

CONFIDENTIAL

**BOARD OF DISCIPLINE**  
**Constituted under Section 21A of the Chartered Accountants Act 1949**

**Findings under Rule 14(9) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007**

**File No.: PR- 232/17-DD/315/2017/BOD/536/2019**

**CORAM (present in person):**

**CA. Prasanna Kumar D., Presiding Officer**  
**Ms. Dolly Chakrabarty (IAAS, Retd.), Government Nominee**

**In the matter of:**

**Shri V. Ravikumar**  
Director, Delifresh Foods India Pvt. Ltd.  
No. 2281, 16<sup>th</sup> Cross  
21<sup>st</sup> A main, Sector 1, HSR Layout  
Bangalore-560102.

.....Complainant

Versus

**CA. Narendra Reddy Velugoti (M.No.- 228098)**  
Door No. 24-04-202/16  
Pooja Park apartment,  
Flat No. 301, 5th Floor, Santhi Nagar,  
Land Mark, Sindhura Nursing Home,  
Nellore 524003.

.....Respondent

**Date of Final Hearing** : **6<sup>th</sup> January, 2023**  
**Place of Final Hearing** : **New Delhi / through video conferencing**

**PARTIES PRESENT (through video conferencing):**

**Complainant** : **Shri V. Ravikumar**  
**Respondent** : **CA. Narendra Reddy Velugoti**

**FINDINGS:**

**BACKGROUND OF THE CASE:**

1.1 The Complainant and one Ms. Shereena K. S. (**hereinafter referred to as the 2<sup>nd</sup> Director**) were the founders, promoters shareholders and the Directors of Delifresh Foods India Pvt. Ltd (**hereinafter referred to as the 'Company'**), incorporated on 18<sup>th</sup> December 2015 in Coimbatore. The Company started as a small scale operation which did not have any machinery and which would be involved in developing a business pattern with intellectual properties and business plans for frozen food industries.

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- 1.2 One Mr. Siva Prasad who was appointed as the Auditor of the Company (**hereinafter referred to as 'Auditor'**) was attracted by the Company's startup and the marketing plan and thus he referred his friend, the Respondent herein, who is a foreign investor residing outside India to become the Investor in the Company. Accordingly, the Respondent, through his wife's Account brought Rs.20,00,000/- (Twenty Lakhs only) to the Company and he was appointed as the CFO of the Company on 14<sup>th</sup> August 2016.
- 1.3 Soon thereafter, the complainant was proposed by the Respondent and the Auditor to appoint one more Director in the Company to enhance the business of the Company and thus Vemalatha, wife of the Auditor (**hereinafter referred to as the 3<sup>rd</sup> Director**) was appointed as a Director of the Company on 1<sup>st</sup> October 2016.
- 1.4 Consequently, there was a resolution passed by the Board of the Company for allocation of the roles and responsibilities of the Directors according to which it was decided that the Complainant would take care of the work relating to Infrastructure, Supplier section and price negotiation of the Company and the 2<sup>nd</sup> Director would take care of sales and marketing division and the 3<sup>rd</sup> Director with the help of the Auditor and the Respondent, would be taking care of financial affairs of the Company including purchase, sales and expenditures, paying TDS, file returns and VAT returns. The 3<sup>rd</sup> director did not have any shares in the firm and was just appointed for being responsible for all the financial planning along with the Auditor and the Respondent.
- 1.5 Based on the above decision, the Respondent started to maintain all the user names and passwords of the bank Accounts of the Company. In addition, the user name and passwords of the personal accounts of the Complainant were also maintained by the Respondent. Upon getting the internet banking password of the aforesaid personal accounts, the Respondent changed the mobile number with the Indian Overseas Bank by submitting a forged signature letter to the Indian Bank on 5<sup>th</sup> January 2016 without knowledge of the Complainant.
- 1.6 Since the Complainant and the 2<sup>nd</sup> Director were not even paid their salaries from the Company therefore in pressure they sold their shares of the Company by getting a settlement worth Rs. 30,00,000 (Thirty Lakh each) and resigned from the Company on 1<sup>st</sup> October 2016.
- 1.7 In the meantime, the Complainant started his own food manufacturing unit which was the absolute property of the Complainant and which got started after an application of loan was made from Department of Industries & Commerce, Tamil Nadu.
- 1.8 However, due to financial needs, the Respondent proposed to the Complainant to help their sales by again becoming the Director for Delifresh Foods India Private Limited on a salary of INR. 1, 00,000/- and renting his manufacturing unit for a monthly rent of Rs. 1,00,000/-. The Complainant was also promised that he would be benefited with his earlier share value worth of Rs.30,00,000/- and his previous unpaid salary (April 2016 to September 2016- 6 Lakhs) would also be paid to him. Relying on the aforesaid terms, the Complainant agreed to operate the company again.
- 1.9 It is further alleged that the Complainant repeatedly made requests for getting the accounts book of the year 2016-2017 of the Company but the same were ignored by the Auditor, the Respondent and the 3<sup>rd</sup> Director. However, when the Complainant insisted he was misled and instead told that the funds were misused by the 2<sup>nd</sup> Director who was a woman of bad character and who is working against the welfare of the Company. The Complainant, without verifying the said Complaint, had a fight with the 2<sup>nd</sup> Director which ultimately led to a harassment case against the Complainant which was later on withdrawn by the 2<sup>nd</sup> Director.

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- 1.10 When the complainant smelled the fish and questioned the Respondent about the misappropriation of the funds, the Complainant was asked to stay away from financial affairs of the Company as the same was not his scope of work. Also the complainant was misled by the Respondent and the Auditor to open a corporate outlet in Bangalore for financial gains and thus with their advice the Complainant stayed in Bangalore (**February 2017 onwards**) and was advised to focus on the infrastructure of the new Outlet and not to return back to Coimbatore until the Bangalore project was complete.
- 1.11 On 13<sup>th</sup> April 2017, the complainant got suspicious about transfer of Rs.1,00,000/- (Rupees One Lakh only) from the Company by the Respondent to the Account of the friend of the Respondent. The beneficiary friend was in no business connection with the Company and when the Complainant questioned the Respondent the complainant's car was attacked and front glasses broken at night.
- 1.12 In addition, the Complainant also got to know that the Respondent along with his wife illegally entered into partnership deed with the 2<sup>nd</sup> Director and opened a firm called "Eco Greeny" in Coimbatore(**C-187**). The 2<sup>nd</sup> Director invested Rs.15,00,000/- (Fifteen Lakhs) in the firm and those assets were also taken over by the Respondent and his staff with their illegal fake documents and accounting skills. It is alleged that as per law, the Respondent and his wife do not have any rights to perform business activity in India without getting RBI permission, but the Respondent and his wife illegally entered into many business activities including 'ECO GREENY" and cheated people.
- 1.13 It is also alleged that the Respondent with the help of his staff (**Ravi Kumar, Company Secretary**) got hand of the private video clips of the 2<sup>nd</sup> Director to threaten her and be quiet about the matter or else the consequence would be posting of the video clips and posters to the known people.
- 1.14 The Complainant summarized the illegal transfers made by the Respondent from the accounts of the Company and that of the Complainant which is mentioned as under:-

Date of Transfer	Beneficiary	Amount	Remark
30.01.2017	Respondent	5,00,000/-	Unauthorized withdrawal
06.02.2017	Respondent	5,00,000/-	Unauthorized withdrawal
06.02.2017	Respondent	2,00,000/-	Unauthorized withdrawal
06.02.2017	Respondent	2,00,000/-	Unauthorized withdrawal
06.02.2017	Respondent	25,000/-	Unauthorized withdrawal
27.03.2017	UNKNOWN	75,000/-	Unauthorized withdrawal
07.04.2017	Ramu Devunuri	50,000/-	Unauthorized withdrawal
13.04.2017	Ramu Devunuri	1,00,000/-	Unauthorized withdrawal
13.04.2017	Ramu Devunuri	50,000/-	Unauthorized withdrawal
	<b>TOTAL</b>	<b>17,00,000/-</b>	

Shereena K.S. Share capital Amount:	30,00,000/- (Thirty Lakhs Only)
Complainant Loan Machines sold by the accused	29,00,000/- (Twenty Nine Lakhs Only)
Respondent withdrew from Complainant personal account in Indian Bank	12,85,000/- (Twelve Lakhs Eighty Five Thousand Only)
Stolen the Stock from the Delifresh Foods India Pvt Ltd	23,50,000/- (Twenty Three Lakhs Fifty Thousand Only)
Sale amount theft	72,00,000/- (Seventy Two lakhs only)

Bangalore Property Investment Loss	24,50,000/- ( Twenty Four Lakhs Fifty Thousand only)
Total Damages to the complainant by the Respondent, Siva Prasad and the 3 <sup>rd</sup> Director	1,91,85,000/- (One Crore Ninety One Lakhs Eighty Five Thousand Only)

**CHARGE ALLEGED:**

- 2.1 The Respondent misused the user-names and the banking passwords of the Company for illegally transferring a whopping amount of money to his personal accounts and the account of his wife.
  - 2.2 The staffs appointed by the complainants were removed by the Respondent without any reasons and replaced by the Respondent's own staff and hence the Respondent had absolute control over the staffs and property of the Company to expedite all his illegal affairs.
  - 2.3 The Respondent failed to share the accounting, inventory and book keeping of the company and managed to manipulate them for his benefit.
  - 2.4 The Respondent and the Auditor forged the DCS signatures of the Complainant and the 2<sup>nd</sup> Director to change the records before ROC.
  - 2.5 The Respondent wrongfully obtained the personal video clips of the 2<sup>nd</sup> Director and blackmailed her.
  - 2.6 The Respondent along with his associates cheated the complainant and the 2nd Director of Company by misusing capital funds, sales funds by raising fake vouchers without signature and making payments in the name of fake companies or fake invoices without Goods Receipt Inward Note (GRIN) and also transferred the Company's money to their personal account, without the knowledge of complainant.
  - 2.7 The Respondent with his associate managed to get theft conducted in the premise of the Company.
  - 2.8 The Respondent violated the law and entered into partnership illegally with the 2nd Director and opened a Firm called 'Eco Greenery' and in the said firm too the Respondent cheated the 2nd Director of Rs. 15,000,000/-.
  - 2.9 The Respondent threatened the Complainant with dire consequences if he would raise his voice against him.
- 3 The Director (Discipline) in his prima facie opinion held that the Respondent was prima facie **NOT GUILTY** of 'Other' misconduct falling within the Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949. The Board of Discipline, on consideration of the prima facie opinion of the Director (Discipline), was of the view that the involvement of the Respondent in the misappropriation of the funds of the company needs to be examined. Accordingly, the Board did not agree with the opinion of the Director (Discipline) that the Respondent is **NOT GUILTY** of 'Other' misconduct falling within the Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949 and decided to proceed further under Chapter IV of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

**BRIEF OF PROCEEDINGS HELD:**

- 4 At the time of hearing held in the case on 6<sup>th</sup> January 2023, the Complainant as well as the Respondent were present before the Board through Video Conferencing. The Board noted that

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since there was a change in the composition of the Board since the last hearing held on 29<sup>th</sup> October 2020, the Board gave an opportunity to the Complainant as to whether he would like to have a De-Novo enquiry or continue from the last proceedings to which the Complainant stated that he would like to continue from the last proceedings. The Respondent who was present in the hearing held on 26<sup>th</sup> December 2022 had already stated on that day that he would like to continue from the last proceedings. Thereafter, the Complainant and the Respondent made their respective submissions before the Board. The Board posed certain questions to the Respondent which were answered by him. Upon consideration of the submissions and documents on record, the Board concluded the hearing in the case.

**BRIEF OF SUBMISSIONS:**

**The Respondent, in his defence, inter-alia, submitted as under:**

- 5.1 The Respondent submitted that he was an investor and invested around 52 lakhs in that company. He is an NRI for the last 11 years and staying in Doha, Qatar from 2012. He invested in a restaurant which was run by the Complainant. Since, the restaurant was not going up to the expectation, he was given access to monitor the financial transactions that he was doing from Qatar.
- 5.2 The Respondent was not allocated shares. However, the Complainant and his wife Sharina are the total shareholders. Till date they are 100% shareholders and they were the one who is sitting in Coimbatore their hometown, they were operating their restaurant.
- 5.3 The Complainant wanted to open a restaurant in Bangalore for which he did not agree for signing the bank documents. Therefore, the Complainant started putting cases against him in Coimbatore, Bangalore, NCLT they put a case and the Complainant's wife lodged a complaint on sexual harassment case. It may be noted that all this time he was in Qatar.
- 5.4 His involvement in the operations was minimum to null. The Respondent was just an investor. He was not at any point of time was involved as a Chartered Accountant providing any professional services. It is just a business relationship.
- 5.5 The Complainant himself has signed on the letter head of the company and submitted to the bank that Respondent's mobile number 9043911496 in India, on that he can receive OTP.

**The Complainant, in support of the allegation, inter-alia, submitted as under:**

- 6.1 The complainant submitted copy of the order passed by Disciplinary Committee of The Institute of Company Secretaries of India against Shri T. L. Ravi Kumar.
- 6.2 The Respondent was appointed as Chief Financial Officer on August, 2016 through a resolution passed by the Company and signed by the Respondent for acknowledgement of the same. Under guise of CFO the Respondent became additional Director of the Company and started handling all accounts and day to day affairs of the Company.
- 6.3 The Respondent till date is holding post of Additional Director without DIN and deserted the office in 2017 and escaped to a Gulf Country and failed to reconcile the accounts he handled.

- 6.4 The Respondent was incharge of day to day affairs of the Company and was entrusted under fiduciary capacity with banking password and user ids.
- 6.5 There is an appointment namely Chief Financial Officer. The Respondent himself claimed that he is the Chief Financial Officer of the company and he is going to be an upcoming Director and that he is acting as a powerful person.
- 6.6 He is taken to another company named 'Eco-greenery' and he started working on the different platform. He has not put his name in front. He wants to test everything. If everything was a success, he will bring his name. Otherwise, he will run up from the company. This is how he is using the word Chief Financial Officer of the company.

**OBSERVATIONS OF THE BOARD:**

- 7.1 The Board observed that the main contention of the Respondent was that he was only an investor in the Company and he never interfered in the day to day business of the Company and hence all the allegations made by the Complainant are false and baseless. In response the Complainant has placed on record the Board resolution dated 15<sup>th</sup> August 2016 showing that the Respondent was appointed as the CFO of the Company. In this regard, the Board questioned the Respondent about the said Board resolution dated 15<sup>th</sup> August 2016 which was signed by the Respondent as an appointed person. In response, the Respondent denied and submitted that he has never signed such documents. It was also observed that the signature appears to have been photo copied from a different page and the difference in the pattern of signature as available in the record may easily be observed by naked eye. Subsequent to conclusion of the hearing, the Complainant had also provided details of WhatsApp call in support of this charge. However, since the same had been received subsequent to the conclusion of the hearing, it was not considered by the Board while arriving at its Findings as no opportunity was afforded to the Respondent to rebut on the same.
- 7.2 In addition to the above, the Board observed that many charges which have been made by the Complainant have not been substantiated by adequate documentary evidences. As regard the charge that the submission of the Complainant in his complaint that the Board passed a resolution for bifurcation of role of the three Directors according to which all the financial management/control was in the hands of the 3<sup>rd</sup> Director along with the Respondent and Mr. Siva Prasad, the copy of Board resolution to this effect has not been provided by the Complainant. Hence, in the absence of any documentary evidences to establish the bifurcation of roles, it is difficult to assume that the Complainant and the 2<sup>nd</sup> Director who were the founders and the promoters of the Company did not interfere or were not allowed to interfere in the financial matters of the Company as alleged.
- 7.3 The Board also observed that the Complainant has alleged that most of the old staff of the Company was replaced by the Respondent and new staff was appointed from the circle of the Respondent so that his fraudulent activities could be carried out with ease. However, nothing is placed on record as such to prove the said charge. It is noted that the Complainant has placed on record emails of the Respondent accepting resignation of some of its staff and appointing of the staff member but this alone cannot be substantial evidence to prove that the Respondent appointed all the work force from his circle to culminate the fraud as alleged. The Board noted that the Respondent never stayed in India and as stated the Respondent visited India only once in August 2016, therefore in absence of corroborative evidence it is difficult to establish that the

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Respondent built connections with the locals and also could persuade them to help him in his ulterior motives as alleged.

- 7.4 As regards the allegation that the 2<sup>nd</sup> Director was illegally removed by the Respondent by misusing her DSC, the Board noted that the Complainant has submitted copy of Order dated 3<sup>rd</sup> January, 2022 passed by the Disciplinary Committee of the Institute of Company Secretaries of India wherein the Mr. T L Ravi Kumar is held Guilty of professional misconduct under clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980 on the charges alleged against him that he in collusion with the Respondent and Mr. Siva Prasad had misused the DSC and forced the Complainant to leave the Company. The following portion of the said Order inter-alia merits consideration:

*"26. It is further observed that the cessation of the Complainant filed in DIR-12 had not been certified by any professional. However, the Respondent in his written statement admitted to draft and file the resignation letter of the Complainant. It is noticed that the resignation letter of the Complaint is on the letterhead of the Company apparently on the instruction of one Shri Narendra Velugoti who was allegedly an investor of the company....."*

*"28. It is observed that the Respondent had certified form DIR-12 for cessation of Ms. Kannankilakath Shoukkathali Shereena for resignation u/s 168. It is noticed that while certifying the form, the Respondent had mentioned the e-mail id of Shri Narendra Velugoti i.e. [narendra@delifreshindia.com](mailto:narendra@delifreshindia.com) who was not even the director of the company at the time of filing of said form in place of email id of resigning director, which said that before filing the said form the Respondent had not verified cessation of Ms. Kannankilakath Shoukkathali Shereena....."*

Upon perusal of the said Order and the documents/ submissions on record, the Board was of the view that role of Respondent in alleged misuse of DSC is not clearly evident.

- 7.5 As regard the charge that theft was committed by the Respondent with the help of his associate Mr. Ravi Kumar in the complex of the Company and the Company's stock, all the loan machinery documents, sale deeds, rental agreements, HR documents, appointment letters and contract deeds were stolen, the Board observed that conclusive evidences were not brought on record to prove the charge alleged against the Respondent. Further no proof has been placed on record that the Respondent used proxy site from overseas to login to the government portal to apply for GST registration as alleged.
- 7.6 As regard the charge of misuse of banking user-id and password by the Respondent, the Board noted that vide email dated 11<sup>th</sup> July 2017, the Respondent provided the banking user-id and password to the Complainant to check for the discrepancy, if any in the documents provided.
- 7.7 In view of the above observations, the Board was of the view that although several charges have been alleged against the Respondent, however, the same are not backed by conclusive evidences to attribute misconduct on the part of the Respondent. Even though it appears that Respondent may be involved in the day to day affairs of the Company to a certain extent or that the Respondent had role in appointment of staff, however, conclusive evidences are not on record to make out a case as to how the Respondent actually culminated the modus operandi of the fraud as alleged. Thus, the Board held the Respondent **NOT GUILTY** in respect of the charges alleged against him.

**CONCLUSION:**



- 8 The Board of Discipline, in view of the above, is of the considered view that the Respondent is **NOT GUILTY** of Other Misconduct falling within the meaning of Item (2) of Part IV of the First Schedule read with section 22 of said Act. Accordingly, the Board passed Order for closure of the case in terms of the provisions of Rule 15(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

Sd/-

CA. Prasanna Kumar D.  
(Presiding Officer)

Sd/-

Ms. Dolly Chakrabarty (IAAS, Retd.)  
(Government Nominee)

DATE: 10<sup>th</sup> February 2023

सही प्रतिलिपि होने के लिए प्रमाणित  
Certified to be true copy

मीनू गुप्ता / Meenu Gupta  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
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