

MPS Infotecnics Limited

CIN: L30007DL1989PLC131190



To,

Date: 25.06.2024

The Manager-Listing

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

The Manager-Listing

BSE Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai-400001

NSE Symbol-VIRESHINFO

Scrip Code-532411

Sub: Clarification for Financial results - VIRESHINFO

Ref: Statutory Auditor sign missing in CFS Statement on Impact of Audit Qualifications

Dear Sir,

This is with reference to the above mentioned subject and to your email dated 24.06.2024, in which you have observed the following discrepancy in Audited Financial Results submitted by the Company for the Quarter and Year Ended March 31, 2024, on 30th May, 2024:

1. The company has not submitted the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to that effect to the Stock Exchange. (***Statutory Auditor sign missing in CFS Statement on Impact audit qualifications***).

In this regard we would like to inform you that while signing the Auditors Report and Statement of Impact of Audit Qualification by the auditors inadvertently the last paper has been left unsigned. The submission of an unsigned CFS statement of Impact of Audit Qualification by the Company was neither intentional nor deliberate. Hence, we request you to kindly condone the same.

Further please find enclosed herewith signed copy of the CFS Statement of Impact of Audit Qualification for your records.

We hope you will find the same in order.

Thanking You,

Yours faithfully,

For MPS Infotecnics Limited

GARIMA Digitally signed by
GARIMA SINGH
SINGH Date: 2024.06.25
13:51:06 +05'30'

Garima Singh

Company Secretary

**Regd. Office : 703, Arunachal Building,
19, Barakhamba Road, New Delhi-1
Ph.: 011-43571044, Fax: 011-43571047
E-mail : info@mpsinfotech.com**

STATEMENT OF IMPACT OF AUDIT QUALIFICATION (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG WITH ANNUAL STATEMENT OF AUDIT QUALIFICATION FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024 (CONSOLIDATED)			
(SEE REGULATION 33/52 OF SEBI (LODR) REGULATIONS, 2015)			
S.No	Particulars	Audited Figures (before adjusting for qualifications) Amount (Rs. In lacs)	Adjusted figures (after adjusting for qualifications) Amount Rs. In Lacs
I	1	Turnover / Total Income	53.90
	2	Total Expenditure	53.90
	3	Net Profit (Loss) including other comprehensive income	522.60
	4	Earning per share	(342.71)
	5	Total Assets	(408.76)
	6	Total Liabilities	(0.009)
	7	Networth	(0.011)
	8	Any other financial item not appropriated by the Management	48,450.82
			48,450.82
			5,322.18
			5,388.23
			43,128.64
			43,062.59
II	Audit Qualification (each audit qualification separately)		
a	Details of Audit Qualification		
1	In case of the following items shown as intangible Assets / inventory, no provision for impairment of assets has been made in (a) Intangible Assets under development - Rs. 56.44 Crores (Software development); (b) Software rights - Rs. 9.92 crores; (c) Opening Stock (source code) Rs. 62.22 crores; In the absence of valuation reports of above assets, the extent of impairment and its impact on profit and loss account, reserves and surplus is not ascertained		
2	Investments in subsidiaries amounting to Rs. 61.75 Crores - There are no operations in these overseas subsidiaries and no audit of accounts have been done and no updated information has been received. No provision has been made for the shortfall in value of the investments in accordance with IND AS 36		
3	The Company has shown in the balance sheet, bank balances in Banco Efisa (Lisbon Portugal) amounting to Rs. 347,892,163 (USD 8,883,210,75) which the bank has adjusted and the matter is in the court of law. Consequently the bank balances shown in balance sheet are overstated by Rs. 347,892,163/- The above bank balance relates to FY 2008-09 which is treated as a current asset. No provision has been made for the possible loss on account of the same.		
4	Other non-current assets include other loans and advances of Rs. 222.09 Cr. which are considered to be good for recovery. However as the terms and conditions regarding these loans have not been provided to us we are unable to ascertain and comment on the extent of realizability of this asset;		
5	(V) The Company had increased its Authorized Capital from Rs. 52.45 Crores to Rs. 377.50 crores during the period from FY-2010-11 to FY 2012-13. The Company had filed writ petition before the Hon'ble Delhi High Court which was dismissed vide order dated 15/01/2019, Aggrieved by the orders passed by the Hon'ble Delhi High Court, the company had preferred Special Leave Petition (SLP) before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court vide its order dated 7th November 2023 has dismissed the said SLP. Upon dismissal of the said SLP, the ROC fees has become due and payable. However, the management has not provided the increased liability of RoC Fees, yet the company has made provision of Rs. 7.32 Crores upto 31/03/2023 and Rs. 0.49 Cr for the financial year 2023-24. The provision to the extent on Rs. 7.81 Crores are appearing under the head "Current Liabilities". The losses and provisions are understated to the extent of differential final liability in the financial statements.		
6	(VI) Income Tax for the Assessment year 2013-14 amounting to Rs. 20.80 lacs and interest thereon is still payable although provided for in the books of accounts by the company.		
7	(VII) The Company has considered sundry debtors of Rs. 3484.75 Lacs due for more than six months as good. However in the opinion of auditors there should be a regular process of identification and making provision for bad and doubtful debts. Such a process has not been followed. The auditors are unable to comment on the extent of un-provided bad and doubtful debts and their impact on loss and reserves. .		



8	SEBI investigated the GDR issue of the Company and SEBI vide its order dated 6th March 2020 restrained the company from accessing the securities market and further prohibited from buying, selling or dealing in securities, directly or indirectly, in any manner whatsoever or being associated with the securities market in any manner whatsoever, till compliance with directions contained in the said order, and for an additional period of 2 years from the date of bringing back the money. Further SEBI vide its order dated 27.11.2020 had imposed a penalty of Rs. 10,00,00,000/- (Rupees Ten Crores) on the Company. Since the penalty has not been paid, SEBI has also frozen the Bank Accounts of the Company. Against the said orders of SEBI the Company filed appeals before the Hon'ble Securities Appellate Tribunal (SAT). SAT vide order dated 27/09/2023 has reduced the penalty from Rs. 10,00,00,000/- to Rs. 25,00,000/-. The review filed against the said order of SAT was dismissed vide order dated 8th December 2023. Aggrieved by the said order the Company had filed Special Leave Petition before the Hon'ble Supreme Court of India. The Hon'ble Apex Court vide its order dated 16th April 2024 dismissed the said Appeal. Against the said order of the management of the company on the advice of Legal Experts is filing Review Petition before the Hon'ble Apex Court. Company has not paid the penalty amount of Rs. 25.00 lacs, as on the date of this Audit Report, however necessary provision has been made in the books which appears under the head "Current Liabilities"	
9	Listing fees for FY 2022-23 & 2023-24 to NSE and BSE amounting to Rs. 11.00 Lacs & Rs. 9.57 lacs respectively is outstanding due to which the demat accounts of promoters have been frozen by the Exchanges; In terms of the invoices raised by the exchange, the delay in payment of Annual Listing Fees attracts interest @ 18% p.a. by NSE and 12% p.a. by BSE. Provision for interest on the outstanding Annual Listing Fees has not been made hence the profits of the company are over stated.	
10	Custodial Charges to CDSL & NSDL amounting to Rs. 60.77 Lacs & Rs.7.71 Lacs respectively is outstanding due to which the depositories have blocked Benpos data. Further the delay in payment of Annual Custodial Charges to the depositories attract interest @ 12% p.a. The company has disputed the charges being charged by the Depositories hence no provision towards Annual Custodial Charges has been made in the books of account w.r.t. Custodial charges payable to CDSL hence profits of the company to the extent of Rs. 60.77 lacs, are over stated.	
11	Consequently Annual General Meeting of the Company which was scheduled to be held on or before 30th December 2023 (the extended period of time) has not been convened which is in contravention of the provisions of section 96, 97 & 98 of the Companies Act, 2013 which is punishable under section 99 of the Companies Act, 2013. Consequently the Audited financial statements of the Company for the FY 2022-23 are not adopted by Shareholders of the Company till the date of Audit Report for the FY 2023-24	
12	Consequently Shareholding Pattern for the quarter ended 30/09/2023; 31/12/2023 & 31/03/2024 pursuant to the provisions of Regulation 31(1)(b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 has not been filed which has led to imposition of fine/penalty by the Stock Exchanges where the shares of the Company are listed.	
13	The company has not submitted Annual Report to the Stock Exchanges pursuant to the provisions of Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) regulation 2015, consequently the Stock Exchange has imposed fine of Rs. 2,64,320/- (including GST @ 18%) each upto 31.03.2024 which has not been provided in the Books of Accounts.	
b	Type of Audit Qualification: Qualified / Disclaimer of Opinion / Adverse Opinion	Qualified
c	Frequency of Qualification(s): Whether appeared for the first time / repetitive / Since	
	Audit Qualification at Point No. 1 (a), (b) & (c) - Financial year 2018-19	
	Audit Qualification at Point No. 2 - Financial Year 2013-14	
	Audit Qualification at Point No. 3 - Financial Year 2013-14	
	Audit Qualification at Point No. 4 - Financial Year 2019-20	
	Audit Qualification at Point No. 5 - Financial year 2013-14	
	Audit Qualification at Point No. 6 - Financial Year 2014-15	
	Audit Qualification at Point No. 7 - Financial Year 2022-23	
	Audit Qualification at Point No. 8 - First time	
	Audit Qualification at Point No. 9 - First time	
	Audit Qualification at Point No. 10 - First time	
	Audit Qualification at Point No. 11 - First time	
	Audit Qualification at Point No. 12 - First time	
	Audit Qualification at Point No. 13 - First time	
d	For Audit qualification(s) where impact is quantified by the Auditor; Management's views:	
	(1 (a), (b) & (c)) In the opinion of the management matter regarding valuation of intangible assets, inventory including capital in work in progress, software rights as also any possible impairment needs to be seen in the context of the peculiar nature of the software industry and the prevailing circumstances. The management is confident that these assets will fetch more value than the cost incurred once the business environment stabilizes. The management has therefore not considered any provision on account of impairment of intangible assets.	



- (2) The management is making efforts to revive the business of subsidiaries and feels confident that investment made in subsidiaries will be realized. It has therefore not made any provision on account of impairment in value of investment in subsidiaries.
- (3) The company has filed a civil suit bearing No. 2446/12.2TVLSB before the 10th Lower Court of Lisbon, Portugal and the same is pending adjudication. The Company has no additional explanation to offer as the matter is sub-judice.
- (4) The loans & advances include a sum of Rs. 220 Crores advanced by the Company for establishing a Data Centre at Bareilly. However, the builder Company could not develop the data center. The management of the company has initiated settlement with the builder and expects to recover the amount. Further these loans and advances are made in the normal course of business which are considered to be good for recovery;
- (5) The Company has, upon dismissal of SLP by the Hon'ble Supreme Court, is in discussion with the Legal Expters w.r.t. the orders / verdict passed the HON'ble Supreme Court in the matter of fees payable to RoC. The company intends to take appropriate action as per the advice received from the legal experts.
- (6) Provision has already been made in the Books of accounts for the amount of Income Tax payable for the AY 2013-14. As such this liability has no further impact on the profits / retained earnings of the reported period of the Company.
- (7) The Company has considered sundry debtors of Rs. 3484.75 lacs due for more than six months as good. However in the opinion of auditors there should be regular process of identification and provision for bad and doubtful debts and the same is being considered by the management.
- (8) The Company is in the process of filing Review Petition before the Hon'ble Supreme Court of India. Further the Company is transacting its business through short term borrowings from the Promoters. Penalty, if any, would be paid once the review petition filed by the company has been decided by the Hon'ble Supreme Court. The Penalty of Rs. 25.00 lacs has been provided in the books of accounts.
- (9) Due to paucity of funds, the Listing fees to NSE & BSE has not been paid. The Company is arranging funds for its payment. The Company has also made representation with NSE and BSE for certain waivers and their response is awaited
- (10) As regards non-payment of custodial charges to CDSL & NSDL, the company has raised dispute with regard to the quantum of fees being charged. The company is also in the process of filing appropriate legal case against SEBI and the Depositories. The Company has also made representations with the Depositories for certain waivers; the response from the Depositories is awaited. Since the Company has disputed the said liability, and the legal experts are of the opinion that we have a strong case against the Depositories hence no provision has been made.
- (11) (12 & 13) In respect of default in holding Annual General Meeting, it is submitted that the Depositories have blocked Benpos due to which shareholder data could not be downloaded hence notices of Annual General Meeting could not be sent and consequently Annual Report could not be submitted with the stock Exchanges; Since Benpos data has not been made available the shareholding Pattern for the quarter ended 30/09/2023; 31/12/2023 and 31/03/2024 could not be submitted with the Stock Exchanges. Representation has been made with the stock exchanges for waiver of the penalty.

III	Signatures	
	Mr. Peeyush Kumar Aggarwal - Managing Director & Chairman of the Board Meeting	
	Sanjay Sharma - C.F.O.	
	Mrs. Madhu Sharma - Audit Committee Chairperson	
	Mr. Jeetman Khandelwal -	
Place: New Delhi		
Date: 30/05/2024		

