

Printed from

THE TIMES OF INDIA

PE firm's ex-CFO alleges profit was paid to Siddhartha

TNN | Oct 10, 2020, 12:19 PM IST



BENGALURU: A former CFO of New Silk Route Partners, a US private equity (PE) firm, has alleged that the company sent the profit it made from an investment in 2011 to the late V G Siddhartha, founder of Cafe Coffee Day.

Rishi Gupta, who was the CFO till the beginning of 2017, has said in a lawsuit that the firm earned a profit of \$4.8 million in 2011, when a \$14-million investment in foreign currency convertible bonds of Sical Logistics returned proceeds of \$19 million, but “no such gain was ever booked to the NSR Funds”.

Instead, the executive has said, the profit was channeled to a company named Welland Investments, and he was asked to stop enquiries about the money transfer. The allegations are part of a lawsuit by Gupta, filed in a New York district court, against his dismissal for allegedly questioning numerous financial transactions. New Silk Route is headed by Parag Saxena, the CEO and founding general partner, and has investments in Varsity Education Management, Coffee Day Resorts and Reliance Infratel, according to its website.

“In 2016, Saxena admitted to Gupta that the NSR Funds’ entire investment in the Sical transaction had been in some unclear way for Siddhartha’s benefit, and that explained why the bulk of the profit had been sent in 2011 as Siddhartha demanded. However, that did not resolve the accounting and compliance issues faced by the NSR Funds on account of this questionable transaction,” the lawsuit said. Coffee Day Enterprises did not respond to a request for comment, and a message sent to Saxena did not immediately elicit a response.

Coffee Day has been under financial strain for some time and was the reason for Siddhartha taking his own life last year. A probe into the firm's financial troubles laid the blame squarely on the promoter for failing to create a profitable business model and depending excessively on debt to run it.