

**BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI**

Appeal No. 107 of 2008

Date of decision: 26.9.2008

M/s. MCS Limited

.....Appellant

Versus

Securities and Exchange Board of India

..... Respondent

Mr. Narayan Sahu Advocate for the Appellant.

Mr. Kumar Desai Advocate with Ms. Daya Gupta and Ms.Chloris John Advocates for the Respondent.

CORAM : Justice N.K. Sodhi, Presiding Officer

Arun Bhargava, Member

Utpal Bhattacharya, Member

Per : Justice N.K. Sodhi, Presiding Officer (Oral)

The appellant is a Registrar and Share Transfer Agent registered with the Securities and Exchange Board of India (for short the Board). The Board received complaints from some issuer companies alleging that on the termination of their agreement with the appellant as Share Transfer Agent (STA), the latter did not hand over the records/data and other relating documents which were in its possession in its capacity as STA. The complaints were forwarded to the appellant to make necessary compliance and, on its failure to do so, proceedings were initiated under section 11B of the Securities and Exchange Board of India Act, 1992 (hereafter called the Act). On receipt of the show cause notice, the appellant filed its reply stating that except in the case of M/s. Varun Shipping Company Ltd. and Dabur India Ltd., it had issued the necessary no objection certificates of all other companies with whom the agreement had been terminated and that these two companies have not paid the dues which, according to the appellant, were due to it under the agreement. On a consideration of the material collected during the course of the enquiry held under section 11B of the Act and after taking into consideration the reply filed by the appellant, the whole time member by his

order dated August 11, 2008 held that the appellant had acted contrary to the code of conduct prescribed for STAs and a direction has been issued to transfer all data/records and issue no objection certificates to the companies and the depository, if not already done, failing which strict action would be taken against it. It is against this order that the present appeal has been filed.

We have heard the learned counsel for the parties and they are agreed that the direction issued to the appellant has since been complied with. In this view of the matter, nothing survives in the appeal. However, what is contended by the learned counsel for the appellant is that the Board while directing the appellant to transfer all data/records to the issuer companies should have also directed them to pay the dues to the appellant which, according to it, are due under the contract. We cannot accept this contention. The code of conduct prescribed for STAs requires that as and when the contract with the issuer companies is terminated, the former should handover to the latter the data/records and other documents that may be in their possession. Since this was not done, the Board rightly directed the appellant to return the records and the data. As already observed, this direction has been complied with. As regards the dues which the appellant is claiming, it would be open to it to resort to proceedings in an appropriate forum in accordance with law to receive those dues. The Board cannot take upon it to adjudicate such contractual disputes between the parties. In view of what has been stated above, the appeal has become infructuous and the same is accordingly disposed of with no order as to costs.

Sd/-
Justice N.K.Sodhi.
Presiding Officer

Sd/-
Arun Bhargava
Member

Sd/-
Utpal Bhattacharya
Member

26.9.2008
pmb