**Status Report**

**Katalyst Software Services Limited**

**Background:**

**Katalyst Software Services Limited** (**Issuer/Company**) had issued unlisted, secured, redeemable, Non-Convertible Debentures (**NCDs**) of Rs. 1 (face value) under ISIN INE463Y07027 aggregating to Rs. 75 Crore (Rupees Seventy-Five Crore Only) on a private placement basis. The NCDs are not listed on Stock Exchange and hence the SEBI Regulations are not applicable for the same, mandating Debenture Trustee to update the Debenture Holders through disclosures on its website. However, as good governance practice for the information of Debenture Holders at large, this report is placed on the website, which will be updated from time to time.

As per PAS-4, Issuer offered the following securities:

1. 26% equity shares of Issuer held by Mr. Rahul Shah **2**.
2. 100 % shares of Nova Techset Pvt. Ltd. held by Issuer
3. Existing & future receivables of Issuer & Nova Techset Pvt. Ltd.
4. Escrow of revenue of Issuer & Nova Techset Pvt. Ltd.
5. Interest Service Reserve for interest payment and Debt Service Reserve Account for an amount equivalent to principal due for one year.

Issuer executed a Debenture Trust Agreement & Debenture Trust Deed (DTD) on 7.8.2017 in favor of Milestone Trusteeship Pvt. Ltd and Debenture Trustee. Also, Issuer has executed necessary security documents.

Till July 2021, repayment by Issuer was regular; however from August 2021, there had been constant irregularity in repayment and there was a breach of terms of the said DTDs. Therefore, Milestone Trusteeship Pvt. Ltd issued a notice to Issuer on 13.1.2022 and declared “Event of Default” by the Issuer and recalled the entire outstanding amount of debt from Issuer.

**03.02.2022**

On failure of Issuer to repay the outstanding debt, Milestone Trusteeship Pvt. Ltd & Debenture Holder Representative (KARVY) issued Notices to Issuer, Nova Techset and one of the Directors of Issuer viz. Mr. Rahul Shah on 3.2.2022 for Invocation of pledged shares.

**04.02.2022**

On 4.2.2022, Milestone Trusteeship Pvt. Ltd (Debenture Trustee) invoked the pledged shares and transferred to its Demat account.

**14.02.2022**

Thereafter, on 14.2.2022 Mr. Rahul Shah filed a commercial suit bearing no. 108 of 2022 in the High Court of Delhi against Catalyst Trusteeship Ltd & Karvy, for declaration & permanent injunction in respect of pledged shares, created vide Share Pledge Agreement dated 8.8.2017 executed by Mr. Rahul Shah in favour of Debenture Trustee.

**17.02.2022**

On 17.2.2022, Milestone Trusteeship Pvt. Ltd conveyed Nova Techset of invocation of 100% shares, invoked on 4.2.2022.

**23.05.2022**

On 23.5.2022, Milestone Trusteeship Pvt. Ltd merged with Catalyst Trusteeship Ltd.

**STATUS OF COMMERCIAL SUIT 108/2022 IN DELHI HIGH COURT**

**04.03.2022**

In **I.A. 2620/22**, Hon’ble High Court passed an order of INTERIM INJUNCTION on 16/2/2022 after hearing counsel of Plaintiff, stating that defendant no. 3/ Issuer to maintain **STATUS QUO** in respect of shares (total no. 32,82,720) amounting to 26% of paid-up share capital of Def. no. 3/KSSL (Issuer).

An Appeal bearing no. FAO OS 56/2022, CM APPL 10995/2022 (stay) against Order dated 16/2/2022 is preferred with Division Bench, Delhi High Court. The said appeal came to be decided on 4.3.2022 thereby setting aside the stay order.

**20.10.2023**

**I.A. 16191/23** is filed by Mr. Rahul Shah seeking voting rights for himself for pledged shares in meeting to be held on 27/10/23. The said application is **dismissed by Single Judge, High Court Delhi on 20/10/2023**

**06.02.2024**

Against order dated 20/10/2023, Mr. Shah preferred an appeal with Division bench, **High Court, Delhi** (Suresh Kumar Kait and Shalinder Kaur, JJ) vide no. FAO OS COMM **244/2023**, CM Application no. 57267/23 & 57269/23). The Division Bench upheld decision of Single Bench, **High Court Delhi** and passed an order that Mr. Shah has ceased to have voting rights, after pledge of shares as per Share Pledge Agreement, vide an Order dated 6/2/2024.

**19.04.2024**

Against order dated 6/2/2024, Mr. Shah filed Special Leave Petition in Supreme Court bearing no. 8627/24 (IA 88230, 88233, 89440, 89438) in the court of Justice J. B. Pardiwala; which came to be dismissed on 19/4/2024 confirming High Court order in Appeal no. 244/2023.

Next date fixed in CS 108/2022 is 11/9/2025 for verification of documents by Plaintiff.

**STATUS OF MATTERS IN NATIONAL COMPANY LAW TRIBUNAL, MUMBAI:**

**04.01.2024**

Mr. Rahul Shah filed Company Petition no. **925 of 2020** against Issuer Company & others addressing oppression & mismanagement within the Company against the current Board and management as per Section 241 & 242 of Companies Act, 2013. However, Hon’ble Court vide order dated 4.01.2024, observed that the Issuer wasn’t interested in contesting the matter and didn’t appear in the Court for quite many a times. So, Hon’ble NCLT dismissed the said petition along with pending Company Applications (1197/20, 1198/20, 244/21, 393/23) for “Non - Prosecution” by the Plaintiff.

Against the order dismissal of CP 925/2020, Mr. Shah has filed a Restoration application on 19.1.2024 bearing no. RST A (Company Act)/2 MB/2024; the date given was 18.07.2024.

**31.05.2025**

After the occurrence of the Event of Default, the Debenture Trustee issued a notice dated 13.01.2022 to the Issuer and declared default. To cure the default, the Issuer decided to restructure the terms of repayment and executed Amended Deed of Debenture on 22.04.2023 and restructured the schedule of repayment. As on today, the repayment to the Debenture Holders by the Issuer is regular & in accordance with the terms of amended DTD dated 22.4.2023.