

**WITNESS CALLED AND DULY SWORN ON 07.06.2024.****FURTHER CROSS EXAMINATION BY SRI.N.K., ADVOCATE FOR THE DEFENDANT NO.8:-**

10. We have filed a complaint against company and Directors, Auditor before the ROC. I have produced the copy of complaint along with Plaint. I have gone through the records of this file, I could not found the copy of complaint. We did not get any response from the ROC regarding the complaint filed by us. It is False to suggest that, we have filed complaint against company, Director and not against the Defendant no.8.

11. During that time, the company was decided adjudicate the matter with ROC which is right forum, so we have not filed complaint before the Institute of Chartered Accountant India (ICAI) against Defendant no.8. I do not know, whether ICAI is not a competent forum to take action against Defendant no.8. It is False to suggest that, Defendant no.8 never met neither me nor the officials of plaintiff at any point of time. It is True to suggest that, no point of time, defendant no.8 issued any instruction to officials of the plaintiff not to communicate with them in writing. Witness volunteers any communication routed through Director of the Company, not directed to defendant.

12. We do not have any document to shows that, Plaintiff company has communicated the Defendant no.8 through Defendant no.1. Witness volunteers, since it is old communications. It is False to suggest that, no point of time any instructions was issued by the Defendant no.8 to plaintiff company.

**Question:** Is it, the comparison, of the Due Diligence Report of the Plaintiff in November 2007 with the Financial Statements for the year ending 31<sup>st</sup> March 2006, duly Audited by the Defendant No.8, is not possible or tenable as it is separated by a gap of 19 months, since in financial matters, it represents a very long passage of time during which several events may take place which have a bearing on the assets, whose assessments and perceptions are bound to differ or change ?

**Answer:** It is false. 31.03.2006, the defendant no.8 certified the balance sheet and P&L Account and issued audit certificate.

**Question:** Is it, the comparative chart of the Audited Financial position of the Defendant No.1 for the year ending 31<sup>st</sup> March 2006 and the Audited Financial Statements for the year ending 31<sup>st</sup> March 2008, which is separated by a gap of 24 months is also not tenable, and the conclusions sought to be drawn are liable to be rejected, as the gap represents a very long passage of time during which several events may take place which have a bearing on the assets, whose assessments and perceptions are bound to differ or change ?

**Answer:** It is false. During the 31.12.2007, Defendant no.8 certified the balance sheet and financial statement after making necessary provisions based on the recommendation out come of the DDR.

13. It is False to suggest that, Defendant no.8 did not make any provision in the balance sheet based on recommendation as he had no knowledge of the DDR. Witness

volunteers we have a balance sheet to shows that, defendant no.8 has signed the balance sheet of 31.12.2007 and necessary provisions as per the DDR. I can produce the same. It is False to suggest that, all the balance sheet prepared by the defendant no.8 as per the materials produced by defendant no.1 company and in accordance with accounting standard and nothing to do with DDR.

**Question:** You have any email or acknowledgment from the Defendant No.8 to show that he has accepted the finding of your due diligence audit report ?

**Answer:** We do not have any acknowledgment, however, 31.03.2008 in his audit report attach to the financial statement of defendant no.1 company and certified that, all the recommendation given in DDR report made a necessary provisions in books of account.

**Question:** Is it, on the 28-12-2007 when you entered into the MOU, did the Plaintiff have the freedom or option to not to enter into the said MOU dated 28-12-2007 ?

**Answer:** We have option to enter into the MOU.

**Question:** What do you mean when you say that “the Defendant No.8 influenced you to make investment in the Defendant No.1 Company”?

**Answer:** During the discussions defendant no.8 also participated and presented the 31.03.2006 signed balance sheet showing the

positive networth of the company Rs.612.00lakhs and explained to us and make to believe us that, company extremely doing well, all checks and balances, internal controls are good, in compliance with all statutory norms.

14. **Question:** Whether the Defendant no.8 is an Investment Adviser ?

**Answer:** Since the Defendant no.8 certified the financial and independent audit report is given, with all the above explanation given by the Defendant no.8, he made us believe to make the investment.

15. I do not know what are the qualifications of Investment Adviser.

**Question:** Is it correct to say that, as per the Companies Act the role of the Statutory Auditor is confined to conducting the audit of the financial statements according to Accounting & Auditing Standards & express an opinion on whether the financial statements present a true & fair view of the state of affairs ?

**Answer:** Yes.

**Question:** Can you tell how could “the Defendant No.8 influence you to make investment in the Defendant No.1 Company when the law does not provide any investment advisory role for the Statutory Auditor, lest it would compromise his independence”?

**Answer:** Since, defendant no.8 is statutory auditor, certified the financial and explained us the internal controls and process followed and reported profit by certified in audit report and believe us all the numbers are the professional auditor certified.

**FURTHER CROSS EXAMINATION: DEFERRED AT THE  
REQUEST OF ADVOCATE FOR DEFENDANT NO.8.**

(Typed to my dictation in open court.)

R.O.I & A.C.,

sd/-

(SUMANGALA S. BASAVANNOUR)  
LXXXII ADDL. CITY CIVIL & SESSIONS JUDGE,  
BENGALURU.