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National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55808	Date: February 28, 2023
Circular Ref. No: 56/2023	

To All NSE Members,

Sub: SEBI Order in the matter of MCS Limited

SEBI vide its order no. WTM/AB/MIRSD/DOS-3/24259/2022-23 dated February 28, 2023, has hereby prohibited the entity MCS Limited (PAN: AAACM8027G) from buying, selling, or otherwise dealing in securities market in any manner whatsoever and is further prohibited from accessing the securities market for a period of 3 years from the date of this order.

The order comes into force with immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under "Home-Regulation-Members-Action against Members-Regulatory Actions".

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Ritik Bhriegu (Extension: 23020), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

National Stock Exchange of India

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: SEBI Order in the matter of MCS Limited

WTM/AB/MIRSD/DoS-3/24259/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

IN RESPECT OF –

SL. NO.	NOTICEE(S)	PAN / DIN
1.	MCS LIMITED	AAACM8027G
2.	SAURABH RATERIA	01246021
3.	RAMESH AGARWAL	01060363
4.	ANIRUDDHA MITRA	01663159
5.	PARSHURAM VISHRAM BHUWAD	05356204

IN THE MATTER OF COMPLAINT OF MR. MANOJ DHARAMDAS SHAH

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1. Present proceedings have emanated from a show cause notice dated July 28, 2021 (hereinafter referred to as "**the SCN**"), issued by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") to M/s. MCS Limited (hereinafter referred to as "**Noticee no. 1**" / "**MCS**") and its directors, namely Saurabh Rateria, Ramesh Agarwal, Aniruddha Mitra and Parshuram Vishram Bhuwad (hereinafter collectively referred to as "**Noticees**"). The background of the case is as follows.

2. MCS Ltd. is a Category – I Registrar to an Issue & Share Transfer Agent (RTA) holding permanent registration no. INR000000056. SEBI conducted a specific purpose inspection of MCS on May 12, 2014 pursuant to the publishing of various news items pertaining to certain investigations conducted by the Economic Offence Wing, Mumbai Police, and subsequent arrests made by them in respect of alleged

dematerialization and selling of shares of dormant accounts using forged documents. The news articles also made reference to MCS. The scope of inspection was to ascertain the circumstances leading to the instances of alleged dematerialization and selling of shares of dormant accounts using forged documents.

3. It was found during the aforesaid inspection that MCA had acted as the RTA for Eicher Motors Ltd. (hereinafter referred to as "**Eicher**"), a company incorporated in the year 1982 and listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), during the period from 2005 to 2015. The inspection revealed that MCS had entertained a total of 22 requests for issuance of duplicate shares, illegal transfer and dematerialization of shares, out of which 6 requests were for issuance of duplicate shares. In each of the 6 cases, the value of shares involved was more than Rs.10,000. The inspection revealed that neither were signature records of investors available with MCS nor any advertisements were issued in any widely circulated newspaper with regard to the abovementioned requests. Brief details of the 6 requests pertaining to issuance of duplicate shares are given below:

S.No.	Name of Investor	No of shares	Folio No.	Date of Receipt of Complete Duplicate Request by MCS Ltd	Closing Price on NSE as on Receipt Date	Value of Shares (Rs)
1	Satya Paul Saigal	500	00039152	27.11.2012	2612.6	13,06,300
2	Joseph John V	500	00032255	19.01.2013	2712.25	13,56,125
3	Zuhara Salam	500	00058538	28.01.2013	2640.10	13,20,050
4	G Radhika	500	00052838	24.01.2013	2699.55	13,49,775
5	Manohar Shivanagi	500	00063099	08.12.2012	2690.15	13,45,075
6	Kavita R Mehta	500	00056934	20.11.2012	2355.20	11,77,600

4. Subsequently, SEBI also received a complaint dated June 28, 2015 on behalf of one Mr. Manoj Dharamdas Shah (the Complainant), who claimed to be a bonafide shareholder of Eicher. The Complainant *inter alia* alleged that Eicher (Issuer Company) and its RTA (MCS) had cheated him by changing his address and signature in their records, issuing duplicate share certificates for 100 shares belonging to him and thereafter illegally transferring the said shares in the name of one Mr. Vijay Ratnakar Humbre. As per the Complainant, he was holding the said shares since May 07, 1991 and had the original certificate with him. On submission of a request for dematerialization of the said shares on January 06, 2015, the said request was rejected by the RTA (MCS) on January 19, 2015 by stating that duplicate share certificate in respect of those shares had already been issued. However, the Complainant had never applied for the issuance of duplicate share certificate.

5. Pursuant to receipt of the aforesaid complaint, SEBI conducted an examination of the process followed for issuance of duplicate shares by Eicher and MCS. During the course of the said examination, MCS had sent an email dated July 22, 2015 to SEBI, wherein it was stated that a request in the name of one Mr. Manoj D Shah for change of address as well as signature was received by MCS in March 2007 and that subsequently, another request was received by MCS in June 2007 for issuance of duplicate share certificate along with various documents containing the signatures of Mr. Manoj D Shah, which were tallying with the specimen signature in its records. The said documents were processed by MCS and sent to Eicher for its approval and upon receipt of approval, duplicate shares were issued by MCS to Mr. Manoj D Shah's address. The shares were subsequently transferred by MCS to one Mr. Vijay R Humbre, who later dematerialized the same. It was observed that with respect to the issuance of duplicate shares to "Mr. Manoj D Shah", no advertisement was issued by Eicher and MCS, as required under Clause 23 of General Norms for Processing of Documents as prescribed under RTI Circular No. 1 (2000-2001) dated May 09, 2001.

6. SEBI vide email dated October 21, 2015 sought further information from Eicher with respect to processing of certain requests for issue of duplicate share certificates. Eicher vide its reply dated October 30, 2015 stated *inter alia* that it had filed a police complaint vide letter dated October 15, 2015.

7. In this regard, it was observed from the records of Eicher that the shares in question originally belonged to Mr. Manoj Dharamdas Shah, son of Mr. Dharamdas Shah, as stated in the permanent records of Eicher. It was also observed that Eicher had approved the issuance of the duplicate share certificates and the same was processed by MCS in the name of Mr. Manoj D Shah, son of "Mr. Dayalal Shah", as stated in the FIR copy, the affidavit and the Indemnity Bond submitted to MCS.

8. SEBI vide email dated July 30, 2015 had advised MCS to furnish the documents sought from Mr. Manoj D Shah, son of Mr. Dayalal Shah", for processing the change in signature and address. MCS vide email dated August 06, 2015 stated that before 2013-14, the signature was updated based on the signed letter duly attested by the banker of the shareholder, however, in the above case, the same were not available with / traceable by MCS. MCS also submitted that the shareholder's name was recorded as Mr. Manoj D Shah and it had presumed that the letter "D" stood for "Dayalal" in the shareholder's name. Further, vide the statement recorded on September 28, 2015, Mr. Manhar Kapoor, the Chief Compliance Officer of Eicher, had admitted that there was an error in not comparing father's name of the shareholder in Eicher's records.

9. As mentioned above, Eicher had itself lodged a police complaint requesting for investigation in the above matter. It was thus observed that Eicher and MCS had not exercised due skill, care and diligence and not followed procedures and requirements while issuing duplicate share certificates and processing transfer requests. The same

resulted in a loss of equivalent to the value of said 100 shares of Eicher to the Complainant, Mr. Manoj Dharamdas Shah**.**

10. It was also observed that no advertisement was issued in the present matter of complaint of Manoj Dharamdas Shah, though the value of shares involved was around Rs.35,000/- (2007-08), even though Clause 23 of General Norms for Processing of Documents as prescribed under RTI Circular No. 1 (2000-2001) dated May 09, 2001 required "*issue of advertisement in widely circulated newspaper to be issued when value of shares is greater than Rs. 10,000".* Also, in the 6 requests for issuance of duplicate shares as mentioned in the Table at Para 3 above, no advertisement was issued by Eicher and/ or MCS in any widely circulated newspaper, though the value of shares was around Rs.13 Lakhs on the date of receipt of complete documents.

11. Further, the indemnity/ FIR/ affidavit copy obtained by MCS while processing the request for issuance of duplicate shares of Manoj D Shah were not proper and MCS processed the request while Eicher had approved the issuance of duplicate shares without receipt of proper indemnity. Additionally, Eicher had not issued new certificates in replacement of those which were lost, within six weeks of notification of loss as required under the provisions of Clause 3 (e) of Listing Agreement.

12. Also, as per Circular SMDRP/POLICY/CIR-46/2001 dated September 27, 2001 issued to all the stock exchanges, *where the investor has complained about issuing of duplicate share certificate(s) by the company on the basis of allegedly forged/stolen documents furnished by a third party, the company shall verify and satisfy itself of the claim of the investor, within 15 days of receipt of the claim and take steps including invoking of indemnity bond to issue shares and corresponding benefits to the rightful owner in terms of section 84 of the Companies Act read with Rule 3 of the Companies (Issue of Share Certificates) Rules, 1960.* The circular is

applicable in respect of all companies/ organisations (i.e. entities) whose shares are listed on any of the stock exchanges and are in physical form.

13. It was thus observed that MCS processed and approved issuance of duplicate shares without receipt of any proper indemnity and without exercising due skill, care and diligence. It was therefore alleged that MCS had violated the provisions of Clause 23 of General Norms for Processing of Documents as prescribed under RTI Circular No. 1 (2000-2001) dated May 09, 2001 (incorporated in Master Circular CIR/MRD/DP/9/2015 dated May 26, 2015, Clause 3 (e) of Listing Agreement and SEBI Circular SMDRP/POLICY/CIR-46/2001 dated September 27, 2001).

14. Further, it was alleged that Saurabh Rateria and Ramesh Agarwal, who were directors of MCS and Aniruddha Mitra and Parshuram Vishram Bhuwad, who were Whole Time Directors of MCS, were vicariously liable for the abovementioned defaults, failed the test of integrity, reputation and character and facilitated commission of fraud by not following proper procedure and not exercising due care and diligence in the process of issuance of duplicate shares. The details of the Directors and their tenure are given below:

Sr. No.	Name	Designation	DIN No	Date of Appointment (DD/MM/YYYY)	Date of Termination (DD/MM/YYYY)
1	Saurabh Rateria	Director	01246021	28/05/2001	30/07/2011
2	Ramesh Agarwal	Whole-time Director	01060363	30/01/2004	01/06/2007
3	Aniruddha Mitra	Whole-time Director	01663159	20/06/2007	29/10/2010
4	Parshuram Vishram Bhuwad	Whole-time Director	05356204	02/04/2012	NA

15. It was, therefore, alleged that the Directors of MCS were in violation of Fit and Proper Person Criteria, as enshrined under Clause 'a' of Schedule II of SEBI (Intermediaries)

Regulations, 2008 read with Regulation 6A of (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and of Regulations 3(a), 3(b), 3(c), 3(d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

16. In view of the above, the SCN as referred to in para 1 above was issued to MCS and its abovementioned directors and they were called upon to show cause as to why appropriate directions under Section 11B of the SEBI Act, 1992 should not be issued against them for the abovementioned violations.

SERVICE OF SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING –

17. The SCN was sent to all the Noticees through Speed Post. However, the confirmation of delivery of SCN was available only for Mr.Saurabh Rateria (Noticee 2) and Mr. Ramesh Agarwal (Noticee 3). The SCN was served on the other Noticees 1, 4 and 5, viz. MCS, Mr. Aniruddha Mitra and Mr. Parshuram Vishram Bhuwad respectively, by issuing notices in various newspapers on September 07, 2021.

18. While Mr. Saurabh Rateria (Noticee 2) and Mr. Ramesh Agarwal (Noticee 3) responded to the SCN vide their letters which are detailed below, the other Noticees did not respond to the SCN in any manner whatsoever.

19. The Noticees were provided with an opportunity of personal hearing which was scheduled on July 05, 2022. The notices of hearing were served to Mr. Saurabh Rateria (Noticee 2) and Mr. Ramesh Agarwal (Noticee 3) by Speed Post. The notices sent to other Noticees through Speed Post returned undelivered. The notices were later served on such Noticees though publication of intimation in various newspapers on June 23, 2022.

20. Mr. Saurabh Rateria (Noticee 2) and Mr. Ramesh Agarwal (Noticee 3) through their Authorized Representative (AR), Mr. Vinay Chauhan, Advocate, attended the hearing conducted through video conference. In respect of Mr. Ramresh Agarwal (Noticee 3), the AR made oral submissions on the lines of those contained in Mr. Agarwal's reply dated June 25, 2022. As regards Mr. Saurabh Rateria (Noticee 2), the AR made oral submissions which he undertook to submit in writing with in next 7 days. The AR claimed that Shri Rateria had filed his reply to the SCN in June 2022. However, it was conveyed to the AR that no such reply had not been received by SEBI. He was instructed to re-submit a copy of such reply earlier filed, if any, within 7 days. As email dated July 08, 2022 was also sent to the AR advising him to submit copy of reply filed earlier, if any. However, no response was received from Mr. Saurabh Rateria or the AR afterwards. As regards Mr. Ramresh Agarwal (Noticee 3), he submitted additional written submissions dated July 08, 2022.

21. The Noticees 1, 4 and 5, viz. MCS, Mr. Aniruddha Mitra and Mr. Parshuram Vishram Bhuwad respectively, did not attend the hearing nor did they submit any response afterwards.

22. Mr. Saurabh Rateria vide his letter received by SEBI on August 23, 2021 submitted the following:

(a) The Noticee was an independent director of MCS Limited and was never involved in any routine manner and also regular operations on daily basis. Therefore, no matter pertaining to day to day affairs ever came to his knowledge.
(b) Being an independent director, he was not involved in regular matters including that referred to in the SCN.

23. Further, during the personal hearing held on July 05, 2022, the AR of Mr. Saurabh Rateria had claimed that Shri Rateria had filed his reply to the SCN in June 2022.

However, it was conveyed to the AR that no such reply had not been received by SEBI. He was instructed to re-submit a copy of such reply earlier filed, if any, within 7 days. As email dated July 08, 2022 was also sent to the AR advising him to submit copy of reply filed earlier, if any. However, no response was received from Mr. Saurabh Rateria or the AR afterwards. I thus presume that the letter from Mr. Saurabh Rateria received by SEBI on August 23, 2021 was the only reply submitted by him.

24. Mr. Ramesh Agarwal vide his letter dated August 09, 2021 has submitted inter alia the following:

(a) The Noticee denies all the allegations against him in the SCN.

(b) The SCN suffers from enormous delay and laches. The allegations against the Noticee are based on issuance of Duplicate shares by MCS in the year 2007 i.e., around 15 years ago. The said inordinate delay of around t5 years has severely prejudiced the Noticee, as he is handicapped to provide any substantiating material in support of his defense, especially since he had resigned from the board of MCS on 1.6.2007. On this ground alone, the SCN ought to be dropped.

(c) The Noticee was a Whole Time Director of MCS during the period January 30, 2004 to June 01, 2007. As a director, his role and responsibility were mainly pertaining to marketing for increasing client base. He did not hold any shares in MCS.

(d) Since start of year 2007, the Noticee was not keeping good health and was *inter aria* suffering from Type 2 Diabetes, which required frequent consultation with doctors and consequent hospitalization. Same was resulting in him being consistently absent from the office. Consequently, given his health condition and inability to focus on official matters, the Noticee tendered his resignation to the Board of MCS in February 2007, *inter alia*, due to ill health. At the relevant time, the Noticee's tenure of appointment was to expire on May 31, 2007. Copy of his resignation letter dated February 18, 2007 is enclosed.

(e) on receipt of Noticee's resignation, the Board requested him to reconsider the same and continue at least till the date of expiry of tenure on May 31, 2007. Further, taking into account his health conditions, Board had also offered him option of functioning from Kolkata (Noticee's hometown) as per his convenience (i.e. health conditions permitting). Under these circumstances, the Noticee continued as a director with the option of continuing post May 31, 2007, if his health conditions improved. Unfortunately, his health conditions at the relevant time kept worsening and he could not attend to work. Between February 2007 to May 2007, the Noticee was working intermittently and only attending to urgent work. Finally, given his worsening health condition, he again tendered his resignation on May 18, 2007, which was accepted by the Board. Copy of his resignation letter dated May 18, 2007 and copy of Form 32 as filed by MCS with ROC are enclosed. From the aforesaid sequence of events, it would be clear that, effectively, since February 18, 2007, the Noticee was intermittently involved in the affairs of MCS and post June 01, 2007, he had nothing to do with the affairs of MCS.

(f) The assumption that the Noticee was the director of MCS at the relevant time is erroneous. Further, it is also well settled that a director cannot be held liable or responsible for the acts of the company, which have occurred post his resignation.

(g) The instances of issuance of duplicate shares cited in Table at para 3 of the SCN pertain to November 2012 to January 2013, which happened after Noticee's resignation. Further, even processing of application for issuance of duplicate shares by MCS in case of Manoj Dharamdas Shah happened in September 2007, which was post his resignation.

(h) The Noticee cannot be held vicariously liable under Section 27 (1) of the SEBI Act, 1992 since at the relevant time, the said provisions did not provide for vicarious liability of directors in respect of civil liability of the company arising out of violations committed by the company. Civil liability has been covered only after amendments were made to Section 27 with effect from March 08, 2019.

(i) As regards ‘fit and proper person’ criteria under Regulation 6A of the RTA Regulations, as referred to in the SCN, the said criteria came into existence only from May 26, 2008, which is post Noticee’s resignation as a director. In any case, the said criteria are applicable on to ‘intermediaries’ or ‘persons / entities who intend to get registered as intermediaries’ and not to individuals like the Noticee.

(j) The allegation pertaining to violation of the provisions of PFUTP Regulations are totally unfounded and unsubstantiated.

(k) Any adverse finding would put the Noticee and his family at risk of financial difficulty and lead to a serious loss of reputation from which he may not be able to recover.

(l) Over the years, the Noticee has had an impeccable and stellar professional track record and at all points of time he has acted with highest standards of integrity and ethics. Save and except the present SCN, till date no notice has been issued or any adverse orders been passed against him by any regulator, including SEBI.

25. Mr. Ramesh Agarwal has enclosed with his letter dated August 09, 2021, a copy of letter dated February 18, 2007 addressed to MCS wherein he had inter alia stated that due to personal problems, he did not want to continue as a director of MCS and requested MCS to consider the cessation of his directorship with effect from February 18, 2007. The said letter had an acknowledgement stamp of MCS with the date February 18, 2007.

CONSIDERATION AND FINDINGS –

26. I have examined the facts of the case, the allegations against the Noticees, as mentioned in the SCN, the submissions made by some of the Noticees and other material available on record. I have considered the same. Since MCS and Noticees 4 and 5 have not responded to the SCN nor have attended the personal hearing, I proceed to decide the matter based on material available on record, as regards such Noticees.

27. I note from records that in respect of six instances pertaining to requests for issuance of duplicate share during the year 2012-13, as mentioned under para 3 above and in the case of Manoj Dharamdas Shah in 2008 as discussed above, duplicate share certificates were issued without issuing any advertisement in any widely circulated newspaper, even though the value of shares involved in each of such cases exceeded Rs.10,000. I note that as per Clause 23 of the General Norms for Processing of Documents, as prescribed under SEBI Circular RTI Circular No.1 (2000-2001) Dated May 09, 2001 that a company / RTA has to *"issue an advertisement in a widely circulated newspaper if the value of the shares is greater than Rs 10,000."* I thus find that by failing to issue an advertisement in a widely circulated newspaper before issuing duplicate share certificates in the abovementioned 7 instances, MCS has violated the provisions of the abovementioned Circular.

28. I further note that in the six instances mentioned in the Table under para 3 above, signature records were not available with MCS. Further, in case of shares belonging to Manoj Dharamdas Shah, while Eicher's permanent records mentioned Manoj Dharamdas Shah's father name as "*Dharamdas Shah*", MCS had processed the request for issuance of duplicate shares even though the Indemnity Bond, FIR and Affidavit Copy wrongly mentioned father's name as "*Dayalal Shah*". Thus, MCS had processed the request for duplicate shares without proper Indemnity. Further, MCS could not provide the supporting documents relied upon while processing the request for change in signature and address. I note that MCS had failed to follow due procedures and requirements while processing request for change in signature and address, request for issuance of duplicate share certificate and request for transfer of shares, resulting in fraudulent transfer of shares of Manoj Dharamdas Shah to a fraudster and loss of equivalent value to Manoj Dharamdas Shah.

29. I note that MCS has not responded to the allegations in the SCN in any manner whatsoever. I thus find that the allegations mentioned against MCS in the SCN stand established.

30. As regards other Noticees, I note that they were directors of MCS at various points of time and the details of their tenure are mentioned in the Table at para 14 above. The said Noticees are alleged to be vicariously liable for the defaults by MCS and are further alleged to have facilitated commission of fraud by not following proper procedure and not exercising due care and diligence in the process of issuance of duplicate shares, thereby violating regulations 3(a), (b), (c) & (d) and 4(1) of the PFUTP Regulations, 2003. They are also alleged to have failed the test of integrity, reputation and character, resulting in violation of Fit and Proper Person Criteria under Clause 'a' of Schedule II of SEBI (Intermediaries) Regulations, 2008 and Regulatin 6A of the RTA Regulations. I have examined their case on by one.

31. As regard Mr. Saurabh Rateria, I note from records that he was director of MCS from May 28, 2001 to July 30, 2011. I note that Mr. Saurabh Rateria vide letter received by SEBI on August 23, 2021 has contended that he was only an independent director and was not involved in the day to day affairs of MCS. He has further submitted that he was not aware of the instances cited in the SCN. I note that while Mr. Saurabh Rateria has not provided any documentary proof in support of his contention was he was merely an independent director and was not involved in the day to day affairs of MCS, only one instance of issuance of fraudulent issuance of duplicate shares out of the 7 instances mentioned in the SCN had taken place during his directorship. While the request for issuance of duplicate shares in respect of shares belonging to Manoj Dharamdas Shah was processed in 2007-2008 when he was still a director, the requests for issuance of duplicate shares in six instances mentioned in the Table at para 3 above were processed after his tenure as director had ended. Considering the fact that only one instance of fraudulent issuance of duplicate shares was observed

during the Noticee's tenure as a director and also considering that no personal role of the Noticee has been brought on record in respect of the said instance, I am of the view that there is not enough material to substantiate the allegations against the Noticee. Accordingly, I deem it fit to dispose of the proceedings against him.

32. As regards Mr. Ramesh Agarwal (Noticee 3), I note that he was a director of MCS from January 30, 2004 to June 01, 2007. I have considered the submissions made by Mr. Ramesh Agarwal. I note that since he had ceased to be a director at the time when the requests for issuance of duplicate shares in the six instances mentioned in the Table at para 3 above were processed, he cannot be held liable for those transactions.

33. As regards the allegations pertaining to the shares belonging to Manoj Dharamdas Shah, I note from records that in that case, while the request for change in signature and address was received in March 2007, the request for issuance of duplicate shares was received from the person impersonating as Mr. Manoj Dharamdas Shah in September 2007. Considering that Mr. Ramesh Agarwal had already resigned as director with effect from June 01, 2007, he cannot be held liable for fraudulent issuance of duplicate shares subsequent to his resignation. I note from Noticee's submissions that he had submitted his resignation from directorship on February 18, 2007 due to ill health and personal commitments. He has also provided a copy of letter dated February 18, 2007 addressed to MCS wherein he had *inter alia* stated that due to personal problems, he did not want to continue as a director of MCS and requested MCS to consider the cessation of his directorship with effect from February 18, 2007. The Noticee has contended that he was only intermittently involved in the operations of MCS and was operating from Kolkata. In this regard, I note that in the said letter dated February 18, 2007, the Noticee had *inter alia* stated - *"As you are aware, due to my prolonged ill health and certain responsibilities towards my family living in Kolkata, I could not discharge my duties from Kolkata as I am not able to attend office*

and was not able to look after the day to day affairs of the Company since long." The said letter had an acknowledgement stamp of MCS with the date February 18, 2007. I note that the same corroborates the Noticee's contention that he was only intermittently involved in the affairs of MCS. Considering all these factors as well as the fact that no personal role of the Noticee has been brought on record in respect of the instance pertaining to shares of Manoj D Shah, I am inclined to accept the Noticee's submissions and accordingly dispose of the allegations against him.

34. As regards Noticees 4 (Mr. Aniruddha Mitra), I note from records that he was holding the post of Whole Time Director during June 20, 2007 to October 29, 2010. I note that though the Noticee has not responded to the SCN, he can be held liable only for the lapses pertaining to the instance of issuance of duplicate shares belonging to Manoj Dharamdas Shah, as he had ceased to be a director when duplicate shares were issued in six other instances mentioned in the SCN. I note that, similar to the case of Mr. Saurabh Rateria, no personal role of the Noticee has been brought on record in respect of the lapses pertaining to shares of Maoj D Shah. Accordingly, I hold that the allegations against the Noticee do not stand substantiated. Hence, I deem it fit to dispose of the proceedings against the Noticee.

35. As regards Noticee 5 (Mr. Parshuram Vishram Bhuwad), I note that Mr. Parshuram Vishram Bhuwad was a whole time director from April 02, 2012 onwards (during the period when requests for issuance of duplicate shares in 6 instances mentioned in the Table at para 3 above were processed). I note that though the Noticee has not responded to the SCN in any manner, the SCN has not brought out any personal role played by the Noticee is respect of the said instances of fraudulent issuance of duplicate shares. Considering the same, I am inclined to give benefit of doubt to the Noticee and dispose of the proceedings against him.

DIRECTION –

36. I, in exercise of the powers conferred upon me under Section 19 of the SEBI Act, 1992 read with Sections 11 and 11B of the SEBI Act, 1992, hereby issue the following directions:

    (a) MCS Limited (Noticee 1) is hereby prohibited from buying, selling or otherwise dealing in securities market in any manner whatsoever and is further prohibited from accessing the securities market for a period of 3 years from the date of this order.

    (b) The proceedings against Mr. Saurabh Rateria (Noticee 2), Mr. Ramesh Agarwal (Noticee 3), Mr. Aniruddha Mitra (Noticee 4) and Mr. Parshuram Vishram Bhuwad (Noticee 5) are hereby disposed of.

37. The order comes into force with immediate effect.

38. A copy of this order shall be served on the Noticees and all recognized Stock Exchanges, depositories and RTAs for compliance.

PLACE: MUMBAI
DATE: FEBRUARY 28, 2023

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA