Appendix
INVESTING IN THE SECURITIES MARKET

1. What are the risks that you may encounter while investing in the Securities Market?
   Your expectations of income and/or growth may not materialise.
   □ Realisation of values of the investment of an equity holder in the share market only. Thus this investment may be not be easily liquid.
   □ Disinvestment may result in capital losses also.
   □ Running into problems with the trading and transfer of the securities.

2. What are your rights as a shareholder?
   □ To receive the share certificates, on allotment or transfer (if opted for transaction in physical mode) as the case may be, in due time.
   □ To receive copies of the Annual Report containing the Balance Sheet, the Profit & Loss account and the Auditor’s Report.
   □ To participate and vote in general meetings either personally or through proxy.
□ To receive dividends in due time once approved in general meetings.
□ To receive corporate benefits like rights, bonus etc. once approved.
□ To apply to Company Law Board (CLB) to call or direct the Annual General Meeting.
□ To inspect the minute books of the general meetings and to receive copies thereof.
□ To proceed against the company by way of civil or criminal proceedings.
□ To apply for the winding up of the company.
□ To receive the residual proceeds.

Besides the above rights, which you enjoy as an individual shareholder, you also enjoy the following rights as a group
□ To requisition an Extra-ordinary General meeting.
□ To demand a poll on any resolution.
□ To apply to CLB to investigate the affairs of the company.
□ To apply to CLB for relief in cases of oppression and/or mismanagement.

3. What are your rights as a debenture holder?
□ To receive interest/redemption in due time.
□ To receive a copy of the trust deed on request.
□ To apply for winding up of the company if the company fails to pay its debt.

To approach the Debenture Trustee with your grievance. You may note that the above mentioned rights may not necessarily be absolute. For example, the right to transfer securities is subject to the company’s right to refuse transfer as per statutory provisions.
4. What are your responsibilities as a security holder?
While you may be happy to note that you have so many rights as a stakeholder in the company that should not lead you to complacency; because you have also certain responsibilities to discharge. To be specific,
- To remain informed
- To be vigilant
- To participate and vote in general meetings
- To exercise your rights on your own or as a group

5. What are the advantages of dealing through a Stock Exchange?
If you choose to deal (buy or sell) directly with another person, you are exposed to counter party risk, i.e. the risk of non-performance by that party. However, if you deal through a stock exchange, this counter party risk is reduced due to trade/settlement guarantee offered by the stock exchange mechanism. Further, you also have certain protections against defaults by your broker.

When you operate through an exchange, you have the right to receive the best price prevailing at that time for the trade and the right to receive the money or securities on time. You also have the right to receive a contract note from the broker confirming the trade and indicating the time of execution of the order and other necessary details of the trade. If you have opted for transaction in physical mode, you also have the right to receive good delivery and the right to insist on rectification of bad delivery. If you have a dispute with your broker, you can resolve it through arbitration under the aegis of the exchange.

6. How can one enter in a deal through a Stock Exchange?
If you decide to operate through an exchange, you have to avail the services of SECURITIES AND EXCHANGE BOARD OF INDIA
registered broker/sub-broker. You have to enter into a broker-client agreement and file a client registration form. Since the contract note is a legally enforceable document, you should insist on receiving it. You have the obligation to deliver the shares in case of sale or pay the money in case of purchase within the time prescribed.

FOR SECURITIES IN PHYSICAL MODE:

1. How does transfer of securities take place?
To effect a transfer in the physical mode the securities should be sent to the company along with a valid, duly executed and stamped transfer deed duly signed by or on behalf of the transferor (seller) and transferee (buyer). It would be a good idea to retain photocopies of the securities and the transfer deed when they are sent to the company for transfer. It is essential that you send them by registered post with acknowledgement due and watch out for the receipt of the acknowledgement card. If you do not receive the confirmation of receipt within a reasonable period, you should immediately approach the postal authorities for confirmation.

Sometimes, for your own convenience, you may choose not to transfer the securities immediately. This may facilitate easy and quick selling of the securities. In that case you should take care that the transfer deed remains valid. However, in order to avail the corporate benefits like the dividends, bonus or rights from the company, it is essential that you get the securities transferred in your name.
2. What procedure should a company follow for transfer of securities?
On receipt of your request for transfer, the company proceeds to transfer the securities as per provisions of the law. In case they cannot effect the transfer, the company returns back the securities giving details of the grounds under which the transfer could not be effected. This is known as Company Objection.

3. What should one do in case of company objection?
When you happen to receive a company objection for transfer, you should proceed to get the errors/discrepancies corrected. You may have to contact the transferor (the seller) either directly or through your broker for rectification or replacement with good securities. Then you can resubmit the securities and the transfer deed to the company for effecting the transfer. In case you are unable to get the errors rectified or get them replaced, you have recourse to the seller and his broker through the stock exchange to get back your money. However, if you had transacted directly with the seller originally, you have to settle the matter with the seller directly.

4. What should one do in case if securities get lost/misplaced?
Sometimes, your securities in physical form may be lost or misplaced. You should immediately request the company to record a stop transfer of the securities and simultaneously apply for issue of duplicate securities. For effecting stop transfer, the company may require you to produce a court order or the copy of the FIR filed by you with the Police. Further, to issue duplicate securities to you, the company may require you to submit indemnity bonds, affidavit, surety's etc. besides issue of a public notice. You have to comply with these requirements in order to protect your own interest.
5. What should one do in case of securities gets lost/misplaced in transit?

Sometimes, it may so happen that the securities in physical form are lost in transit either from you to the company or from the company to you. You have to be on your guard to write to the company within a month of your sending the securities of the company. The moment it comes to your notice that either the company has not received the securities that you sent or you did not receive the securities that the company claims to have sent to you, you should immediately request the company to record stop transfer and proceed to apply for duplicate securities.

FOR SECURITIES IN DEMAT MODE:

For transactions in demat mode you are requested to refer to the trading/settlement in depositories section of this website.

1. Whom to approach for Grievance Redressal?

There will be occasions when you have a grievance against the company in which you are a stakeholder. It may be that if you have opted for shares in physical mode, you have not received the share certificates on allotment or on transfer; it may be that you did not receive the dividend / interest warrant or refund order; perhaps you did not receive the annual accounts etc. while you would first approach the concerned company, Mutual Fund or Depository Participant (DP), as the case may be, you may not be satisfied with the company's response thereto. You would like to know whom you should turn to get your grievance redressed.