

WITNESS CALLED AND DULY SWORN ON 06.07.2024.**FURTHER CROSS EXAMINATION BY SRI.N.K., ADVOCATE FOR THE DEFENDANT NO.8:-**

19. It is False to suggest that, the Defendant No.8-Auditor has no authority or power to give any assurance to anyone that the Defendant No.1 Company was carrying on its business affairs in a Professional way. It is False to suggest that, only the Board of Directors of a Company have the authority or power to give any assurance to anyone that the Defendant No.1 Company was carrying on its business affairs in a Professional way. It is False to suggest that, there is no role assigned to the Defendant No.8-Auditor in the implementation of the MOU.

20. **Question:** Did you follow up and find out as to what happened to your Complaint filed in the Registrar of Companies against the Defendant No.8 ?

Answer: No response is received. We have visited number of times to ROC, orally followed up.

Question: Is it, the Registrar of Companies did not find any merit in your Complaint against the Defendant No.8 and rejected your complaint ?

Answer: We have not got any confirmation.

On 20.11.2009, the complaint was filed before the ROC. Advocate for Defendant confronted the copy of the complaint, produced along with Plaint. Since the witness admitted the document, it is marked as **Ex.D.8.**

Question: When you became aware of each of the various acts of omissions and commissions and violations as regards the financial of the Defendant No.1 Company ?

Answer: In the month of October-2007 during the audit of DDR report.

21. It is False to suggest that, defendant No.8 was not present at any of the meetings including the meeting referred by you in para 21 of evidence affidavit. It is False to suggest that, the Audit Report & Financial Statements for the period from 01-04-2007 to 31-12-2007 is not a statutory audit and the report is not a Statutory Auditor's Report, and the Financial are not an audited Financial Statement. It is False to suggest that, the said Report not being a Statutory Auditor's Report, and the Financials not being Statutory audit Financial Statement, were not final and were not filed in the ROC and hence were not meant for the public and only for the management.

22. It is False to suggest that, the nature of the movement of the Inventory and the extent of ability to collect the receivables are matters of perception. Witness volunteers Defendant no.8 was not followed the accounting standard no.2 (inventory valuation), accounting standard no.9 (revenue recognizance). It is False to suggest that, they are matters of perception because they depend upon several factors which are variable. Witness volunteers however, in the audit report of 31.12.2007 and 31.03.2008 he made a necessary provisions in books of account reported true and fair value of financial, which was not done

earlier in 31.03.2005, 31.03.2006 and 31.03.2007.

23. It is True to suggest that, the Plaintiff entered into an MOU with the Defendant No.1 Company even after the Defendant had admittedly revised the net worth of the Defendant No.1 Company to a negative of Rs.269 lakhs from a positive of Rs.669 Lakhs. Witness volunteers after signing the MOU they agree to make the negative net worth of Rs.269 lakhs to positive and it is described in MOU.

24. It is True to suggest that, the Plaintiff has chosen to continue and enhance the relationship with Defendant No 1 through the MOU dated 28-12-2007, by opening a fresh bank account in IDBI Bank from January, 2008, with the representative of the Plaintiff being the sole authority to operate the account, and directing further investments through this bank account. Witness volunteers it is as per the MOU.

25. It is False to suggest that, after the date of the fresh Memorandum of Understanding dated 28-12-2007, the Plaintiff has not relied upon any Audited Financial Statement or Audit Report or anything else emanating from the Defendant No.8. Witness volunteers after 31.12.2007 we relied upon audit report dtd.31.03.2008, 31.03.2009, 31.03.2010 and 31.03.2011 given by the defendant no.8.

26. **Question:** Have you raised any objections with regard to audit report dtd.31.03.2009, 31.03.2010 and 31.03.2011

allegedly issued by defendant no.8 ?

Answer: We have not raised any objections.

27. It is False to suggest that, all the Audit Report and Financial submitted by the Defendant No.8 give a true and fair view of the financial position of the Defendant no.1. Witness volunteers financial year 2005-06 and 2006-07 are not true, subsequently 2008-09 are after incorporating our DDR recommendation reports are true and fair.

FURTHER CROSS EXAMINATION: DEFERRED.

(Typed to my dictation in open court.)

R.O.I & A.C.,

sd/-

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