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# Outlook

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## Sectors That Look Promising

Sector investing can potentially offer better returns, but mind the risks



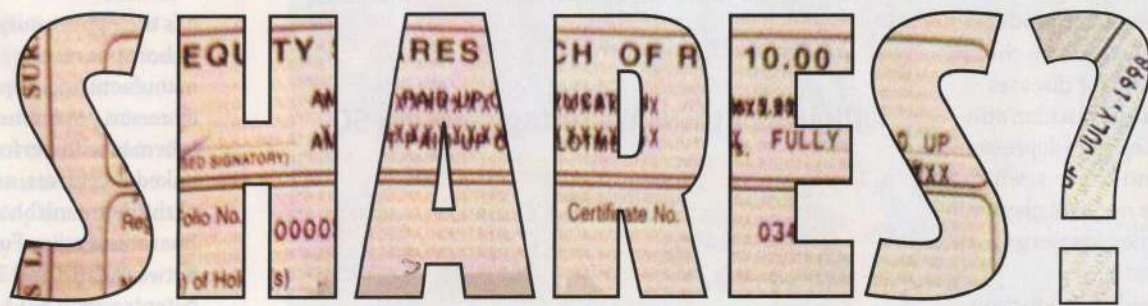
**Special Story**

Retrieving Lost Shares?  
Enter The Labyrinth

RNI NO. DELENG/2002/08292



# Retrieving



## Enter The Labyrinth

Redeeming lost shares may seem a formidable task, but understanding the processes and preparing the correct documents will give you a good head start to rightfully reclaim your family's 'lost' fortune

**Sanjeeb Baruah**

**W**hen Mumbai resident Rajiv Singh, 50, got a call four-five years ago from a Gujarat-based financial agent that a significant number of shares belonging to him, his parents and his brothers were lying unclaimed, he thought it was a hoax call.

But after multiple calls and meetings, and when the consultant gave him the names of

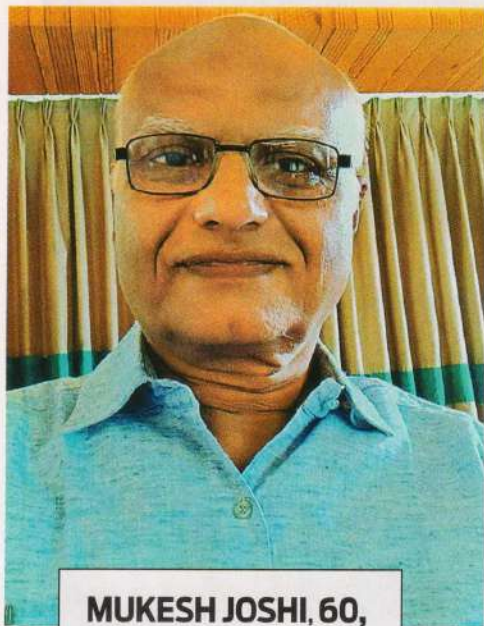
some of the shares and informed him that they had acquired substantial value now, he thought it was worth checking.

Says Singh, "We had shares of big companies like Reliance, Kotak, and Tata in the 1990s, but we lost track of them, and they got lost when we moved houses." At the time, shares were issued as physical certificates, and the family had misplaced them over the years.

These shares belonging to Singh's family landed in the Investors Education Protection Fund (IEPF), a repository of unclaimed shares and dividends created under the Companies Act, 1956, through a 1999 amendment.

When the Securities and Exchange Board of India (Sebi) introduced the dematerialised account system in 1996, people who had bought shares

## Special Story



**MUKESH JOSHI, 60,**  
Ahmedabad

**"I came to know of the shares when an agent came looking for my father and called relatives in the village. They were trying to contact him as he was the main shareholder."**

Shweta Gupta, founder and CEO of MUDS Management, adds that there are different scenarios for submitting documents. "If the share value per folio number per company is less than ₹5 lakh, then a legal heir certificate, a ration card with details of all family members, and a family deed is required. If the value is more, then 'Probate of Will', a letter of administration or court-registered Will must be produced, subject to RTA confirmation, besides the succession certificate," says Gupta.

The claimants must establish their credentials with the registrar and transfer agents (RTAs) to prove it is the same person or nominee, relationship with the shareholder, etc.

The RTA will also ask for an indemnity guarantee, stating that the

shares do not belong to anybody else. Once satisfied, the matter goes to the share-issuing company, which examines everything again before it goes to IEPF, which approves and disburses the amount.

However, preparing these papers isn't simple. Says Mantri, "The rules say that the client needs to get a guarantor, indemnity, and other things if the value is decent. If someone has shares worth ₹50 lakh, then they have to get a guarantor of ₹50 lakh till the shares are transferred in the person's name. A normal person cannot do all these tasks, and they don't even have the time."

The documents the government and the company require are extensive. "There is also some element of coordinating with the companies and the company secretaries, so it is not just about dealing with the government departments," says Talwar.

For most big companies, corporate governance and shareholder values are important, so he says the documentary requirement goes up. Moreover, from the company's perspective, these steps are critical because that's the only way to protect genuine shareowners.

Says Gupta, "Although the process is well-defined for all the authorities, syncing between RTA, the company, and IEPF is sometimes difficult. After verification from the RTA and the company, share recovery may take a little time to reach the shareholders' accounts."

### Test Of Patience

The process to recover or get these physical shares and deposits re-registered can be quite exhausting.

When Singh was first approached by an agent, it proved to be the start of a long journey that took him to several professionals. "We struggled for about a year-and-a-half, and then we got somebody else to look at it. We also got one of the big companies involved, but they could not get the process closed," says Singh, managing director at an engineering and manufacturing company.

Singh, who is Garg's client now, believes one should be careful in choosing the professional or firm that handles the case. "At least three or four people had approached us, but we gave the job to two of them. We struggled for about two-and-a-half years, but nothing happened. You need to have a very professional approach and be relentless in your pursuit," he says. In the last 15 months or so, with the help from Garg's firm, he was able to clear 90 per cent of the backlog. Rajiv believes that their focused and scientific approach and understanding of the processes like what affidavits

**According to a recent consultation paper published by IEPF in January 2023, there are roughly 1.17 billion (117 crore) unclaimed shares. Also, dividends worth ₹5,600-5,700 crore are yet to be returned to shareholders**