✓ To file for arbitration in SE, in case of non / delayed transfer of listed security

**RESPONSIBILITIES**

- ✓ To remain informed and vigilant about your investments
- ✓ To peruse disclosures made by the company on SE website(s) including:
  - Annual reports
  - Details of the board meetings
  - Recommendation or declaration of dividend
  - Particulars of increase / issue / alterations of share capital
  - Financial results along with details of credit rating, asset cover available, debt equity ratio
  - Revision of credit rating
  - Statement of

1. shareholding pattern
  2. details of locked-in shares
  3. details of shares pledged by promoter group
  4. details of depository receipts (DR)
  5. variation between the utilisation of proceeds and profitability projected in the Offer Document against the actual
  6. compliance report on Corporate Governance
- Details of shareholding and acquisition of company's shares by
    1. promoters / persons in control of the company, including those acting in concert
    2. directors and top management including their dependents
    3. persons holding more than 5%
  - Information having bearing on performance / operations of the company and or affecting the interests of security holders
  - Corporate actions like Mergers, Demergers, Splits and Bonus issue
  - Scheme / petition proposed to be filed before any court or tribunal
  - Information on buyback, substantial acquisition or delisting offers
  - Information on maintenance of 100% asset cover for listed debt securities
  - Information on default / expected default in payment of interest / redemption of debt securities or failure to create charge on assets
  - Alterations in the terms regarding redemption / cancellation / retirement of any security
- ✓ Intimate change in your address and bank account to
    - the company, if you hold shares / debentures in physical form
    - the Depository Participant, if you hold shares / debentures in demat form
  - ✓ Keep track of the changes in rating of debt securities, available on website(s) of credit rating agencies

*Disclaimer: The aforesaid information provided as a service to investor(s) and general in nature. It is neither a legal interpretation nor a statement of SEBI policy. If you have questions concerning the meaning or application of a particular act or rule or regulation or circular, please consult your legal advisor.*

[Last page of the book]  
**Contact details & Jurisdiction of SEBI's Offices**

**Head Office:**

SEBI Bhavan

Plot No.C4-A,'G' Block,Bandra Kurla Complex,  
Bandra (East), Mumbai 400051

Tel : +91-22-26449000 / 40459000

Fax : +91-22-26449016-20 / 40459016-20

E-mail : sebi@sebi.gov.in

(Maharashtra, Madhya Pradesh, Chhattisgarh, Goa, Diu, Daman and Dadra &  
Nagar Haveli)

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