

Protection of Investors Rights and Interest.

The Securities and Exchange Board of India (SEBI) has been mandated to protect the interests of investors in securities and to promote the development of and to regulate the securities market so as to establish a dynamic and efficient Securities Market contributing to Indian Economy.

SEBI strongly believes that investors are the backbone of the securities market. They not only determine the level of activity in the securities market but also the level of activity in the economy.

However, many investors may not possess adequate expertise/knowledge to take informed investment decisions. Some of them may not be aware of the complete risk-return profile of the different investment options. Some investors may not be fully aware of the precautions they should take while dealing with market intermediaries and dealing in different securities. They may not be familiar with the market mechanism and the practices as well as their rights and obligations.

1. What are my 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.
- To receive offer to subscribe to rights shares in case of further issues of shares.
- To receive offer under takeover or buyback offer under SEBI Regulations.
- Besides the above rights, which you enjoy as an individual shareholder, you also enjoy the following rights as a group:
 - To requisite 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.

2. What are my rights as a debenture holder?

- To receive interest/redemption in due time.
- To receive a copy of the trust deed on request.
- To apply before the CLB in case of default in redemption of debentures on the date of maturity.
- 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 (in physical mode) is subject to the company's right to refuse transfer as per statutory provisions.

3. What are my 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.

4. What are the advantages I have, 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 nonperformance 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, instead of filing a civil suit.

5. Are my securities listed with SEBI?

- No. Your securities are not listed with SEBI. The securities of companies are listed on recognised Stock Exchange(s).

6. How can I enter in a deal through a Stock Exchange?

- If you decide to operate through an exchange, you have to avail the services of a 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 securities in case of sale or pay the money in case of purchase within the time prescribed. If you have opted for transaction in physical mode, in case of bad delivery of securities by you, you have the responsibility to rectify them or replace them with good ones.

7. Whether investors/shareholders can file application before Consumer Forum?

- Shares of debentures after they have been issued or allotted to investor are regarded as goods. In case of deficiency of service by an intermediary or listed company, an investor can approach the Consumer Forum.

8. What steps are taken by SEBI to make investors aware of their rights?

- SEBI launched a comprehensive education campaign aimed at creating awareness among investors about securities market, which has been christened – **“Securities Market Awareness Campaign” (SMAC)**. The motto of the campaign is – **‘An Educated Investor is a Protected Investor.’**
- The campaign was launched at the national level by the then Prime Minister, Shri Atal Bihari Vajpayee, on January 17, 2003.
- The national launch was closely followed by launches in **12 states**.
- The structural foundation of the campaign is based on workshops that are being conducted all across the country with the continued and active participation of market participants, market intermediaries, Investors Associations etc., to spread SEBI’s message of **“Invest With Knowledge”**.
- **Workshops-** At workshops, the aim is to acclimatize the investors with the functioning of the securities market, the basic fundamentals of investment and risk management and their rights and responsibilities. **Till date, more than 2188 workshops have been conducted in around 500 cities/towns across the country.**
- **Advertisement-** SEBI has prepared simple “dos and don’ts” for investors relating to various aspects of the securities market. Till date, over 700 advertisements relating to various aspects of Securities Market have appeared in 48 different newspapers/

magazines, covering approximately 111 cities and 9 regional languages, apart from English and Hindi.

- **Educative Materials**-SEBI has prepared a standardized reading material and presentation material for the workshops
- **All India Radio**- With regard to educating investors through the medium of radio, SEBI Officials regularly participate in programmes aired by All India Radio.
- **Website dedicated to Investor Education**-
<http://investor.sebi.gov.in>)
- **Cautionary Message on television**- With a view to use the electronic media to reach out to a larger number of investors, a short cautionary message, in the form of a 40 seconds filmlet, has been prepared and the same is being aired on television
- **Internet based response system**: A simple and effective internet based response to investor complaints has been set up. On filing of your complaint electronically, an acknowledgement mail would be sent to your specified email address and you will be issued a complaint registration number instantaneously.

9. Does SEBI give a guarantee/ promise for payment of money? Does protection of rights and interest mean payment of money?

- No. SEBI does not give a guarantee for payment of money rather it helps you in recovering the amount back from the concerned entity (broker).

10. Forums available to make complaints.

The following types of grievances should be taken up with:

With the Stock Exchanges at their Investor Information Center:

- Complaints related to securities traded/listed with the exchanges.
- Complaints regarding the trades effected in the exchange with respect to the companies listed on it or by the members of the exchange.

With the Department Of Company Affairs/ concerned Registrar of Companies (ROC):

- Complaints against unlisted companies.
- Complaints regarding non-receipt of annual report, AGM Notice.
- Fixed deposit in manufacturing companies.

With the Reserve Bank of India

- Fixed deposits in banks and NBFCs

With the concerned company/ROC

- Forfeiture of shares

11. What kinds of grievances are undertaken by SEBI?

- There will be occasions when you have a grievance against a listed company/ intermediary registered with SEBI. **In the event of such grievance you should first approach the concerned company/ intermediary against whom you have a grievance.** However, you may not be satisfied with their response. Therefore, you should know whom you should turn to, to get your grievance redressed. SEBI takes up grievances related to issue and transfer of securities and non-payment of dividend with listed companies. In addition,

SEBI also takes up grievances against the various intermediaries registered with it and related issues.

Given below are types of grievances for which you could approach SEBI.

- **Type-I** : Refund Order/ Allotment Advise
- **Type-II**: Non-receipt of dividend.
- **Type-III**: Non-receipt of share certificates after transfer.
- **Type-IV**: Debentures.
- **Type-V**: Non-receipt of letter of offer for rights.
- **Type VI**: Collective Investment Schemes
- **Type VII**: Mutual Funds/ Venture Capital Funds/ Foreign Venture Capital Investors/ Foreign Institutional Investors/ Portfolio Managers, Custodians.
- **Type VIII**: Brokers/ Securities Lending Intermediaries/ Merchant Bankers/ Registrars and Transfer Agents/ Debenture Trustees/ Bankers to Issue/ Underwriters/ Credit Rating Agencies/ Depository Participants.
- **Type IX**: Securities Exchanges/ Clearing and Settlement Organizations/ Depositories.
- **Type X**: Derivative Trading
- **Type XI**: Corporate Governance/ Corporate Restructuring/ Substantial Acquisition and Takeovers/ Buyback / Delisting / Compliance With Listing Conditions.