

**NATIONAL COMPANY LAW APPELLATE TRIBUNAL**  
**NEW DELHI**

**Company Appeal (AT) No. 362 – 372 of 2018**

**IN THE MATTER OF:**

**Ariizona Real Estate Pvt. Ltd.  
& Ors.**

**...Appellants**

**Versus**

**Union of India**

**...Respondent**

**Present :**

**For Appellants :**           **Mr. Mihir Thakore, Senior Advocate assisted by  
Mr. Udit Gupta and Ms. Neha Malik, Advocates**

**For Respondent:**       **Mr. Ashim Sood, CGSC,  
Ms. Payal Chandra, Advocate  
Mr. Saud Ahmad, Joint Director, SFIO**

**O R D E R**

**07.12.2018**       The ‘*Union of India*’ moved an application under Section 241 read with Section 242 as well as Sections 221, 222, 246 and 339 of the Companies Act, 2013 in public interest alleging the acts of serious fraud against ‘*M/s. Ridhi Sidhi Infraproject Pvt. Ltd.*’. In the said petition (C.P. No. 09/JPR/2018), the National Company Law Tribunal, Jaipur (for short, ‘the **Tribunal**’) passed the impugned interim order on 3<sup>rd</sup> August, 2018 with the following directions:

*“In any case in relation to the individuals who are common to the petition herein as well as in the petition pending before CP No. 148/CHD/Hry/2018 along with the CA No. 261/2018 vide order dated 17.07.2018 had been restrained from alienating, transferring,*

*encumbering any of their immovable property and other properties specified therein and hence no prejudice will be caused if in relation to the respondents herein as well if similar order is passed taking into consideration the facts and circumstances of the case and the respondents herein are restrained from alienating their properties in any manner whatsoever, including by way of transferring or otherwise encumbering through by themselves or through their agents, servants or any person whatsoever. In relation to other interim reliefs sought for, more so in the nature of co-operation being sought for in relation to the investigation proceedings from the respondents or other authorities named therein, let the same be extended without any demur by the respondents and the other authorities in accordance with applicable laws. The exemption as sought for in moving this petition today without service the respondents is granted. However, the petitioner is directed forth with to serve a copy of this order along with the petition and annexures to the counsel for the respondents who have entered their appearance upon caveat and in relation to others let the notice of this order as well as the petition be furnished within a week. Let the respondents file their reply to the petition within a period of 3 weeks from the date of service of the petition.*

*Post the matter for further consideration on 27.09.2018.”*

2. Similar matters fell for consideration before this Appellate Tribunal in ‘*Company Appeal (AT) No. 266 of 2018 – Kuldeep Kumar Dangi*’ and other connected appeals, in which one Mr. Shyam Murari Nigam was appointed as Executive Officer by the Union of India. In the said appeal, the court passed the following order on 4<sup>th</sup> October, 2018 :

**“O R D E R**

*“The Respondent- ‘Union of India’ in their counter affidavit stated that investigation carried out by the Serious Fraud Investigation Office (SFIO) revealed a large scale fraud perpetrated by the ‘Adarsh Group of Companies’, has also taken the following plea:*

*“9. It is submitted that no amounts may be permitted to be released in respect of the Appellant Companies for undertaking new projects or repayment of loans to its promoter society or related entities/ Group Companies as the same would again become a front for siphoning off money and defeat the very purpose of freezing the accounts of the Appellant Companies,*

*pending investigation. Any payment made by the Appellant Companies should be strictly only to service legitimate vendors for verifiable expenses for ongoing, existing projects.*

10. *It is further submitted that the Appellants have come on record to stated that they have no objection if any officer from the Ministry of Corporate Affairs is appointed to verify and approve the expenses of the Companies.*

11. *Without prejudice to the above and in the event this Hon'ble Tribunal accedes to the Appellant's request for permitting payments and for appointing a person to oversee the payments made by the Appellant Companies, this Hon'ble Tribunal may be pleased to appoint a retired officer of the Central Government having experience in finance as a Nominee Director/ Administrative Officer for the Appellant Companies. The appointment of the Nominee Director/ Administrative Officer should be at the expenses of the Appellant Companies themselves, who*

would verify and approve the legitimate expenses of the Appellant Companies and also meticulously scrutinizing/verifying the end use/ utilization of the said amounts, which would strictly be to service legitimate vendors for verifiable expenses for ongoing existing projects. The Respondent respectfully submits that in view of the Respondent's involvement in investigation and litigation before various judicial/quasi-judicial forums, it may not be appropriate to have a serving officer appointed for this purpose.

12. That in view of the facts, reasons and averments stated in the foregoing paragraphs, it is most humbly prayed that this Hon'ble Tribunal may take a view accordingly in the interest of justice."

2. The following statement has been made by the Union of India in their enclosure:

"The following name is proposed by the Serious Fraud Investigation Office, Ministry of Corporate Affairs for appointment as Nominee Director/

*Administrative Officer in terms of*

*Paragraph 11 of the counter affidavit:*

**Sh. Shyam Murari Nigam  
(Retd.) Member, Central Board of Direct Taxes  
Department of Revenue  
Ministry of Finance and  
Special Secretary to the Government of India  
Contact No: 9013854827  
Email ID: [smnigam@hotmail.com](mailto:smnigam@hotmail.com)”**

3. *Curriculum Vitae of Mr. Shyam Murari Nigam has been enclosed.*

4. *Learned counsel appearing on behalf of the Respondents submits that they have no objection with regard to the suggestion made at paragraph nos. 10 & 11 of the reply affidavit filed by the Union of India. Learned counsel raised objection with regard to the statement made at Paragraph 9 of the reply affidavit.*

5. *Having heard learned counsel for the parties, we pass following interim order for the present.*

- i. *Mr. Shyam Murari Nigam, (Retd.)  
Member, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance and Special Secretary to the Government of India, Contact No: 9013854827 Email ID: [smnigam@hotmail.com](mailto:smnigam@hotmail.com), is appointed*

*as Executive Officer to supervise all the 32 (Appellant) Companies. The main Company will pay the Executive Officer remuneration of Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) per month. He should be provided with a Car with 200 litres of petrol and other facilities to which a Group-A Officer of the Central Government is entitled to. This will be in addition to actual expenses as may be incurred by the Executive Officer for visiting the 32 Companies or for any other official purposes.*

- ii. The Board of Directors of respective Appellant Companies will function and shall take all steps and decision but only with the prior approval of the Executive Officer, who in his turn will ensure that the Appellant Companies continues to be remain going concern(s). If the Board of Director's or any of the officer of any Company make hindrance in the functioning of*

*the Executive Officer, the Officer may bring it to the notice of this Appellate Tribunal.*

- iii. The person(s), who are operating the Bank accounts of respective Companies may do so only with the approval of the Executive Officer for the purpose of day to day functioning only. No fund or amount should be diverted in favour of any third party without prior approval of the Executive Officer. The Executive Officer will ensure that the expenses for the day-to-day functioning of the Company are cleared, which may include the expenses towards supply of material(s) for construction of the building(s) and other infrastructures, expenses of workmen, employees and officers, electricity charges, water charges, taxes etc. The Serious Fraud Investigation Office is directed to co-operate with the Companies through the Executive Officer and will allow to the Officers through*



*Executive Officer to deal with the Bank accounts etc. for implementation of direction of this Appellate Tribunal.*

- iv. Apart from the salary, wages, payment towards electricity, water charges, taxes if there is any doubt with regard to expenses to be cleared in favour of one or other party, the Executive Officer will ask the concerned Board of Directors/ Officers of the Company to give clarification. On receipt of such clarification and if satisfied, the Executive Officer may clear the bills.*
- v. The Appellant Companies will not undertake any new project(s) and will complete the projects in hand. Only on completion of the present projects, the companies may take steps for new projects, with the approval of the Executive Officer.*
- vi. Loans payable to the 'Financial Creditor' or the 'Operational Creditor' should be cleared to*

*ensure that no insolvency proceeding is triggered against any of the Companies. If there is any 'existing dispute' with regard to amount payable to any 'Operational Creditor', who have supplied goods and rendered services, in such case, loan may not be cleared.*

*vii. Taking into consideration that the main business of the Companies are construction of projects for allotment of flats and commercial premises to the allottees, allotment and conveyance should be made in favour of valid allottees, only after verification by the Executive Officer to ensure that 'Corporate Insolvency Resolution Process' is not initiated by any of the allottee against the Companies.*

*6. The Central Government will inform of this order to Mr. Shyam Murari Nigam. The Registry of NCLAT is also directed to intimate this order to Mr. Shyam Murari Nigam in the address aforesaid.*

*Post these appeals 'for admission' on 28<sup>th</sup> November, 2018.*

*During the pendency of the appeals, any decision taken by the National Company Law Tribunal, shall be subject to the decision of the appeals. The Serious Fraud Investigation Office will continue with its investigation.*

*The interim order passed by the Tribunal stands modified to the extent above."*

3. Today, it is informed that 'Union of India' has not replaced the management of the Company.

4. Having heard the parties, while we are not inclined to interfere with the order dated 3<sup>rd</sup> August, 2018, as suggested by the learned counsel for the Union of India, appoint 'Mr. Shyam Murari Nigam' as 'Executive Officer' to look into the affairs of the present company.

5. The Executive Officer will ensure that the company remains on going and salary and wages of employees and workmen, payment towards electricity and water charges, taxes, if required to be made, the management of the company may bring the matter to the notice of the Executive Officer and in his absence before the Investigation Officer, SFIO, who after verification will allow withdrawal of such amount to ensure payment of salary and wages of employees and workmen etc.

6. In 'Company Appeal (AT) No. 266 of 2018' we have fixed the salary of Mr. Shyam Murari Nigam. However, as he will also function as 'Executive Officer' of the present company in addition to the company in which he has engaged by

the Union of India, he will be entitled for admissible allowances and actual expenses as may be incurred by him for performing the duties of the present company, in addition to what he is entitled pursuant to the order passed in respect of the other companies.

7. So far as the construction of flats and commercial premises by the company is concerned, Mr. Shyam Murari Nigam, EO will verify and if found that the construction has already been started, in such case, they will allow construction to continue in terms of the order passed on 4<sup>th</sup> October and modified on 31<sup>st</sup> October, 2018 in '*Company Appeal (AT) No. 266 of 2018*'.

The appeal stands disposed of with aforesaid observations and directions.

[Justice S.J. Mukhopadhaya]  
Chairperson

[ Justice Bansi Lal Bhat ]  
Member (Judicial)

/ns/uk /