



IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

R/SPECIAL CIVIL APPLICATION NO. 12112 of 2023

FOR APPROVAL AND SIGNATURE:

HONOURABLE MR. JUSTICE HEMANT M. PRACHCHHAK Sd/-

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Approved for Reporting	Yes	No
		No

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DAKSHA NANAVATI

Versus

INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY & ANR.

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Appearance:

MR SI NANAVATI SENIOR COUNSEL WITH MR ADITYA A GUPTA(7875)
for the Petitioner(s) No. 1

MR ANKIT SHAH(6371) for the Respondent(s) No. 1

MR PARTH H SALUJA(13326) for the Respondent(s) No. 2

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CORAM: HONOURABLE MR. JUSTICE HEMANT M. PRACHCHHAK

Date : 09/03/2026

JUDGMENT

1. **RULE.** Mr. Ankit Shah, learned counsel waives service of notice of rule on behalf of respondent No.1 and Mr. Parth H. Saluja, learned counsel waives service of notice of rule on behalf of respondent No.1.

2. The petitioner has filed present petition under Article 226 and 227 of the Constitution of India r/w the provisions of Section 125, 124 and 469 of the Companies



Act, 2013 and also under the provision of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, with below mentioned relief/s:-

"22 (A) BE PLEASED to issue any appropriate writ, order or direction in the nature of certiorari, mandamus or any other writ, order or direction to quash and set aside the communication dated 15.05.2023 issued by Respondent No. 2 at Annexure N to this petition and communication dated 29.05.2023 issued by Respondent No. 1 at Annexure O to this petition and to further direct the Respondents to allow the application bearing Form IEPF -5 bearing SRN F60497815 and to transmit the shares from the name of the Petitioner's mother Kala Arvind Nanavati in the name of the Petitioner Daksha Nanavati in the interest of justice.

B) BE PLEASED to direct the respondent No 1 to transmit the amount of dividend admittedly transferred in the account of Respondent No 1 by Respondent No.2 as reflected in the entitlement letter at ANNEXURE F, dated 05.04.2023, in the bank account of the petitioner, the details of which have been submitted to the Respondents in the interest of justice.

C) BE PLEASED to direct the respondent No.2 to transmit the amount of dividend for the shares as per entitlement letter at ANNEXURE F, dated 05.04.2023, which has not been transmitted to Respondent No 1 in view of succession certificate, in the bank account of the petitioner, the details of which have been submitted to the Respondents in the interest of justice.

D) BE PLEASED to stay the communication dated 15.05.2023 issued by Respondent No. 2 at Annexure N to this petition and communication dated 29.05.2023 issued by Respondent No. 1 at Annexure O to this petition and to further direct the Respondents to allow the application bearing Form IEPF -5 bearing SRN F60497815 and to transmit the shares in the name of the



Petitioner's mother Kala Arvind Nanavati in the name of the Petitioner pending admission, final hearing and disposal of the petition in the interest of justice.

(E) BE PLEASED to award exemplary cost to the petitioner considering that the Respondents have put the Petitioner who is a senior citizen to a lot of convenience and harassment in the interest of justice.

(F) YOUR LORDSHIPS BE PLEASED to pass such other and further order, which may be deemed fit in the interest of justice. "

3. It appears that the petitioner has challenged the communication issued by respondent Nos. 1 and 2 rejecting the petitioner's application for transfer of shares in the name of the present petitioner on the ground that the shares were held in physical mode and were not reflected in the account. The respondents relied upon the provisions of the Rules of 2021, which amended the earlier Rules of 2016, and contended that the petitioner had failed to submit an indemnity bond executed on appropriate non-judicial stamp paper indemnifying the Share Transfer Agent (STA) or the issuer company, along with supporting documents such as a succession certificate, probate of will, letters of administration, court decree, or any other decree or order of a Court or Tribunal, as may be applicable under the provisions of the Indian Succession Act, 1925.

4. Since the petitioner did not submit the required indemnity bond, the request for transfer of shares in the



name of the petitioner was not considered by the authority, and the application was filed/closed by the authority on 15.04.2023 on the ground that the petitioner had failed to supply the indemnity bond within the prescribed period of 30 days as required under the Rules. Respondent No. 1 insisted that the Rules framed by it must be read and applied strictly and that even if the petitioner had complied with Rule 2.2(a), the petitioner was still required to furnish the indemnity bond as provided under 2.2(b)(ii).

5. According to the petitioner, such insistence is completely illegal, unauthorized, and contrary to the settled principles of law. Therefore, the petitioner has challenged the impugned action of the respondents as being illegal, arbitrary, and unsustainable in law.

6. The facts of the present petition are that the mother of the petitioner, late Kala Arvind Nanavati, was the original shareholder of shares in the company Navin Fluorine International Limited. The petitioner is in possession of the original share certificate of Navin Fluorine International Limited bearing Certificate No. 542653, Distinctive Nos. 47579281 to 47579290, and Folio No. 11011323. The said share certificate was in physical form.

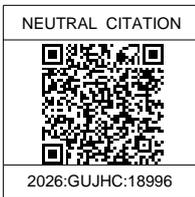
6.1 The mother of the petitioner passed away on



16.11.2012. Thereafter, the petitioner preferred Misc. Civil Application No. 365 of 2018 before the City Civil Court, Ahmedabad, seeking issuance of a succession certificate. By order dated 21.12.2021, the succession certificate came to be issued in favour of the present petitioner.

6.2 Subsequently, the petitioner applied for transfer of the shares in the name of the petitioner as the legal heir of the original shareholder. In response thereto, on 14.06.2022, the petitioner received a letter from the respondent requiring submission of the documents mentioned in the appended list. The petitioner accordingly supplied the required documents, including a copy of the succession certificate along with an affidavit, which was stated to be mandatory where the value of the shares exceeds Rs.5,00,000/-.

6.3 However, in the present case, the value of the shares was less than Rs.5,00,000/-. Despite this, the respondents insisted that the petitioner submit an indemnity bond before the authority within 30 days from the receipt of the said letter along with other documents. Since the respondents did not respond till 06.01.2023, the petitioner sent a reminder email, which also remained unanswered. Thereafter, another reminder email was sent on 16.01.2023, which was also not replied to by the respondents.



6.4 In view of the inaction on the part of the respondents, the petitioner approached the Nodal Officer, i.e., respondent No.2. The Nodal Officer unequivocally informed the petitioner that the documents submitted by you had been scrutinized and verified and were found to be in order. The petitioner was further informed to fill and submit Investor Education & Protection Fund Authority i.e.IEPF-5 for release of dividend/shares. Accordingly, the petitioner submitted the said form electronically on 15.04.2023 and also informed the authority that an indemnity bond was not required in view of the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, particularly Rule 2.2(b)(ii), since the value of the shares was below Rs.5,00,000/-. The petitioner had already submitted the succession certificate along with the application.

6.5 The relevant Rule Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, reads as under:

"2.2 For value of securities up to [Rs. 5,00,000 (Rupees five lakh only),] per issuer company as on date of application, one or more of the following documents:

(a) 2[Succession certificate or probate of will or will or letter of administration or Decree, as may be applicable in terms of Indian Succession Act, 1925. (39 of 1925) or any other Decree or Order of any Court or Tribunal]



(b) In the absence of the documents as mentioned at (a) above,

(i). No objection certificate from all legal heir(s) executed by all the legal heirs of the deceased holder not objecting to such transmission (or) copy of Family Settlement Deed duly notarized

and

(ii). An Indemnity bond made on appropriate non-judicial stamp paper-indemnifying the STA or Issuer Company."

6.6 Despite the above, the respondents have failed to transfer the shares in favour of the present petitioner. Hence, the petitioner has approached this Court challenging the impugned action of the respondents in not transferring the said shares in favour of the petitioner.

7. Heard Mr. S.I. Nanavati, learned senior counsel assisted by Mr. Aditya A. Gupta, learned counsel for the petitioner and Mr. Ankit Shah, learned counsel for the respondent No.1 and Mr. Parth Saluja, learned counsel for responded No.2.

8. Mr. S.I. Nanavati, learned Senior Counsel appearing for the petitioner, has submitted that the petitioner has furnished all the necessary documents as required by the respondents. He has further pointed out that since the value of the shares is less than Rs.5,00,000/-, the



requirement of furnishing an indemnity bond does not arise, as provided under the Rules framed by respondent No.1. In support of the said contention, reliance has been placed upon the notification issued by the Ministry of Corporate Affairs dated 05.09.2016 under the relevant Rules, more particularly Rule 2.2 read with Rule 4.2, wherein it is specifically provided that:-

"2.2 For value of securities upto [Rs. 5,00,000 (Rupees five lakh only),] per issuer company as on date of application, one or more of the following documents:

(a) [Succession certificate or probate of will or will or letter of administration or Decree, as may be applicable in terms of Indian Succession Act, 1925. (39 of 1925) or any other Decree or Order of any Court or Tribunal]

(b) In the absence of the documents as mentioned at (a) above,

(i). No objection certificate from all legal heir(s) executed by all the legal heirs of the deceased holder not objecting to such transmission (or) copy of Family Settlement Deed duly notarized

and

(ii). An Indemnity bond made on appropriate non-judicial stamp paper-indemnifying the STA or Issuer Company."

8.1 Meaning thereby, in the absence of the documents mentioned in Clause-a, the petitioner is required to fulfill the criteria laid down in Clause-b. However, in the present case, the petitioner has already complied with the



requirements of Clause-a and, therefore, there is no necessity to comply with the criteria prescribed under Clause-b. In such circumstances, the action of the respondents is contrary to the settled principles of law and, therefore, the same deserves to be quashed and set aside.

8.2 Mr. S.I. Nanavati, learned Senior Counsel appearing for the petitioner has also submitted that the stand of the Deputy Nodal Officer in its communication dated 15.5.2023 also goes against Section 124(6) of the Companies Act, 2013.

8.3 Over and above the contentions raised in the memo of the petition, the petitioner urges before the Court that present petition may be allowed and the impugned communications may be quashed and set aside.

9. On the other hand, learned counsels appearing for the respondents have opposed the petition and submitted that present petition may not be entertained and the same may be dismissed.

9.1 Reliance is placed on the the affidavit in reply filed by Nodal Officer i.e. respondent No.2 - Navin Fluorine International Limited and more particularly paragraph No.14 with reads as under:-



"14. With reference to paragraph 17 of the SCA. I state that the email dated 13.06.2023 (Annexure-Q, pages 96-97) has been addressed by the advocate of the Petitioner to the Respondent No.1-IEPF.

It is in the aforesaid background that the Petitioner has approached this Hon'ble Court by the present SCA. I reiterate that in so far as the Respondent No.2-Company is concerned, the Respondent No.2-Company while issuing the Entitlement letter dated 09.04.2023 (Annexure-F, pages 52-54) has clearly informed the Petitioner that her documents are in order. However, since submission of Indemnity Bond was one of the mandatory requirements getting auto generated while filing Form IEPF as per the procedure laid by Respondent No.1-IEPF and the said requirement of furnishing indemnity is also specified in (i) the proviso to Rule 7(2) of IEPF Rules and Schedule IV to the IEPF Rules; and (ii) on the website of IEPF at <https://www.iepf.gov.in/IEPF/refund.html>, the Respondent No.2-Company called upon the Petitioner to supply the same. However, if the Respondent No.1-IEPF dispenses with and/or waives the requirement of indemnity Bond, the Respondent No.2-Company can have no objection to the transmission of shares and to the refund of unclaimed dividends."

9.2 It is submitted that the petitioner's mother, late Kala Arvind Nanavati, who was the original shareholder, passed away on 16.11.2012. However, the petitioner obtained the Succession Certificate only on 21.12.2021. In the meantime, as the dividend on the shares remained unpaid or unclaimed for seven consecutive years, the shares were transferred to the Investor Education and Protection Fund (IEPF) on 24.12.2021 in accordance with Section 124(6) of the Companies Act, 2013.



9.3 It is submitted that the petitioner was informed about the transfer of shares to the IEPF Authority by letter dated 14.06.2022 along with the procedure for claiming the same. Thereafter, upon receipt and verification of the documents submitted by the petitioner, Respondent No.2 issued an Entitlement Letter dated 05.04.2023 under Rule 7(9) of the IEPF Rules confirming that the documents were in order and advising the petitioner to file Form IEPF-5 before the IEPF Authority.

9.4 It is submitted that while processing the claim, the requirement of submission of an Indemnity Bond was generated as per the IEPF Rules and the procedure prescribed by the IEPF Authority. Since the petitioner failed to submit the same within the prescribed time, Respondent No.2 was constrained to reject the application vide email dated 15.05.2023 in compliance with Rule 7(3) of the IEPF Rules. Thereafter, the IEPF Authority itself rejected the petitioner's application by communication dated 29.05.2023.

9.5 It is submitted that in view of the above, Respondent No.2 has acted strictly in accordance with the statutory provisions and has no independent role once the shares are transferred to the IEPF Authority. However, if Respondent No.1 - IEPF Authority waives the requirement of the Indemnity Bond, Respondent No.2 has

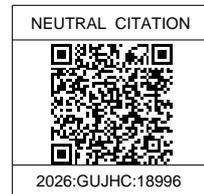


no objection to the transmission of shares and refund of unclaimed dividends in accordance with law.

10. The petitioner has also filed a rejoinder affidavit to the affidavit-in-reply filed by Respondent No.2, wherein the petitioner has reiterated the contentions raised in the memo of the petition and has once again referred to the provisions of Sections 124 and 125 of the Companies Act, 2013. It is contended by the petitioner that unless and until the shares are transmitted in the name of the petitioner, the petitioner would not be entitled to claim the same and, therefore, the petitioner seeks appropriate directions for transmission of the shares.

10.1 The petitioner has further contended that the provisions of the relevant Rules framed under the IEPF Rules have been duly complied with and that the petitioner satisfies the requirement of Rule 2.2a. It is therefore urged that once the criteria under clause 2.2a are fulfilled, the petitioner is not required to comply with clause 2.2b of the said Rules and consequently is not required to submit any Indemnity Bond. It is also contended that the value of the shares in question is not exceeding Rs.5,00,000/-.

11. I have perused the documents and relevant material available on record. I have also gone through the record of the petition and the provisions of the Act and Rules



framed thereunder.

12. Considering the facts and circumstances of the case and the submissions advanced by both sides, it clearly emerges that the petitioner has duly complied with all the requisite criteria and has submitted all the relevant documents in the prescribed manner. In such circumstances, the respondent No.2 is required to process the petitioner's request and transfer the shares in the name of the petitioner.

13. So far as the insistence of the respondent authorities upon submission of an indemnity bond by relying upon Rule 2.2 is concerned, the same is wholly misconceived and contrary to the scheme of the Rules. A plain reading of Rule 2.2 makes it abundantly clear that the requirement of furnishing documents mentioned in Clause-b arises only in the absence of the documents specified in Clause-a. In the present case, the petitioner has already furnished all the documents contemplated under Clause-a. Therefore, there was no justification whatsoever on the part of the respondent to insist upon the petitioner to submit an indemnity bond as the petitioner has provided the succession certificate as per Clause a of Rule 2.2.

14. The action of the respondent in refusing to process the petitioner's application on such untenable grounds is arbitrary and unsustainable in law. Once the petitioner has complied with the requirements prescribed under the Rules, the respondents cannot impose additional



conditions which are not contemplated therein.

15. Accordingly, the concerned respondent is hereby directed to forthwith process the application submitted by the petitioner and transfer the shares in the name of the petitioner without insisting upon submission of any indemnity bond. The said shares constitute the lawful property of the petitioner and, therefore, the petitioner cannot be deprived of the same due to an unwarranted and erroneous interpretation of the Rules by the respondent authorities.

16. For the foregoing reasons the petition is hereby allowed. A communication dated 15.05.2023 issued by Respondent No. 2 and communication dated 29.05.2023 issued by respondent No.1 are hereby quashed and set aside. Rule is made absolute to the aforesaid extent. No order as to costs.

SURESH SOLANKI

Sd/-
(HEMANT M. PRACHCHAK,J)