

Frequently Asked Questions on Nomination of Shares - [Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

1. What are nomination and its advantages?

Nomination refers to the act of nominating a person in whom the shares would vest in the event of death of the shareholder.

Notwithstanding anything contained in any other law or any testamentary deposition or otherwise, in respect of the shares, where a nomination has been made in accordance with the provisions of Companies Act, 2013, on the death of the shareholder, (or in case of joint holdings, on the death of all the joint holders), the Nominee shall become entitled to the rights in relation to such shares held by the deceased shareholder(s), to the exclusion of all other persons unless the nomination is revoked.

2. Who can be a Nominee?

Any holder of securities of a company may, at any time, nominate, in Form No. **SH.13**, any person as his nominee in whom the securities shall vest in the event of his death.

3. What is the Role of the Nominee?

Nominee is an important person; he or she has no rights over the money or shares unless that is specified under the will or the nominee happens to inherit the money. So as such a nominee is a mere custodian of the Shares. In the event of a person's death, the Depositories could get in touch with the nominee for further instructions to act on the account. At the time of claiming the savings, the nominee will have to give a proof of his identity to the relevant authority.

4. Who can appoint a Nominee?

Only individuals holding accounts either singly or jointly can make nomination. Non individuals including society, trust, body corporate, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate.

5. Is it compulsory to appoint a Nominee?

It is not compulsory to appoint a nominee.

6. Can a Minor be appointed as a Nominee?

Yes, a minor can be appointed as a nominee. In such case, the guardian will sign on behalf of the nominee and in addition to the name and photograph of the nominee, the name, address and the photograph of the guardian must be submitted.

7. How do the Nominations by Joint Account Holders work?

Where the nomination is made in respect of the securities held by more than one person jointly, all joint holders shall together nominate in Form No. **SH.13** any person as nominee.

8. My shares are held in joint names. Are the joint holder/s nominees to the shares?

Joint holders are not nominees. They are joint holders of the relevant shares having joint rights on the same. In the unfortunate event of death of any one of the joint holders, the surviving joint holder/s of the shares is/are the only person/persons recognized by the company as the holders of the shares.

9. How do I make a nomination with regard to my shareholding?

The shareholders shall submit a Nomination Form (Form SH 13) in duplicate, duly filled and signed by all the shareholders as per format attached. Only one nominee can be nominated per folio. On receipt of the request for registration of nomination, the Share Transfer Agent will register the same by allotting a registration number. The duplicate copy of the nomination form will be returned to the shareholder(s) indicating the registration number and the date of registration of nomination. For nomination of shares held in de-mat form, please contact your Depository Participant.

10. Do I have to send my share certificates along with the nomination form?

No.

11. Can a nomination once made be changed?

Nomination once made can be revoked by a shareholder by giving a fresh nomination. If the nomination is made by joint holders, and one of the joint-holders dies, the remaining joint holder/s can make a fresh nomination by revoking existing nomination.

12. What is the Procedure to make a fresh nomination?

A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of securities who has made the nomination, by giving a notice of such cancellation or variation, to the company in Form No. **SH.14**.

13. Can Joint holders make different nomination?

Joint holders cannot propose different nominees for the same shares / debentures. The rules do not prescribe any specific manner for variation or cancellation of the nomination already made. However, in case of joint holdings, a person will have to be jointly nominated by all the joint holders.

14. What is the legal position of the nominee in case of death of the Shareholders?

In the event of death of the holder of securities or where the securities are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee may upon the production of such evidence as may be required by the Board, elect, either-

- (a) to register himself as holder of the securities ; or
- (b) to transfer the securities, as the deceased holder could have done.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the securities himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share or debenture holder(s).

15. What is the procedure for the nominee to get the shares in his name?

Upon death of a shareholder, the nominee is entitled to have the shares transmitted in his favour. She/he will have to give a notice in writing to this effect along with the share certificate(s) of the deceased shareholders. Alternatively, the nominee can transfer the shares held by the deceased shareholder, to a third party. If a nominee opts for registration of shares in his name, he is required to produce proof of identity, e.g., copy of passport, driving license, voter's identity card or such other proof to the satisfaction of the company. The nominee should also submit his specimen signature duly attested along with a request for transfer. Upon scrutiny of the documents submitted by the nominee, shares will be transmitted in his favour and share certificates returned to him duly endorsed.

16. Can the nominee sell the shares without registration in his favour? What is the procedure?

Yes, a nominee can sell the shares to a third party, without registration of shares in his favour. However, the usual procedure for transfer of shares will have to be followed.

17. What is the effect of nomination when a shareholder dies leaving a minor nominee?

Where the nominee is a minor, the holder of the securities, making the nomination, may appoint a person in Form No. **SH. 14** specified under sub-rule (1), who shall become entitled to the securities of the company, in the event of death of the nominee during his minority.

18. How does the Nomination for shares held in dematerialized form work?

In case the shares are held in dematerialised form, the nomination has to be recorded by the Depository Participant (DP), who is maintaining the de-mat account. In the application form provided by the Depository Participant for the opening of new de-mat account there is a column for providing the details of the nominee. In case the investor had not provided the details of nominee at the time of opening of the de-mat account or if he subsequently wants to change the nominee in respect of an existing de-mat account he can do so by furnishing the requisite details to his DP. If an investor is not sure as to whether he had submitted the details of nominee at the time of opening of the de-mat account or not, he may ask for a copy of client master from his DP

which contains all the details about the de-mat account like the residential address, residential status, particulars of the bank account to which dividend amount is to be credited, particulars of nominee etc.

19. Can there be one nominee for all other Companies shares held in De-mat account?

Once the nominee details is updated in your de-mat account, the individual will be nominee for the shares available in your de-mat account. Therefore there is no need to separately inform each company of the de-mat account nominee.

20. What happens if the Nominee dies before the Shareholder?

If a nominee dies before the shareholder / debenture holder, the nomination automatically gets cancelled until and unless the shareholder furnishes fresh nomination form to the company. In such an event the company transmits the shares / debentures in favour of the legal heirs or the holder(s) of the succession certificate (certificate issued by a court to the legal heirs of a deceased). Thus the heirs of the nominee are not entitled to the shares / debentures if the nominee has predeceased the shareholder / debenture holder.

21. Which is the form to be filled for Nomination of Shares?

Nomination form SH 13