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**IN THE HIGH COURT OF DELHI AT NEW DELHI**

Decided on: 5<sup>th</sup> March 2020

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**CS(OS) 249/2019**

**EBIXCASH WORLD MONEY LTD & ORS. .... Plaintiff**

Represented by: Mr.Chander M. Lall, Sr. Adv. with  
Mr.Rajat Sehgal, Mr.Rupin Bahl,  
Ms.Nancy Roy, Mr. Mandavya  
Kapoor, Advs.

versus

**FRASER PERRING & ORS. .... Defendants**

Represented by: D-1, 2 & 3 ex-parte.  
Mr. Aditya Gupta and Mr.Raunaq  
Kamath, Ms. Aishwarya Kane, Advs.  
for D-4.  
Mr. Deepak Gogia and Mr.Jithin M.  
George, Advs. for D-5&7.  
Mr .Arvind Nigam, Sr. Adv. with Ms.  
Mamta R. Jha, Ms.Shruttima Ehersa,  
Ms.Sakshi Thalani, Advs. for  
D-8/Google LLC.

**CORAM:**

**HON'BLE MS. JUSTICE MUKTA GUPTA**

**MUKTA GUPTA, J. (ORAL)**

1. By the present suit, plaintiffs seek a permanent, prohibitory and mandatory injunction to restrain defendant nos. 1 to 3, their affiliates, agents and any other persons including defendant no. 6 acting for or on their behalf from making, publishing, distributing, posting, tweeting, sharing, circulating, repeating, republishing, uploading and/or downloading the impugned statements on any website or other electronic media or in any manner whatsoever that affects or may have the effect of disparaging, tarnishing, by demeaning, defaming or infringing the rights of the plaintiff;

direct defendant Nos. 4 to 5 to take down or remove all the impugned statements and any other such statements connected with or related to the same and destroy the physical or electronic copies within the power, possession and access of the defendants and provide the Internet Protocol addresses of defendant Nos. 1 to 3 and other persons creating and sharing the said impugned statements; damages and costs.

2. Summons in the present suit were issued vide order dated 8<sup>th</sup> May 2019. Defendant Nos. 1, 2 and 3 did not enter appearance. Thus, they were proceeded ex-parte vide order dated 6<sup>th</sup> November, 2019. Further the plaintiff does not press any prayer against Defendant Nos. 4, 5, 7 and 8

3. Case of the plaintiff is that defendant Nos. 1 to 3 are members of Viceroy Research Group who admittedly hold shorting positions in various stocks of the plaintiffs that is Ebix Group who are leading suppliers of on-demand suppliers and e-commerce services to the insurance, financial, healthcare and governance industries. The defendants have published reports and statements making outrageous allegations against the plaintiffs pertaining to accounting irregularities, attempts to defraud and mislead government agencies, investors and shareholders by employing certain tactics to engage in tax and regulatory fraud.

4. It came to the knowledge of the plaintiffs that the defendants had circulated the impugned statements to various banks and financial institutions when one of the plaintiff companies took steps towards the listing of its shares on recognised stock exchanges in India. Defendant Nos.1 to 3 also contacted news agencies and circulated the impugned statements. In furtherance to the same, the news agencies sought comments and clarifications from the plaintiffs.

5. The plaintiffs conduct their business in fifty countries with more than 12,000 employees. The plaintiffs have a reputable track record in terms of compliance, ethics, operating performance, research and development in India. The plaintiffs have also maintained highest standards of financial discipline and professional standards by conducting their business in accordance with the applicable law.

6. EbixCash World Money Ltd., plaintiff No.1 herein, is a company incorporated under the Companies Act, 1956. It provides foreign exchange services, financial intermediation and information technology services. Ebix Software India Pvt. Ltd. that is plaintiff No.2, is a software development company which develops, designs and deploys products for the insurance, financial and healthcare sectors. Ebix Inc. being plaintiff no. 3 is the parent entity of the Ebix Group listed on NASDAQ and has a current market capitalization of over USD \$1.5 billion approximately.

7. Further, in the last 24 months, the plaintiffs have invested USD \$700 million into India while acquiring over 15 companies in various sectors including but not limited to foreign exchange, money remittance, credit card operations, travel sector, e-learning, healthcare, lending and wealth management sectors. The plaintiffs also intend to make further acquisitions of approximately USD \$400 million in India.

8. Defendant Nos. 1 to 3 operate and manage a website titled <<https://viceroyresearch.org>> and a Twitter handled by the name @viceroyresearch. The addresses of defendant Nos. 1 to 3 are unknown. Defendant no. 1 currently resides in South Africa whereas defendant Nos. 2 and 3 are residents of Australia. The defendants communicate vide their email id that is viceroysearch@gmail.com. Defendant Nos. 1 to 3 have a

notorious history of adopting shorting positions in listed companies globally and thereafter publishing reports and spreading misinformation about these companies to make illegal and unlawful profits out of such misinformation.

9. Defendant Nos. 1 to 3 have been sued by companies across the world for their illegal and unlawful actions similar to their actions in the present proceedings. On the other hand, defendant no. 4, Google India Private Ltd. herein, is a corporation specializing in internet related services and products and is the most widely used search engine. Defendant no. 5 being Twitter Communications India Pvt. Ltd.

10. It is noteworthy that Defendant No.1 published a presentation titled “Ebix-Goodwill Hunting: The alchemy of creating profits” on 3<sup>rd</sup> December 2019, available for public view on its website. Subsequent to the above, Defendant No.1 has published articles titled “Ebix-Goodwill hunting”, “Ebix-The Taxman Cometh”, and “Diving into the Robin Raina Foundation” on 11<sup>th</sup> December, 13<sup>th</sup> December and 20<sup>th</sup> December 2019 respectively. Lastly, Defendant No.1 has also published an article titled “Ebix’s 2019 ‘Not-So-Good-Business-Acumen-nomination” on 7<sup>th</sup> January 2019 and certain information on its Twitter handle “@viceroiresearch”.

11. In the aforementioned statements, Defendant Nos. 1 to 3 have stated that:

- (i) *The Plaintiffs have changed their business model “without visible synergies or management experience”;*
- (ii) *That there were purported accounting discrepancies” which suggest EBIX is booking external revenues on transactions between its subsidiaries”;*
- (iii) *That one of the Plaintiff’s group companies, viz. Ebix Vayam Technologies Pvt. Ltd. has only one customer and a “growing*

*unbilled receivables balance”;*

- (iv) That there was a “rapid change of company auditors” with respect to the Plaintiffs;*
- (v) That the Plaintiffs have an “unnecessarily intricate and opaque subsidiary structure with very little insight provided to investors” and that “many assets are being held in opaque geographies and have been transferred with no disclosure or justification”;*
- (vi) That the Plaintiff’s businesses have a “material weakness in internal controls”;*
- (vii) That the Plaintiffs have “created a financial remuneration ‘poison pill’ to protect short sellers”;*
- (viii) That the CEO of the Ebix Group “has surrounded himself with allegedly infective copy-paste yes-men directors and audit staff.”;*
- (ix) That “EBIX’s acquisition spree has created numerous accounting discrepancies we believe are exaggerating group earnings”;*
- (x) That “there were complications in transferring Oakstone assets to India from the USA. Indian courts allowed the transfer through amalgamation with Healthcare Magic.”*
- (xi) That “EBIX’s India operations reported steady profits until 2015” and that “this appears to be due to the transfer of assets out of India, to Singapore.”*
- (xii) That in the year 2015 “we believe the gain on sale recorded by the Indian subsidiary has flowed through to EBIX’s consolidated accounts given no other significant business changes in the segment.”*
- (xiii) That “EBIX’s Indian subsidiaries have issued almost \$250m of compulsory convertible debentures to EBIX’s Mauritius entity” and that “EBIX’s balance sheet and cashflow statement do not*

*demonstrate that the business even has this cash balance to distribute” and that “It is noteworthy that EBIX’s Paytech entity has been given freedom to distribute up to \$280m to ANYONE its discretion. This is the entity which EBIX intends to IPO, which we believe is extremely dangerous.”;*

- (xiv) That the Plaintiff’s have “round tripped” funds to fund acquisitions of companies in India;*
- (xv) That in 2004 KPMG resigned over “disagreement with management regarding lack of authority, lack of understanding of the company’s income, lack of contract review, inadequate documentation for transactions.”;*
- (xvi) That “After negative backlash”, our Clients agreed to “keep Cherry Bekaert & Holland on for US Revenue and T.R. Chadha for global audit partner.”;*
- (xvii) That the Plaintiffs’ were “Previously investigated by the IRS”;*
- (xviii) That the Plaintiffs’ were previously investigated by the SEC through 2017 and that the “investigation findings” were not released.*
- (xix) That the Plaintiffs are undergoing an investigation by the Department of Justice in the United States of America (“DoJ”), and were involved in certain purported raids on Deutsche Bank;*
- (xx) That the Plaintiffs have “many red flags” in their business and accounting practices;*
- (xxi) That the Plaintiffs have “open tax issues in India”*

12. The impugned statements are publicly available on the website of defendant nos. 1 to 3 that is <<https://www.viceroyresearch.org/>> and are available for public to view.

13. During the course of hearing, learned counsel for the plaintiff does not press any relief against defendant Nos. 4, 5, 7 and 8. Hence no decree is passed against these defendants. Further as the plaintiff does not press any relief qua defendant Nos.5 and 7, thus the copy of the revenue sharing arrangement between defendant Nos.5 and 7 which was filed by defendant No.5 in a sealed cover is permitted to be withdrawn by defendant No.5.

14. Learned counsel for the plaintiff presses only prayer (a) qua defendants Nos. 1, 2 and 3. Consequently, suit is decreed in terms of prayer (a) in favour of plaintiff as against the defendant nos. 1, 2 and 3.

**I.A. 6755/2019 (u/O XXXIX R 1 & 2 CPC)**

**I.A. 11204/2019 (u/O XXXIX R 1& 2 CPC)**

Disposed of as infructuous.

**I.A. 8966/2019 (u/O XXXIX R 4 CPC by D-4)**

**I.A. 9307/2019 (u/O I R 10 CPC by D-5)**

**I.A. 12218/2019 (u/O I R10 CPC by D-4)**

Dismissed as infructuous.

**(MUKTA GUPTA)  
JUDGE**

**MARCH 05, 2020**

**‘am’**