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Jewellery designer Nirav Modi. Photo: Mint

## SC relief for Nirav Modi firm's former directors

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Varun Sood

SCstaysNCLAT order restricting three executives' access to bank accounts

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involving Modi, unravelled in February.

The three—Sanjay Rishi, president of American Express for South Asia; Gautham Mukkavilli, a former PepsiCo India president; and Suresh Senapaty, a former chief financial officer of Wipro—were restrained from freely accessing their bank accounts as part of an ongoing investigation by the ministry of corporate affairs.


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## UNDER THE SCANNER

**5 February:** CBI charges **Nirav Modi** in a multi-crore cheating case and files an FIR for criminal conspiracy and cheating. Three independent directors—American Express president for South Asia **Sanjay Rishi**, former Pepsi executive **Gautham Mukkavilli** and former Wipro CFO **Suresh Senapaty**—resign from Firestar International




**March:** The ministry of corporate affairs puts restrictions on 64 individuals, including the three former independent directors, from freely accessing their bank accounts




**April:** NCLT orders removal of any such restrictions

**June:** NCLAT sets aside the NCLT order and again puts curbs on the executives from freely accessing their bank accounts



**August:** The three independent directors approach the Supreme Court

 **The Supreme Court directs a stay on the NCLAT order and removes any such curbs**

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Unlike [Modi, who has fled the country](#)—hopping across three continents, from the US to Macau, and now having taken refuge in the UK—the three former directors had to deal with severe restrictions on their assets, pending an investigation into the \$4 billion Punjab National Bank scam.

Last month, the Supreme Court offered a temporary reprieve to the three former independent directors of [Firestar International Ltd](#), a privately-held firm controlled by Modi, as the apex court put a stay on an earlier order of the National Company Law

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“It’s been six months and still the investigation is far from over. So, we don’t know what will be the outcome after more FIRs (first information reports) are filed. For now, the Supreme Court has stayed the NCLAT order,” said a lawyer of one of the independent directors, adding that the investigative agencies believe that money was paid to buy the silence of independent directors.

The three former directors did not respond to emailed questionnaires sent by Mint.

The three independent directors stepped down from Firestar when an FIR was filed in the first week of February. Subsequently, the ministry of corporate affairs put restrictions on the bank accounts of 64 individuals, including the three former independent directors.

The three independent directors contested this directive before the Mumbai bench of the National Company Law Tribunal (NCLT), which ordered the removal of any such restrictions. However, an appellate tribunal set aside the NCLT order, which eventually made Rishi, Mukkavilli and Senapaty challenge the decision before the Supreme Court in August.

Mukkavilli was represented by M.P. Devnath, a partner at Delhi-based law firm Economic Laws Practice, while Senapaty and Rishi hired Dheeraj Nair, a partner at Jyoti Sagar Associates.

“Either an independent director is part of a conspiracy by the promoter to carry out the fraud or an independent director was negligent in carrying out the duties. Something has to emerge,” said Ved Jain, a former president of accounting rule maker Institute of Chartered Accountants of India. “In the Nirav Modi case, sadly, the way the independent directors have been treated, I believe it will make many of the upright independent directors scared of joining any company. So, the entire objective of having best corporate governance will get defeated,” he added.