

MPS Infotecnics Limited

CIN: L30007DL1989PLC131190
An ISO 9001 - 2008 Company



March 18, 2020

To,
BSE Limited
25th Floor, P.J. Towers,
Dalal Street, Fort,
Mumbai 401001

To,
The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai 400051

Script Code: 532411

NSE Symbol: VISESHINFO

Sub.: Intimation under regulation 30 (4) read with Para B of Part A of Schedule III of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015

Ref.: Final Order dated March 17, 2020 passed by the Committee of National Stock Exchange Of India Ltd. in the matter of review of suspected Shell Companies and in the matter of Visesh Infotecnics Limited (now known as MPS Infotecnics Limited ("MPS")).

Dear Sir(s) / Madam,

This is to inform that The Committee of National Stock Exchange of India Ltd. in the matter of review of suspected Shell Companies and in the matter of Visesh Infotecnics Limited (now known as MPS Infotecnics Limited ("MPS")) on 17th March 2020 has *inter alia* passed following orders:

- i. There is no material evidence on record relating to misuse of funds, misrepresentation of business or violation of LODR Regulations found against Visesh Infotecnics Limited.
- ii. Therefore the conditional actions issued by SEBI in its letter dated August 07, 2017 w.r.t. the promoters and directors of the Company shall be lifted.
- iii. All the actions/ directions/ order/ limitations issued by SEBI in its letter dated August 7, 2017 against the company Visesh Infotecnics Limited shall be revoked.
- iv. Interim directions issued vide order dated January 10, 2018 stands vacated.
- v. The above directions shall take effect immediately.

We hope you will find the same in order and request you to kindly take the same on records.

Thanking you

Yours faithfully,
For MPS Infotecnics Limited

A handwritten signature in blue ink, appearing to read 'Prakash Choradia', written over a blue horizontal line.

Prakash Choradia
A.G.M. - Legal

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**BEFORE THE COMMITTEE OF NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**
In the matter of review of suspected Shell Companies
In the case of
M/s Visesh Infotecnics Limited

Background:

1. The Ministry of Corporate Affairs (hereinafter referred to as “MCA”) *vide* letter no. F. No. 03/73/2017-CL-II dated June 9, 2017 provided a list of certain suspected shell companies to the Securities and Exchange Board of India (hereinafter referred to as “SEBI”) for initiating necessary action as per the extant SEBI laws and regulations.
2. SEBI inter-alia *vide* its letter dated August 7, 2017 while forwarding the list of suspected shell companies to various recognized stock exchanges (**‘stock exchanges’**) also advised the stock exchanges to identify whether the suspected shell companies were listed on their respective trading platforms, take certain measures as indicated in the said letter of August 7, 2017.
3. The Board of National Stock Exchange of India Limited (**‘NSE’**) in exercise of its powers under Rule 6 (d) of Chapter I of NSEIL rules constituted a Committee in the meeting of Board dated October 31, 2018 for the purpose of review of suspected shell companies and for initiating actions as envisaged under the SEBI letter dated August 7, 2017 and for carrying out any other directives of SEBI with respect to the suspected shell companies.

Proceedings

4. The National Stock Exchange of India Limited (**‘NSE’**) initiated action against M/s *Visesh Infotecnics Limited* (presently known as MPS Infotecnics Limited) (hereinafter referred as ‘Visesh’/ ‘the Company’) being one of the suspected shell company by sending an e-mail/letter dated August 9, 2017 requesting them to submit auditor’s certificate.
5. In response, the Company filed its detailed reply with the Exchange *vide* its letter dated August 11, 2017 along with the auditor’s certificate.

6. An opportunity of personal hearing was granted to Visesh Infotecnics Limited on September 01, 2017 wherein it's authorized representative Mr. Vipin Garg, Vice President and Mr. Prakash Choradia, Assistant General Manager-Legal appeared and submitted in detail the brief background of the operations of the Company and the current financial status.
7. Based on the Company's representation/submissions, the Exchange submitted its report to SEBI on September 14, 2017 and SEBI vide its letter dated November 02, 2017 directed the Exchange to dispose of the representations/submission received from the company directly. Accordingly, an Independent Auditor viz., M/s Gokhale and Sathe, Chartered Accountants was appointed on November 23, 2017 to conduct preliminary audit on the Company.

Interim Decision

8. Exchange based on the observations of the Independent Auditor submitted on December 04, 2017 and the clarifications submitted by the Company in a personal hearing held on December 18, 2017 for the queries arising out of the independent auditor's report, the Exchange in the interim order decided as under:

“.....

16. SEBI vide letter reference SEBI/HO/ISD/ISD/OW/P/2017/26891 dated November 02, 2017 has delegated powers to stock exchanges to perform direct fact finding exercise and dispose of the representations received by them directly from the company.

In the facts and circumstances of the case, I exercise the powers given by SEBI vide letter reference SEBI/HO/ISD/ISD/OW/P/2017/26891 dated November 02, 2017, hereby, modify the actions envisaged in SEBI's letter dated August 07, 2017 as under:

i. The trading in securities of Visesh Infotecnics Limited shall be reverted to the status as it stood prior to issuance of letter dated August 7, 2017 by SEBI.

ii. National stock Exchange of India Limited shall appoint an independent forensic auditor inter alia to further verify:

a. Misrepresentation including of financials and/or business affairs of Visesh Infotecnics Limited, if any;

b. Misuse of the funds/books of accounts of the company, if any.

iii. The promoters and directors in Visesh Infotecnics Limited are permitted only to buy the securities of Visesh Infotecnics Limited. The shares held by the promoters and directors in Visesh Infotecnics Limited shall not be allowed to be transferred for sale, by depositories.

iv. The other actions envisaged in SEBI's letter dated August 07, 2017 in paragraph 1(d), as may be applicable, and the consequential action taken by National Stock Exchange of India Limited shall continue to have effect against Visesh Infotecnics Limited.

17. Accordingly the representation of Visesh Infotecnics Limited is disposed of.

18. The above directions shall take effect immediately and shall be in force until further Orders.

19. Copy of this order shall be forwarded to the SEBI along with report of Independent Auditor and written / oral submissions of the company.

20. Depositories shall be informed of this order for their action and record.”

Appointment of Forensic Auditor

9. The Exchange in terms of the directions of the Committee appointed M/s. M.K. Aggarwal & Co. (hereinafter referred to as the “Forensic Auditor”) on February 20, 2018 for conducting forensic audit of the books of accounts and records of the Company and also directed the Company to extend its support to the forensic auditors.
10. The Exchange on receipt of the report from the forensic auditors (herein after referred to as ‘Forensic Audit Report’) on March 28, 2018 informed the Company by its email dated January 04, 2019 of the same. A copy of the Forensic Audit Report was also provided to the company with a request to provide clarification/s with respect to the observations made by the Forensic Auditor on or before January 19, 2019. A copy of the Forensic Audit Report was also provided to Visesh via courier.

Company's response

11. The Company had submitted its response to the Exchange vide their letter dated May 04, 2019 and has submitted clarifications on each of the observations of the forensic auditor as mentioned in the forensic report. The following are the clarifications given by the Company:

Reply to the observations of forensic audit report:

- i. The Company has submitted the details of Trade Receivables for the last 3 financial years starting from FY 2016-17 to FY 2018-19.
- ii. The Company responded that on the advice of the auditors, the Company have asked M/s. Cristina Vinimay Private Limited to transfer / pledge its shareholding with the Company and the party have agreed to the same.
- iii. The Company also agreed to have taken into account the recommendation of the forensic auditor w.r.t. wrong classification of intangible assets amounting to INR 8260 Lacs as Capital Work in progress and have placed the said recommendation before their statutory auditors.
- iv. The Company clarified on the reason for not creating provision for diminution in value of investments in loss making subsidiaries that owing to losses incurred by its 3 overseas subsidiaries they have not made such provision. Nonetheless, the Company has taken the suggestion of the forensic auditor into consideration.
- v. The Company has updated on a petition bearing no. WP (C) 5199 of 2015 filed before the Hon'ble High Court of Delhi by informing that the Company has engaged the services of an advocate to file a Special Leave Petition before the Supreme Court of India in this matter.
- vi. The Company had clarified on the payment made by Mr. Peeyush Kumar Agarwal, Managing Director & Promoter on the secured loans taken by the Company and apprised that since the Company had been incurring losses and is unable to service the financial assistance availed by it, the Company has requested Mr. Peeyush to pay back the loan on behalf of the Company which had been agreed by Mr. Peeyush.

Proceedings before the Committee after receipt of Forensic Audit Report

12. The report of the forensic auditor was placed before the Committee at the meeting held on July 09, 2019. The Committee noted the observations and comments of the forensic auditor mentioned in the report and decided to have a meeting with the forensic auditors for further discussion and understanding on the forensic report.
13. Thereafter, the Committee had a meeting with the forensic auditors on September 05, 2019 and noted the remarks of the Forensic Auditor made in the forensic report. Based on the discussion with the auditors, the Committee discussed certain points w.r.t. methodology

adopted in preparing the report, any related party transactions entered by the Company, analysis on the aspect of Company's Loans & Advances and the method adopted for verifying Company's investments. The forensic auditors responded to the aforesaid points raised by the Committee as under:

- i. According to the auditors, the methodology adopted was to preliminary analyze whether any fraud has been conducted by the Company with the investors who have parked their earnings in the Company. Secondly, to examine the irregular transactions (if any) that the Company might have entered into with regards to its dealings in business.
- ii. With respect to the related party transactions, the auditors perceived that the entity M/s. Cristina Vinimay Private Limited is not related to the Company, however, one of its director was earlier related with the said entity when the advances were made.
- iii. The auditors informed that the investments of INR 27 Lacs invested as fixed deposits were verified only through receipts of the Company and for the balance investment a legal dispute is ongoing outside India.

The Committee had noted the following observations with respect to Visesh on the basis of forensic audit report:

(a) Trade Receivables:

- According to the auditors, the Company shall make provision for INR 1703.33 Lacs which is outstanding for more than 3 years.

(b) Trade Payables:

- An amount of INR 702.81 lacs is outstanding for more than 360 days and no confirmation was received from the Company's creditors.

(c) Loans & Advances:

- Certain advances were made to M/s Cristina Vinimay Pvt. Ltd. for INR 22,059 Lacs for development of IT Park in which a director was an interested party.
- No substantial progress is made on the site of IT Park and only agreement is in place, no tangible security/guarantee was obtained from the vendor.
- As per the forensic auditors, the Company must initiate legal proceedings against the vendor Company to protect its interest without loss of time.

(d) Advances to Suppliers:

- An advance of INR 282.82 Lacs is given to suppliers for which no business transaction is entered into from last 3 years. No confirmation was received from the parties.
- This advance includes INR 230.31 Lacs given to M/s Shriram New Horizon Ltd. for which there are no supplies or repayments executed.

(e) Other advances:

- An amount of INR 81.81 Lacs is an expense incurred on legal case of Global Depository Receipts (GDR) for which the accounting treatment is made under current assets by the Company. However, the same shall be booked as an expense.

(f) Investments in Subsidiaries:

- An amount of INR 6175.30 Lacs is invested in a loss making subsidiary and included in non-current investments for which no provision for diminution in the value of such investments had been made.
- An investment of INR 120 Lacs is made in its fully owned subsidiary and it is observed that this subsidiary has no business operation since last 3-4 years.
- An opinion is given by the auditor in the said matter saying that an appropriate diminution in the value of long-term investments shall be made by the Company.

(g) Increase in Authorized capital:

- There was an increase in the authorized capital of the Company from INR 52.45 Crore to INR 377.50 crore in F.Y. 2010-13.
- No necessary forms and fees w.r.t. the increase in capital was filed and paid.
- A writ petition is filed before Delhi High Court for applicability of its provision. The same is pending before the court.

(h) Issue of GDRs:

- USD 99,98,450 was received from four subscribers and accordingly the Company had issued 46,54,762 GDRs on Dec 04, 2007 (Equity shares of 93,09,524 of INR 10/- each)
- An amount of INR 372.58 Lacs is remitted to India out of GDR proceeds and balance is transferred to term deposits.

- A forgery was done by two directors of the Company by receiving the remittances out of GDR proceeds thereby paying loan to the parties from whom the loan was taken.
- A case has been filed with Portugal court against the bank in order to rectify the unauthorized transaction.
- There are no other pending cases w.r.t. GDR issues.
- According to the forensic auditors, it appears that the issue of GDR is genuinely done.

(i) Related Party Transactions:

- An amount of INR 353.90 Lacs was shown as advance from M/s Omkam Global Capital Pvt. Ltd. in past few years but no such business transaction was entered. Also, interest free fund is received by the Company.
- An opinion is given by the auditors that the company should reclassify the amount so received as unsecured loans instead of advances from customer.

The Committee upon reviewing the forensic audit report and post discussion with the forensic auditors, asked the auditors to submit an addendum to the report to cover whether any wrongdoing was observed during audit period, the current status on the financials of the Company and their opinion on the subject of pending litigations against the Company and opinion of forensic auditor on whether this Company seem to be a shell Company or not. The Committee also decided to call the Company for hearing and seek further explanation to the observations as contained in the forensic audit report.

Personal Hearing to the Company on September 13, 2019

14. The Company was granted an opportunity of personal hearing before the Committee and in response, Mr. Piyush Kumar Agarwal - Managing Director, Mr. Sanjay Sharma - Chief Financial Officer and Mr. Prakash Choradia - Head, Legal Department, represented on behalf of the Company and made submissions before the Committee with respect to the queries raised and clarifications sought by the Committee as under:
 - i. The Company at the outset, agreed on the comments of the forensic auditors given in the forensic report and apprised the Committee that they assent to implement the auditor's recommendations. However, the Company's representatives also laid emphasis particularly on the net advance which is to be received by the Company and clarified that adjustment for the same in books of accounts and financials will take time since the

Company has ongoing litigations against it. Nonetheless, the measures adopted will be reflected in the next balance sheet.

- ii. The Committee sought cut-off date from the Company for paying the pending dues to the Exchange for which the representatives assured the Committee to pay all the outstanding fees on or before October 31, 2019.
- iii. The Company updated on the status of pending land dispute with M/s. Cristina Vinimay Private Limited (hereinafter referred to as 'M/s. Cristina' / 'the builder') and clarified that the Company doesn't have any litigation filed against the builder or vice versa, however, M/s. Cristina had constructed a data centre on a particular land for some people wherein Visesh is one of the parties. This particular land is under dispute and a case is filed against M/s. Cristina by other parties at Allahabad High Court, however, the builder has agreed to transfer the titles of the land and settle the case with the Company. Further, the Company clarified to the Committee that out of 25 lac square feet area of land, the Company is entitled to 15 lac square feet area and the litigation is merely on 10 Lac square feet area.
- iv. On being asked about the reason behind not settling the matter outside the court through a settlement deed amongst the other parties, the Company's representatives explained to the Committee that it had prevented itself from entering into any formal agreement as on date because of ongoing forensic audit and also explained that since they are a third party to the contract, the Company could not take any initiative to settle the matter outside the court and thus it will take approximately a year to resolve it.
- v. The Company also apprised the Committee about the manner of utilization of land by stating that the Company will sell the property and deploy the proceeds from the land in settling the dues pending against it.
- vi. With respect to the reason behind booking the land for data center, the Company responded that they already have a data centre in Noida since 2008 in which the Company was doing well. However, later the Company received a request from an existing party for establishing a data centre for American clients and hence in 2012, the Company commenced the work of data centre for these clients through a builder M/s. Cristina Vinimay Private Limited. Then the American clients withdrew the requirement of data centre thereby creating no business opportunity for the Company and hence the Company had to request the builder to hold the development of data centre for which they demanded INR 450 crores.
- vii. The Company apprised the Committee about status of the ongoing dispute in the Court of Portugal and the Company's prayer in this matter by stating that it earlier had lodged a

criminal complaint in 2010 against the Bank of Afisa where the GDR proceeds were parked, owing to an ill will done by the bank with the help of other people. The status of the litigation is at the concluding stage, the witnesses are being considered and questioned. The proceedings will be finalized by the year 2020. The Company had prayed to the Court of Portugal to recover the money which is to the tune of 10 million US dollar.

- viii. The Company also stated in terms of its future plan that it is desirous of establishing itself in the software business as it is partly into software business and partly into hardware business subject to realisation from ongoing litigations and the capital will also be infused by its directors/ promoters from personal assets.
15. The Exchange had received an addendum from the forensic auditors M/s. M.K. Aggarwal & Co. on January 13, 2020 that was sought by the Committee in the meeting dated September 13, 2019. The auditors have provided comments on the financial status and status of pending litigations against the Company by concluding the following:

“Our examination did not reveal any wrong doing nor could we find any angle of fraud except mishandling and mis-management of the affairs of the Company that has put the Company in financial distress by giving advance to builders based on unrealistic business plan.”

Observations

16. The Committee, after taking into consideration the forensic audit report, explanation provided by forensic auditor, clarifications provided by the representatives of M/s. Visesh Infotecnics Limited during the personal hearing and based on the addendum given by the forensic auditors, the Committee was of the view that the Company is currently operative, carrying on its business operations and there are no material observations regarding misrepresentation of financials / misuse of funds. Also, there were no major non-compliances of rules and regulations of LODR observed in the company.

The Committee therefore was of a considered view that the actions envisaged in SEBI's letter dated August 07, 2017 against the company Visesh Infotecnics Limited shall be revoked.

Decision

17. SEBI vide letter reference SEBI/HO/ISD/ISD/OW/P/2018/21793/1 dated August 03, 2018 has delegated powers to stock exchanges to pass final directions in terms of their rules, regulations, bye-laws and other statutory powers conferred upon them.

In the facts and circumstances of the case, in exercise of the powers given by SEBI vide letter reference SEBI/HO/ISD/ISD/OW/P/2018/21793/1 dated August 03, 2018 and based on the observations of the Committee stated above, I hereby pass the following order:

- i. There is no material evidence on record relating to misuse of funds, misrepresentation of business or violation of LODR Regulations found against Visesh Infotecncics Limited.
- ii. Therefore the conditional actions issued by SEBI in its letter dated August 07, 2017 w.r.t. the promoters and directors of the Company shall be lifted.
- iii. All the actions/ directions/ order/ limitations issued by SEBI in its letter dated August 7, 2017 against the company Visesh Infotecncics Limited shall be revoked.
- iv. Interim directions issued vide order dated January 10, 2018 stands vacated.
- v. The above directions shall take effect immediately.
- vi. Copy of this order shall be forwarded to SEBI.
- vii. Depositories shall be informed of this order for their action and record.

Sd/-

Date: March 17, 2020

Place: Mumbai

Ms. Priya Subbaraman

Chief Regulatory Officer

National Stock Exchange of India Limited