

**In the National Company Law Tribunal**  
**New Delhi Bench**

**C.P No- 16/208/ND/2017**

**In the Matter of**  
**M/s Newgen Software Technologies Limited**

**Order Delivered on-17.11.2017**

**CORAM: INA MALHOTRA, MEMBER (JUDICIAL)**

**S.K. MOHAPATRA, MEMBER (TECHNICAL)**

**PRESENT-** Ms. Madhu Bose and Ms. Deepika Shori for the  
Petitioners.

**ORDER**

This petition has been filed u/s 441 of the Companies Act, 1956 praying for compounding of the offence u/s 129 of the Companies Act, 2013. The said petition which has been routed through the office of the RoC along with their comments, prays for compounding the offence as the appointment of Ms. Shubhi Nigam and Ms. Sonali Nigam in the Company and its Wholly Owned Subsidiary was in contravention of the provision of Section 129 of the Companies Act, 2013 which came into force w.e.f 1<sup>st</sup> April 2014.

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2. Section 129 of the Companies Act, 2013 inter alia stipulates that the financial statement of a company should comply with the accounting standards. Accounting Standard-18 as specified under the Companies (Accounting Standards) Rules, 2006, inter alia required disclosure of all transactions between a reporting enterprise and its related parties.

3. The petitioner's offence relates to Financial Year 2014-2015, 2015-2016 and 2016-2017 when Ms. Shubhi Nigam was appointed as Manager- Products and Services on 1<sup>st</sup> December, 2014 and on 19<sup>th</sup> April 2017 by its wholly owned subsidiary. Similarly Ms. Sonali Nigam was appointed on 29<sup>th</sup> Jan 2015 with the company's Wholly Owned Subsidiary. Both the aforesaid appointees are daughters of the applicant No.1, the Managing Director of the Company, and are therefore Related Parties. Non Disclosure of this fact is in violation of the AS-18. It is submitted that though the non disclosure was inadvertent, the appointments of Ms. Shubhi Nigam and Ms. Sonlai Nigam have now been approved by a Special Resolution at the General Body Meeting of the Shareholders. The appointments have been ratified and approved by the Board of Directors on 14<sup>th</sup> June, 2017.

4. The aforesaid offence is punishable u/s 129(7) of the Companies Act, 2013. Accordingly, RoC has recommended the imposition of a compounding fee as under:-



For default of appointment of Ms. Shubhi Nigam

S.No	Name of Applicant	Fine u/s 129(7)
1.	Mr. Diwar Nigam	15,00,000/-
2	Mr. Arun Kumar Gupta	15,00,000/-

For default of appointment of Ms. Sonali Nigam

S.No	Name of Applicant	Fine u/s 129(7)
1.	Mr. Diwar Nigam	10,00,000/-
2	Mr. Arun Kumar Gupta	10,00,000/-

5. Given the facts of the case that there is no legal impediment in compounding this offence, the petitioner/applicants' prayer can be granted. The RoC in its report has confirmed that no Prosecution has been initiated for this default which is stated to be in-advertent and for which the applicants have suo moto prayed for compounding. In view the submissions made it would be just and equitable to impose the fine as under:-

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S.No	Name of Applicant	For default of appointment of Ms. Shubhi Nigam	For default of appointment of Ms. Sonali Nigam	Amount
1.	Mr. Diwart Nigam	Rs. 1.5 Lakhs	Rs. 1 Lakh	Rs. 2.5 Lakhs
2.	Mr. Arun Kumar Gupta	Rs. 1.5 Lakhs	Rs. 1 Lakh	Rs. 2.5 Lakhs

6. Subject to the remittance of the aforesaid fine, the offence shall stand compounded. For compliance within 30 days. Fine levied on the applicants shall be paid out of their personal accounts.

7. Petition stands disposed off in terms of the above.

  
(S. K. Mohapatra)

**Member Technical**

  
(Ina Malhotra)

**Member Judicial**