

**DULY SWORN ON: 11-07-2024**

**CROSS-EXAMINATION BY Sri. GV THE COUNSEL FOR  
Defendant-1 to 3:**

1. I do not remember who drafted the agreement dated 1-6-2019 styled as share purchase agreement. It is true to suggest that I am aware of the contents of the said agreement. It is true to suggest that under the said agreement the agreed investment amount is rupees 2 crores, witness volunteers it is under certain conditions. It is false to suggest that there were no conditions for making investment and there was only a time bound schedule for making investment. I did not make full investment because there was breach in the contract by D2 by offering shares to others at lesser value. I do not remember the date on which the said breach took place. Witness volunteers, I came to know about it later. I do not remember if it is suggested to me that I made investments between April to September 2019.

2. It is true to suggest that along with the Plaintiff, I have produced the share certificates. Witness volunteers I was given copies of share certificates. If I am asked whether I agree that they are the true and correct share certificates, I say they are the share certificates given by the company. It is true to suggest that I have acted on the said share certificates and exercised my rights as shareholder on the basis of the

said share certificates. It is true to suggest that the share certificates produced by me are dated 14-11-2019. If it is suggested to me that on 14-11-2019 42,000 shares of the company were issued to me, I say I have to verify the dates.

3. If it is suggested to me that additional 1200 shares were allotted to me in March 2020, I say I have to verify and I do not remember. Now, document at page 88 of the Plaint is shown to witness and suggested that the said document shows allotment of 1200 shares on 5-5-2020 and after looking into the document witness says I have to verify the records. If it is suggested to me that share allotment was made to me in two rounds, first round of allotment of 42,000 shares for consideration of rupees 55,02,000 and second round of allotment of 1,200 shares for consideration of rupees 10,86,000, I say, I agree in so far as the first round of allotment is concerned, but in respect of second round of allotment I have to verify the records.

4. If I am asked whether according to me I am holding 42,000 shares in the company, I say I have submitted documents in respect of 42,000 shares and rest of the shares I have to verify the record. If I am asked how the breach took place by D2, I say that D2 has given 5 percent shares in the company to defendant number 4 for rupees 5 to 6 lakhs. It is true to suggest that I was offered 60,000 shares for consideration of rupees 2 crores which works out to rupees

333.33 per share. Witness volunteers, even before allotment of shares to me, I came to know that shares were offered to D4 for lesser price. Witness further says, I came to know about allotment of shares to D4 for lesser price after I had already invested the money but before allotment of shares.

5. I am aware that under clause 10 of the agreement, any modification of the agreement should be only in writing and signed by the parties. It is false to suggest that apart from what is contained in the agreement, there is no other understanding between me and other defendants. It is false to suggest that the understanding between the parties was that it is only if I am allotted 21 percent shares in the company that I will be seen as a substantial investor and I will be able to mobilize the funds to make investment in the company. It is false to suggest that I insisted on being appointed as director of the company although I did not meet the requirements of share purchase agreement and due to personal considerations only I was appointed as director.

6. It is false to suggest that my investment in the company itself was due to personal considerations. It is true to suggest that in the email at page 146 at exhibit P4, I have stated that I have made the investment due to personal consideration, witness volunteers, this was stated with reference to the technology. It is false to suggest that in respect of my initial investment of rupees 55 lakhs I was allotted higher number

of shares with the understanding that the higher number of shares will be adjusted towards my subsequent investment.

7. It is true to suggest that second tranche of my investment was paid by Murali Krishna. Witness volunteers Mr. Murali Krishna has given in writing that said amount should be adjusted towards investment made by me. Murali Krishna is my uncle. It is true to suggest that another tranche of investment of rupees 27 lakhs was paid by Garden City Realtors Company. Witness volunteers said company belongs to Murali Krishna. If I am asked what was the status of D1 company at the time of investment, I say it was under loss. Witness volunteers since it is a start-up company, we cannot expect profit from the first year. If I am asked when was the first time D1 company obtained a substantial business, I say it was in 2021 or 2022 when it got rupees 8 crores contract from L&T. It is true to suggest that the L&T contract was executed and billing was done in March 2022. It is true to suggest that from the time I did investment in 2019 up to March 2022, the company did not do any substantial business.

8. It is true to suggest that after bringing investment of rupees 55 lakhs, I have drawn rupees 20 lakhs from company towards professional fee and commission. It is false to suggest that I have withdrawn rupees 20 lakhs from the company without rendering any service. If I am asked in what

manner company benefited from my services, I say in many ways. Witness volunteers I was instrumental in getting L&T contract. The witness further says D2 was technically competent but he was unable to close the deal and therefore I had to come and help in closing the deal with L&T. This is the same L and T contract which was executed in March 2022.

9. When I purchased 1200 shares in March 2022 for rupees 11 lakhs at the rate of rupees 916.67 per share, I was aware of the breach of the contract by D2. If I am asked whether even after being aware of the alleged breach, I consciously made a decision to invest rupees 11 lakhs to purchase shares at the rate of rupees 916 per share, I say immediately after I came to know about the breach, D2 promised me that he will allot 21 percent of the share capital of the company towards investment of rupees 55 lakhs already made by me and remaining 9 percent shares shall be allotted at price to be negotiated at the time of purchase of the shares and I invested rupees 11 lakhs because D2 said he urgently wanted money and at the prevailing price, shares were allotted to the extent of rupees 11 lakhs invested by me. If I am asked whether I have any documents to substantiate my above statement, I say there are WhatsApp messages. There is no impediment for me to produce the WhatsApp messages in this case.

10. Question, I suggest to you that price of rupees

916.67 was arrived at on certain basis and it is not a magical number?

Answer : I do not know.

11. Question: I suggest to you that the price per share of rupees 916.67 was arrived at as follows. You had invested rupees 55 lakhs and withdrawn rupees 20 lakhs and therefore your effective investment was rupees 35 lakhs and therefore the remaining investment to be made by you to reach the promised investment of rupees 2 crores was rupees 1.65 crores, whereas number of shares allotted to you was 42,000 and therefore what remained to be allotted was 18,000 shares and therefore by dividing rupees 1.65 crores by 18,000 the price of rupees 916.67 per share was arrived at?

Answer : It is false. Witness volunteers, at that time I was told that others are also being allotted shares at the same price of rupees 916 and therefore, shares are being allotted to me at the same price.

12. I do not know if it is suggested to me that allotment to other shareholders was subsequent to allotment to me and therefore the price at which I was allotted shares of rupees 916.67 was adopted for allotting shares to others.

13. It is false to suggest that I made the investment with an idea that it will help me in my employment. If it is suggested to me that I was not in employment of the

company, I say I was only the director. We did not have any written agreement as to what will be my roles and responsibilities in the company as director. I was helping the company in respect of closing financial deals and in getting investments and contracts.

14. It is true to suggest that at that point of time I was stationed in Hyderabad. I was occasionally coming to Bangalore. I was attending the board meetings, witness volunteers, whenever any investors were coming to meet D2, he would invite me and I would handle them. It is true to suggest that despite attending board meetings and coming to the company as stated above, I was not aware of the price at which shares were allotted to other investors. Witness volunteers, despite asking them to share the information, they never shared information with me.

15. It is true to suggest that relationship between me and D2 started deteriorating in March 2022. Witness volunteers at that point of time, for the first time I was given the financial statements of the company and I came to know funds have been misused and when I questioned it, relationship started deteriorating. It is false to suggest that the real reason for deterioration of relationship is because I started demanding commission for getting the contracts to the company.

16. If I am asked who prepared the document in respect

of investment by my wife in debentures of the company in November 2021, I say I got the document through D2, but I do not know who drafted it. If I am asked whether I know the contents of the said document, I say I have not gone through it in detail. If I am asked whether my wife signed it without any undue influence, I say she signed it out of trust. Witness volunteers it was assured that they said investment will be used only for betterment of the company.

17. It is true to suggest that the document now shown to me is the OFCD subscription agreement under which my wife has invested in D1 company and since witness has admitted the said document and since it is a document produced along with the Complaint which was not marked because only photocopy was produced it is now marked as Exhibit P6. It is false to suggest that under exhibit P6, 8 months was fixed only for conversion of debentures into equity and not for return of investment. It is false to suggest that since clause 6 of schedule 2 of the agreement states that the OFCDs are compulsorily redeemable at the end of 5 years, my wife can get back the investment only at the end of 5 years. It is false to suggest that since as per clause 7 the call option is available only to the company, it is only the option of the company to call back the investment and not the option of the investor.

18. If it is suggested to me that only after relationship

deteriorated between me and D2 in March or April 2022, I felt the need to get back the investment, I say I felt the need to get back the investment when I came to know about financial irregularities. It is true to suggest that the document now shown to me is page 150 of document produced along with the plaint which is email issued by me and since witness has admitted the said document and said document is produced along with the plaint but is not marked by inadvertence, it is now marked as exhibit P7. It is true to suggest that in the said email dated 20-4- 2022, I have stated that my wife has decided to take back the investment due to her urgent requirement.

19. Question : in said email you have made reference to agreement between D1 and the NAVIC electronics, what is that agreement?

answer, I deny to answer this question since it is not relevant to this case.

20. It is true to suggest that Navic Electronics is owned by me and my wife. It is false to suggest that I wanted to get business for Navic Electronics from D1 company and therefore I have referred to the said agreement in the said email. It is true to suggest that email dated 20-4-2022 at 12.51 pm which is at page 144 of the documents produced along with the Plaint is the reply by the company to my above email at exhibit P7 and since witness has admitted the said

document and it is a document produced along with the Plaintiff but not marked, it is now marked as exhibit P8. It is true to suggest that I have replied to the email at Exhibit P8 by email dated 21-04-2022, which is at page 143 of the documents produced along with the plaintiff and therefore, the said email admitted by the witness is now marked as Exhibit P9. It is false to suggest that since company denied returning the investment made by my wife, I started a witch hunt against the directors of D1 company.

21. If it is suggested to me that earlier to the emails at exhibit P8 and 9 in April 2022, there was no email correspondence between me and the company in respect of oral understanding raised by me in the present suit, I say there were emails but they have all been deleted by the company and I have to check whether they are still available. If I am asked whether I have taken any action against the company for deleting my emails, I say what was deleted by the company were my emails maintained in the company's server.

22. It is false to suggest that I filed a false police complaint only to get back my investment of rupees 1 crore which I was not entitled to. I have to verify the records whether I have issued any legal notice to the company to return my investment. I can verify and answer this question regarding legal notice on the next date.

**At this stage, further cross examination deferred to afternoon session since it is lunch time.**

**(Computerized to my dictation in the Open Court as deposed by the Witness)**

R.O.I. & A.C.,

**(SUDINDRANATH.S.)**  
LXXXIII ADDL. CITY CIVIL & SESSIONS JUDGE,  
BENGALURU.

**WITNESS DULY SWORN IN AFTERNOON SESSION ON: 11-07-2024**

**CROSS-EXAMINATION BY Sri. GV THE COUNSEL FOR Defendant-1 to 3:**

23. It is false to suggest that D2 is not a party to the agreement at exhibit P2 in his personal capacity. I do not know if it is suggested to me that the shares of Defendant number 4 were not allotted by the company but were transferred by D2 from his individual capacity for consideration. It is true to suggest that document now shown to me at page 104 to 108 is security Transfer Form between me and my minor daughter and since witness has admitted the said document and it is a document produced along with the plaint, it is now marked as Exhibit P-10. It is true to suggest that the securities transferred under Exhibit P10 are 43,200 equity shares of D1 company. It is false to suggest that said 43,200 equity shares were the same equity shares acquired by me under share purchase agreement. Witness volunteers, some of the shares were acquired under share purchase agreement and some of the shares were acquired on mutual understanding. If I am asked after transfer of 43,200 shares under exhibit P10, how many shares originally

acquired by me under share purchase agreement were retained by me, I say I do not remember and I have to verify the record. I can produce the said records in this case. I do not know if it is suggested to me that since I have transferred all the shares acquired by me under the share purchase agreement as per exhibit P10, I cannot exercise any further rights under the share purchase agreement.

24. It is true to suggest that after transfer of shares to my minor daughter under Exhibit P-10, there has been no amendment to the share purchase agreement. Witness volunteers, there has never been any amendment to the share purchase agreement but there has been oral amendment.[ It is clarified that the witness has used the word “oral amendment.”] It is true to suggest that on 28-02-2022, my wife has purchased 6000 shares of D1 company for Rs 40 lakhs from Rajendra Kumar Nadela. Witness volunteers D2 had suggested me to purchase the said shares. It is false to suggest that I am deposing falsely that D2 had suggested me to purchase the shares.

25. It is true to suggest that there was no compulsion from anybody including D2 to purchase the said shares. From March 2022, I was aware that company is trying to raise working capital of rupees 2 crores from Bank of Baroda. I do not know if it is suggested to me that said bank had in principle sanctioned working capital of Rs 2 crores to D1

company. Witness volunteers I am only aware that company approached bank for loan and I informed that I am not ready to give personal guarantee. It is false to suggest that normally banks expect personal guarantee from directors and my refusal to give personal guarantee was one of the reasons for friction.

26. Question, when bank asked in writing of all the directors of D1 company to give personal guarantee, how could you refuse? [Question disallowed because witness has already answered that he was not prepared to give personal guarantee.]

27. It is false to suggest that only because of my personal bias against company and D2 that I refused to give personal guarantee. It is false to suggest that only because of my refusal to give personal guarantee, I had to be removed as director of the company. If I am asked whether I have replied to the e-mail at page 151 of Exhibit P4 dated 26 April 2022 at 7.52 am wherein D2 had asked me to resign as Executive Director and take over as Investor Director, I say I replied denying the same. I have to verify the records if I am asked whether I replied orally or by email. I will verify and if available I can produce it to court. If I am asked what I replied to the offer of D2 to receive commission as consultant, I say I do not remember about that part.

28. It is false to suggest that the email at exhibit P4 at page 153 is the starting of my witch hunt against the company. It is false to suggest that all my emails are subsequent to this date and all these emails are attempt by me to create evidence against the company. It is false to suggest that having invested money in the company in 2019, including the money of others, in a great hurry, I have withdrawn the portion of the said money in my personal capacity. It is true to suggest that company has done substantial business in 2021-22 based on the contract of L&T and company also made profit from the said contract. It is false to suggest that it is out of the said profits that directors have drawn their remuneration and they are entitled to the same. If it is suggested to me that the remuneration drawn by the directors in 2021-22 is at par with remuneration drawn by directors in the previous year of 2020-21, I say there is no question of drawing remuneration in 2020-21 since they agreed they will not draw remuneration until everybody is paid.

**At this stage, further cross examination deferred at request.**

**(Computerized to my dictation in the Open Court as  
deposed by the Witness)**

R.O.I. & A.C.,

**(SUDINDRANATH.S.)**  
LXXXIII ADDL. CITY CIVIL & SESSIONS JUDGE,  
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