

NATIONAL COMPANY LAW APPELLATE TRIBUNAL**NEW DELHI****COMPANY APPEAL(AT) NO.70 OF 2018**

(ARISING OUT OF ORDER DATED 4.11.2017 PASSED BY NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH, MUMBAI IN COMPANY APPLICATION NO.13/58(4) & 59/CLB/MB/MAH/2015)

IN THE MATTER OF:**Before NCLT****Before NCLAT**

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|---|----------------------------|---------------------------|
| 1. State Bank of India,
Corporate Centre,
14 th Floor, State Bank Bhavan,
Madam Cama Road,
Nariman Point,
Mumbai-400021 | 1 st Respondent | 1 st Appellant |
| 2. Datamatics Business Solutions
Ltd.,
Plot No.B-5, Part B,
Cross Lane, MIDC,
Andheri (E),
Mumbai-400093 | 2 nd Respondent | 2 nd appellant |

Versus

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|---|----------------------------|----------------------------|
| 1. Shri Kamlesh Kalidas Shah
R/o B.No., Parthna Vihar Society,
Opp Ambawadi Post Office,
Ambawadi,
Ahmedabad 380015 | Petitioner | 1 st respondent |
| 2. Ms Rukhmani Babulal
C-3, 64, Goyal Intercity,
Opp. T.V.Tower,
B/h Drive in Cinema,
Ahmedabad 380054. | 3 rd Respondent | 2 nd Respondent |
| 3. Ms Urvi B Shah
Mr BS Shah, C/o Shantilal J Shah
Tower road
Surendra Nagar 363001 | 4 th Respondent | 3 rd Respondent |
| 4. Mr Jolly Champaklal Shah
29/339 Adarsh Nagar, | | |

Naganpura,
Ahmedabad 380013.

5th Respondent 4th Respondent

5. Mr. Kamlesh Bhuderaji
Thakker,
Near Balao Devas,
Gujjarvada Chouck,
Near Bhavani Pan House,
Radhanpur 385340

6th Respondent 5th Respondent

For Appellants: Shri Sanjay Kapur and Ms Megha Karnwal, Advocates for appellants.

For Respondent: Ms Vandana S. Bhandari, Advocate for Respondent No.1

JUDGEMENT

BALVINDER SINGH, MEMBER (TECHNICAL)

The appellants have filed this appeal under Section 421 of the Companies Act, 2013, being aggrieved by the impugned order dated 4.11.2017 passed by the National Company Law Tribunal, Mumbai Bench, Mumbai in Company Application No.13/584(4) and 59/CLB/MB/MAH/2015 passed under Section 58(4) and 59 of Companies Act,2013.

2. The brief facts of the case are that 1st respondent, being a share broker, purchased the following 200 shares of the appellant through Ahmedabad Stock Exchange of 50 denominations and submitted the same to 2nd appellant to transfer the said shares in his name.

	Name of Seller	Folio No	Certificate No.	Distinctive No
1	Rukhmaniben Babulal	SB2541954	1634923	333094801 to 33094850
2	Urvi B Shah	SB2549950	1643232	333510251 to 333510300
3	Jolly Champaklal Shah	SB1797766	871509	294924101 to 294924150

4	Kamlesh Bhuderji Thakker	SB1329225	386109	270654101 to 270654150
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3. The original transfer deeds pertaining to Sl.No.2 to 4 of the above shares are with the 1st respondent and the documents in respect of Sl.No.(1) have been lost/misplaced (Page 66). The above shares were sent to 2nd appellant for transfer and the 2nd appellant intimated that the signature of transferor on transfer deed is not matching and requested 1st respondent to remove the objections and return the transfer deed to 2nd appellant. 1st respondent also written to 2nd appellant to stop transfer of shares purchased by him. 1st respondent had written a letter dated 10.11.2014 to 2nd appellant to know about the status of shares standing in the name of 2nd to 5th respondent. 2nd appellant vide letter dated 24.11.2014 intimated that the shares are standing in the name of 3rd to 5th respondent and also assured that the status of shares held by 2nd respondent will be intimated shortly but no reply has been received by 1st respondent from 2nd appellant.

4. Being aggrieved by the action of the 2nd appellant, 1st respondent (original petitioner) filed a company petition before the Company Law Board, Mumbai Region Bench, Mumbai praying for the following relief:

- i) That 200 shares of Respondent No.1 Bank be transferred in the name of Petitioner.
- ii) That respondent No.Bank be directed to rectify the register of members and name of the petitioner be recorded in the Register of Members of Respondent No. (should be 'bank') in place of Respondents No.3 to 6.
- iii) That if any corporate benefit declared by the Respondent Bank in past and or due against the impugned share in dispute, that shall be given to the petitioner.

iv) That such any other order and/or further order this Hon'ble Board may deem fit and proper be also passed.

v) For cost of this Petition.

5. 2nd appellant filed its reply and prayed that the Tribunal has no jurisdiction to entertain or try the disputes pertaining to the Equity shares as SBI is not a company incorporated under the provisions of Companies Act; the petitioner being brokers involved in the transaction of these shares has no locus standi to claim title to the certificates and prayed that the company petition be dismissed.

6. After hearing the parties the Learned NCLT passed the impugned order dated 4.11.2017. Relevant portion of the impugned order is as under:

“8.4 In the light of the above discussion and considering the sequence of events we have found that only 100 shares were lodged before State Bank of India to record the Transfer and not 200 shares. In the absence of any evidence that rest of the 100 shares have also been lodged for transfer in SBI record we are not inclined to pass any order. Definitely it is not permissible under law to adjudicate on an issue which has not been raised by proper lodgement. At the cost of repetition, the correspondence placed before us has demonstrated only in respect of 100 shares, the distinctive numbers etc already made clear in this judgement. Even in the reply filed by Datamatics Financial Services (R-2) vide para 6 it is acknowledged that only 100 shares share certificates were lodged and put a Stop Mark and not for rest of the shares. Para 6 is reproduced below:

“6 With reference to para 8 of the petition, it is respectfully submitted that the Petitioner had lodged only two certificates

(i.e. 100 shares) –i) share Certificate No.1634923 bearing distinctive Nos 33094801 to 33094850 in the year 2002 and ii) share certificate No.386109 bearing distinctive Nos.270654101 to 270654150 in the year 2011 for transfer in his name, but because the transferor’s signature in the relevant transfer applications being different, the said certificates were returned under objections to the Petitioner. As such, the contentions of the Petitioner that the shares wrongly exist in name of Respondent Nos. 3 to 6 are denied. Further, it is respectfully submitted that since the Petitioner has submitted the transfer applications for only 100 shares out of 200 shares as stated in plaint, the provisions of Section 58(4) and 59 of Companies Act, 2013 will not be applicable to balance 100 shares as it has not been submitted by the Petitioner to the Respondent No.2 for transfer in his name.”

8.5 Few Respondents mainly Respondent No.5 has stated in the Affidavit in Reply that the shares were lost by him and the claimant Petitioner is not a bona fide person to lodge the claim in SBI records. A question has been raised that if the shares were lost then why a Police Complaint or FIR was not lodged? Otherwise also, there is no corroborative evidence in support of the alleged claim of loss of shares. In the absence of any substantial proof we are not persuaded by this argument of the Respondent.

9. In the light of the above discussion we hereby conclude that this Petition is maintainable against the State Bank of India as per the in-

depth discussion made hereinabove and that the question of Limitation in respect of the impugned transaction in question is concerned do not apply because the transaction has happened at the period when the Old Companies Act, 1956 was in operation. However, the Petition filed against State Bank of India revolves around the lodging of claim in respect of only 100 shares as per the specifications supra and not in respect of total 200 shares. As a result, our Order is confined to those 100 shares only, details as per supra, which were lodged for transfer in the prescribed record by the State Bank of India. The Petition is therefore, partly allowed. Disposed of accordingly, to be consigned to Records.”

7. Being aggrieved by the said impugned order dated 4.11.2017 1st appellant has preferred this appeal. 1st appellant stated that the 1st respondent lodged 100 shares with 2nd appellant for transfer in his name. However due to mismatch of signatures of the transferor on transfer deed, 1st respondent was requested to submit the fresh transfer deed and also to arrange a certified copy of the purchase proof in the form of Contract Note/Purchase Bill mentioning therein the details of SEBI registration and name of broker to whom he has purchased the shares and in the meanwhile put provisional “Stop Mark” in their records. However, 1st respondent has not resubmitted the said documents after rectification of the discrepancies.

8. 1st appellant further submitted that the 1st respondent filed a Civil Suit No.1173/2007 in the City Civil Court, Ahmedabad and thereafter preferred a Company Petition before the then Company Law Board in March, 2015 under Section 58(4) and 59 of the Companies Act, 2013. 1st appellant stated that the 2nd

appellant filed its reply in the said Company Petition and raised preliminary objections with regard to maintainability/jurisdiction and limitation.

9. 1st appellant raised the issue that the 1st appellant is not a Company registered under the provisions of Companies Act, 2013 and it is a body corporate constituted and incorporated under State Bank of India Act, 1955 which was enacted before the enactment of Companies Act, 1956 and, therefore, the NCLT would have no jurisdiction to entertain or try the disputes pertaining to transfer of equity shares issued by State Bank of India.

10. 1st appellant stated that the NCLT erred in not following its previous order dated 3.5.2017 passed by the Company Law Board, Western Region, Mumbai in the case of Tirupati Trade Communication Vs SBI (Company Petition No.20/111A/CLB/WR/2006) wherein it has been categorically held that since SBI is neither formed nor registered under Companies Act and has been constitute even prior to the enactment of the Companies Act, 1956, hence the petition under the Companies Act against SBI is not maintainable. 1st appellant further stated that the NCLT should have followed its previous order dated 3.5.2017. 1st appellant further stated that the reference to the case of Ms Natali Vs SBI was completely misplaced particularly keeping in view that the said order was passed in the peculiar facts and circumstances, and the same was in a way of consent order.

11. 1st appellant contended that the NCLT has erred in holding that the Civil Court has no jurisdiction in view of Section 430 of the Companies Act, 2013. 1st appellant further submitted that when the petition against 1st appellant is not maintainable before the NCLT, the provision of Section 430 would not be applicable.

12. 1st appellant further submitted that the shares can only be transferred after valid execution of the documents and supported with valid transfer deed having proper signatures of the registered holder and there is no stop mark put on shares.

13. 1st appellant submitted that the NCLT cannot decide an issue of mismatch of signatures as that requires proper appreciation of evidence.

14. 1st appellant prayed that the impugned order dated 4.11.2017 may be set aside.

15. Reply has been filed on behalf of 1st Respondent. 1st respondent has stated that Company Law Board/National Company Law Tribunal has jurisdiction to decide the issue of rejection of transfer being the constituted authority to deal with all kind of matters where power is given. 1st respondent further stated that Section 1(4) of Companies Act, 2013 states that the provisions of this Act shall apply to Banking Companies, except in so far as the said provisions are inconsistent with the provisions of Banking Regulation Act, 1949. 1st respondent further submitted that the provisions of the Companies Act also apply to the appellant to the extent these are not repugnant to the SBI Act. 1st respondent have also stated that the SBI Act also refers and prescribes the provisions of Companies Act in respect of Transfer of unpaid or unclaimed dividend. 1st Respondent stated that SBI Act itself follows the provisions of Companies Act.

16. 1st respondent stated that he has withdrawn the Civil Suit filed by him for share certificate No.1634923 under Folio No.2541954 for 50 shares and no suit is pending (Page 3 of Reply of 1st respondent).

17. 1st respondent, in reply to order dated 3.5.2007 passed by the erstwhile Company Law Board in the case of Tirupati Trade Communications Vs SBI, stated that Companies Act, 1956 is repealed by the Companies Act, 2013 wherein Section

1(4) of the Companies Act, 2013 makes it very clear that *the provisions of this Act shall apply to (c) banking companies, except in so far as the said provisions are inconsistent with the provisions of the Banking Regulations Act, 1949.* 1st respondent further stated that the inferior courts are bound to apply the legal principles set down by superior courts in earlier cases, while a persuasive precedent is one which is not absolutely binding on a court by which may be applied.

18. 1st respondent submitted that the Tribunal has jurisdiction to decide a complaint regarding non-transfer of shares. 1st respondent further submitted that Section 430 of the Companies Act, 2013 specifically bars the jurisdiction of the Civil Court. 1st respondent submitted that the petition was filed before the Tribunal was for transfer of 200 shares and the petition is allowed for 100 shares of SBI, which were lodged by the 1st respondent and were rejected by the appellant. It is further stated that Section 59 of the Companies Act, 2013 empowers the Tribunal to decide all issues. 1st respondent submitted that the appellant did not appear before the Civil Court thereby deciding not to contest the case. 1st respondent submitted had there been any disputed question of fact then appellant would have contested the same before the Civil Court. 1st respondent submitted that the Tribunal has not decided the question of mismatch of signatures and the 1st respondent had also not raised the issue of mismatch of signatures but was of non-transfer of shares.

19. 1st respondent further submitted that the order/judgement passed by the higher authorities are only binding and one bench of NCLT is not bound by the order/judgement passed by previous bench or another bench.

20. 1st respondent further stated that the provisions of Companies Act are applicable on the appellant. 1st respondent submitted that the Tribunal has dealt in detail Section 1(4) of the Companies Act, 2013, therefore, the appellant comes within the ambit of this Act. There is no inconsistency among SBI Act and the Companies Act 1956/2013. 1st respondent further submitted that SBI Act itself follows the procedure of the Companies Act and restrained applicability only of those provisions which are not consistent.

21. 1st respondent further submitted that NCLT has been empowered by the Companies Act, 2013 like a Civil Court as per Section 424 of the Companies Act.

22. 1st respondent submitted that the order passed by the NCLT has been passed on sound reasoning and after considering all the arguments/submissions made by the respect parties and prayed that the appeal may be dismissed.

23. We have heard the parties and perused the record. Before we proceed to decide the issues raised by the 1st appellant and the arguments submitted by the 1st Respondent, we have observed that no reply was filed by the 1st appellant before NCLT and the reply was filed by the 2nd appellant. But before this Appellate Tribunal 1st appellant has come in appeal and the 2nd appellant has not filed reply. Further we have faced great difficulty as proper pagination was not done by the appellant while filing the appeal. For example, Two pages of page No.21 have been filed in which Declaration by appellant and Verification by Sanjeev Kumar Gaur has been filed. Further on the Index, Annexure -1 and Annxure-2, copy of authorisation letters have been shown at Page no.42 and 43. However, in the appeal at Page 2, it is shown at Page No.39-40. Similarly on the Index, Annexure -3 is shown at Pages 44-52 and in the appeal at Page No.8, Annexure -3 is shown

at Pages 41-49. Similar mistakes have been committed in the Annexures also. Therefore, we find that the appeal has been filed in a casual manner.

24. Now we come to the main issue which is the core issue raised by the 1st appellant that State Bank of India is not a Company registered under the provisions of Companies Act and it is a body corporate constituted and incorporated under SBI Act, 1955 which was enacted before the enactment of Companies Act, 1956 and, therefore, NCLT would have no jurisdiction to entertain or try the disputes pertaining to transfer of equity shares. 1st appellant also relied upon the judgement pronounced by Company Law Board in the case of ***Tirupati Trade Communication*** wherein the CLB had decided that SBI is neither formed nor registered under Companies Act and has been constituted prior to the enactment of the Companies Act, 1956, therefore, the petition under the Companies Act, 1956 is not maintainable.

25. On the other hand 1st respondent argued that Company Law Board/National Company Law Tribunal has jurisdiction to decide the issue of rejection of transfer being the constituted authority to deal with all kind of matters where power is given. 1st respondent further argued that Section 1(4) of Companies Act, 2013 states that the provisions of this Act shall apply to Banking Companies, except in so far as the said provisions are inconsistent with the provisions of Banking Regulation Act, 1949. 1st respondent further argued that the provisions of the Companies Act also apply to the appellant to the extent these are not repugnant to the SBI Act. 1st respondent have also argued that the SBI Act also refers and prescribes the provisions of Companies Act in respect of Transfer of unpaid or unclaimed dividend. 1st respondent further argued that 1st appellant is listed on the Stock Exchanges i.e. National Stock Exchange and Bombay Stock Exchange

where only the companies are listed. 1st Respondent argued that SBI Act itself follows the provisions of Companies Act.

26. We have heard the arguments and we have also gone through SBI Act, copy of which was filed by the appellant, and we find that the 'Imperial Bank' was taken over and named as State Bank of India and the Central Government together with other persons entitled to become shareholder of State Bank of India. It is not in dispute that the 'Imperial Bank' was a company under the erstwhile Companies Act and it continued to be company on take over as State Bank of India which is the reason that the Central Government become one of the shareholders. Later on the SBI also came out with an Initial Public Offer (IPO) and allotted its shares to various shareholders including individuals. We have also perused the Share Transfer Form submitted by the 1st respondent to 2nd appellant for transfer of shares. We observe that the said Share Transfer Form is prescribed under Section 108(1A) of the Companies Act, 1956. The said transfer from is being accepted by the 1st appellant. 1st appellant has not submitted any such form which have been prescribed by it for the purpose of transfer. We observe that the 1st appellant is using the said form which have been prescribed under the Companies Act. As such the argument of the 1st appellant that the Companies Act is not applicable to them is not convincing. On the contrary State Bank of India being a body created by an Act of Parliament it has higher responsibility than the ordinary company to take care of its all stake holders. We are, therefore, of the view that the State Bank of India is a company within the meaning of Companies Act for the purpose of transfer of securities. Therefore, NCLT has the jurisdiction to entertain or try the disputes pertaining to transfer of equity shares.

27. The other issue raised by the appellant that when the petition before the NCLT is not maintainable then the provision of Section 430 would not be applicable.

28. 1st respondent argued that the NCLT has jurisdiction to entertain petition as per section 430 of the Act.

29. Section 430 of the Act is as under:

“430. Civil Court not to have jurisdiction- No civil Court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Act or any other law for the time being in force and no injunction shall be granted by any Court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or any other law for the time being in force, by the Tribunal or the Appellate Tribunal.”

Since we have held that the NCLT has the jurisdiction to entertain or try the disputes pertaining to transfer of equity shares, therefore, Section 430 of Companies Act, 2013 would be applicable. The civil suit filed by the 1st respondent is already withdrawn. Further in the matter of ***Adesh Kaur Vs Eicher Motors Limited and Ors, Civil Appeal Nos 19426-19427 of 2017 decided on 3.8.2018*** the Hon’ble Supreme Court upheld the version of the Tribunal which is as under:

“xxxx that the case in hand cannot be adjudicated by the Tribunal is a frivolous attempt to escape any liability and or grant relief to the petitioner. This Bench fails to understand why the petitioner should resort to a civil court in order to prove

her title. Apart from her oral testimony and her original share certificates, there is little else to be adduced in evidence even in a Civil Suit. She has her original certificates in hand. Xxx

30. The other issue raised by the appellant that the shares can only be transferred after valid execution of the documents and supported with valid transfer deed having proper signatures of the registered holder and there is no stop mark put on shares.

31. 1st respondent argued that he is the bonafide purchaser and has paid the full amount and purchased the shares through Ahmedabad Stock Exchange and the original share certificates are in his lawful possession. 1st respondent argued that he had lodged 200 shares for transfer with 2nd appellant but only the following 100 shares have been allowed to be transferred by the NCLT:

	Name of Seller	Folio No	Certificate No.	Distinctive No
1	Rukhmaniben Babulal	SB2541954	1634923	333094801 to 33094850
2	Kamlesh Bhuderji Thakker	SB1329225	386109	270654101 to 270654150

32. We have heard the learned counsel for the parties on this issue. It is not disputed that the 1st respondent purchased the shares from Stock Exchange and the physical shares are in his possession. 1st respondent while filing petition before the NCLT made the transferor of shares as party respondent but they did not come forward to file their reply, except Respondent No.4, or to agitate that they have not signed transfer deeds. Now when the 1st appellant filed the appeal before this Appellate Tribunal, 1st appellant have also made them parties respondent to

the appeal. They have not come forward to agitate the Appeal inspite of service of Notice. It goes to prove that the transferor is not cooperating with the transferee or showing his inability to provide the information to the transferee. Therefore, it is established on the record that the 1st respondent was rightly contesting and claim that he is the rightful owner of these shares by filing Civil Suit and Company Petition before the appropriate Court/Tribunal. Now the question arises that the shares have not been transferred in the name of 1st respondent due to mismatch of signatures of transferor. On this issue, similar complaints were also received by the concerned department that the companies are not effecting transfer of shares in the names of transferees on frivolous grounds, inter alia, that the specimen signatures of transferors do not tally with that on record, in spite of the fact that the transfer forms bear attestation of the magistrates etc. Ministry of Finance, Department of Economic Affairs issued instructions vide No.1/10/SE/83 dated 21.7.1983. The said instructions also contain guidelines on good and bad delivery. It was also directed to the member companies to follow the instructions scrupulously and to effect transfer of shares within the period prescribed under Section 113 of the Companies Act, 1956 and the listing guidelines (Circular No.3 of 1993 dated 22.3.1993. In this regard as it is established the original transferor has not appeared before the NCLT and also have not appeared before this Appellate Tribunal to rebut the claim of the 1st respondent, we have come across a recently issued Circular No.SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated 6th November, 2018 which has been addressed to All Registrars to an Issue and Share Transfer Agents registered with SEBI, All Listed entities (Through Stock Exchange) on the subject '**Standardised norms for transfer of securities in physical mode**'. As the Circular is itself addressed to Share Transfer Agents registered with SEBI

and All Listed entities including others, 1st appellant who is a listed entity and 2nd appellant who is a Share Transfer Agents must have received this Circular and are duty bound to follow it in letter and spirit. The said Circular has been issued under Regulation 40 and Schedule VII of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Regulation 40 provides as under:

“40(1) Save as otherwise specified in provision of securities laws or Companies Act, 2013 and rules made thereunder, the listed entity shall also comply with the requirements as specified in this regulation for effecting transfer of securities.

The said Regulation 40 binds the listed entity that they will comply with the requirements of Companies Act, 2013 as well as this Regulation. Further linkage of the Companies Act and the Securities Exchange Board of India is provided under Section 24 of the Companies Act, 2013.

Section 24 of the Companies Act, 2013 which states as under:

“24(1) The provisions contained in this Chapter, Chapter IV and in Section 127 shall-

(a) in so far as they relate to---

(i) issue and transfer of securities; and

(ii) non-payment of dividend

by listed companies or those companies which intend to get their securities listed on any recognised stock exchange in India, except as provided under this Act, be administered by the Securities and Exchange Board by making regulations in this behalf;

Thus it is noted that the combined reading of Section 24 of Companies Act and Regulation 40 of SEBI will show that the principles and compliances to be made under the Companies Act or under the SEBI are complementary in nature and both provisions have to be complied with for a better outcome.

33. Now, the relevant part of the said circular No.SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated 6th November, 2018 on mismatch of signature is as under:

“c. Major mismatch/Non-availability of transferor’s signature:

As per procedure laid down in LODR, in case of non-availability/major mismatch in transferor’s signature the transferor is required to update his/her signature by submitting bank attested signature alongwith an affidavit and cancelled cheque to the RTA/company. Multiple instances have been brought to the notice in such cases, where the transferor did not take efforts to update his signatures since he had already received the consideration for the transfer. Further in many cases, the transferors could not be traced now.

Accordingly, following procedure/documentation shall be followed for registration of transfer of securities, in such cases:

- i. RTA/company shall follow the procedure as laid down in Para (B)(2) of Schedule VII of LODR for major difference or non-availability of signature of the transferor(s).**
- ii. Issuers/RTAs shall make efforts to contact the transferor:**
 - 1. By checking the Dividend history and obtaining the current contract details from the bank where dividend was encashed.**

- 2. From the address, email IDs and phone numbers, if any, available with the Depositories/KRA.**
- iii. In case of non-delivery of the objection memo to the transferor or non-cooperation by/inability of the transferor to provide the required details to the transferee, company/RTA shall register the transfer after following the procedure as under:**
 - 1. Following additional documents shall be collected from the transferee:**
 - i. An indemnity bond from the transferee in the format placed at Annexure A:**
 - ii. Copy of address proof-Passport/Aadhar Card/Driving License of the transferee.**
 - iii. An undertaking that the transferee will not transfer/demat the physical securities until the lock-in period specified under Clause (4) below is completed.**
 - 2. RTA may also verify the documents submitted by the transferee with the KYC details, if any, available with the Depositories/KRAs.**
 - 3. Companies/RTAs shall publish an advertisement in at least one English language national daily newspaper having nationwide circulation and in one regional language daily newspaper published in the place of registered office of the listed entity is situated, giving notice of the proposed transfer and seeking objection, if any, to the same within a period of 30 days from the date of advertisement. A copy of the**

advertisement shall also be published on the company's website.

4. Transfer shall be effected only after the expiry of 30 days from the newspaper advertisement. The securities so transferred shall bear a stamp affixed by the company/RTA stating that these securities shall be under lock-in for a period of 6 months from the date of registration of transfer and should not be transferred/dematerialized during the said period.

5. Names of the transferor, transferee and no. of securities transferred under this procedure shall be disclosed on the company's website for a period of 6 months from the date of transfer. This information shall also be displayed on stock exchange website as a corporate announcement.

d. In case of non-availability of any document required for transfer and the transferor is not cooperating or not traceable, companies/RTA shall register the transfer by following the procedure as specified in case of major mismatch/non-availability of transferor's signature, as specified in Para 2(c) above."

34. We have noted that the matter under consideration has been hanging over for the last several years. NCLT vide Impugned Order partly disallowed the claim of Respondent No.1, original petitioner, and he has not filed appeal. Appeal needs to be disposed giving directions regarding compliance on the lines of SEBI Circular.

34. In view of the foregoing observations and discussions the following directions are issued:

i) Impugned Order is maintained. However, the shares may be transferred subject to compliance with SEBI Circular No. No.SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated 6th November, 2018.

ii) Appellants and Respondent to take prompt action by following the prescribed procedure under the circular noted above.

iii) The expenses, if any, incurred by the appellants in following the above procedure will be borne by the 1st respondent.

iv) No order as to costs.

(Justice A.I.S. Cheema)
Member Judicial

(Mr. Balvinder Singh)
Member (Technical)

New Delhi
Dated: 17-1-2019

BM