

F.No:9/06/ADJ/SEC.203 of 2013/ANDHRA PRADESH/RD(SER)/2024

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

/6945

IN THE MATTER OF VISHNUPRIYA HOTELS AND RESORTS PRIVATE LIMITED

1. M/s. Vishnupriya Hotels and Resorts Private Limited
2. Mr. Kotu Sarat Kumar, Managing Director
3. Ms. Bhavani Kotu, Director

Appellants

Date of hearing : 02.02.2024

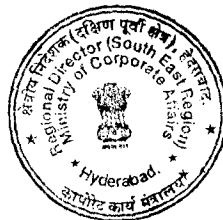
Present : Mr. P Sriram, PCS

### ORDER

This is an appeal filed under section 454(5) of the Companies Act, 2013 by the above appellants in e-form ADJ vide SRN F89519516 dated 05.01.2024 against the adjudication order F No. ROC(V)/ADJ(454)/SEC203(5)/CPPL/2022-23/763 dated 15.11.2023 under section 454 passed by the Registrar of Companies, Andhra Pradesh for default in compliance with the requirements of Section 203 read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

2. Registrar of Companies in his order of adjudication has stated that the company failed to appoint Company Secretary since the applicable provisions of the Act came into force i.e. 02.11.2018 to till date despite paid up capital has exceeded the prescribed limit as stated in the provisions of Section 203(1) of the Companies Act, 2013. Hearing was held before Registrar of Companies on 30.10.2023 and after hearing the authorized representative had levied a penalty of Rs.5,00,000/- each on the Company and 2 directors i.e., Mr. Kotu Sarat Kumar and Ms. Bhavani Kotu (total aggregating to Rs.15,00,000/-).

3. An opportunity of being heard was given to the Appellants on 02.02.2024. The authorized representative Mr. P Sriram, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and from



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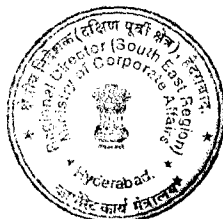
The appeal filed by the company it has been stated that the financial statements/ Annual Returns of preceding Eight Financial Years of the Company (from FY 2014-15 to till now) that the company is not doing any business activities and generating any income and thereby incurring huge losses with the present establishment which resulted eroding of the shareholders funds. Due to the above prevailing situation, the management of the company was in view that the company be closed since 4 years but due to Covid pandemic and post Covid situation, the company was unable to search for a suitable person either in the form of merger/amalgamation or any other method as allowed by the law of the land for disposal of the Company at the earliest. The Management of the Company firmly decided that the company be closed within the next 2 to 3 months and for this, the Management is constantly striving for searching a suitable party. The prevailing financial situation of the company, the company was able to appoint a Company Secretary as the Company could not even afford the same in line with the high expectations of the Company Secretaries which will further result very hardship to the Company's liquidity and financial position with its existing establishment and limited resources and negative net worth of shareholders funds.

4. Though there is a default committed, there is a ground in interfering with the impugned adjudication order of Registrar of Companies to the extent of reducing the quantum of penalty due to the following reasons:

(a) the financial statements/ Annual Returns of preceding Eight Financial Years of the Company (from FY 2014-15 to till now) that the company is not doing any business activities and generating any income and thereby incurring huge losses with the present establishment which resulted eroding of the shareholders funds.

(b) Due to the above prevailing situation, the management of the company was in view that the company be closed since 4 years but due to Covid pandemic and post Covid situation, the company was unable to search for a suitable person either in the form of merger/amalgamation or any other method as allowed by the law of the land for disposal of the Company at the earliest.

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(c) The Management of the Company firmly decided that the company be closed within the next 2 to 3 months and for this, the Management is constantly striving for searching a suitable party.


(d) The prevailing financial situation of the company, the company was able to appoint a Company Secretary as the Company could not even afford the same in line with the high expectations of the Company Secretaries which will further result very hardship to the Company's liquidity and financial position with its existing establishment and limited resources and negative net worth of shareholders funds.

Taking into consideration the facts of the appeal and submissions made by the authorized representative. I deem it would meet the end of justice if the penalty imposed by Registrar of Companies is reduced to 15% i.e., Rs.75,000/- each for the Company and 2 directors i.e., Mr. Kotu Sarat Kumar and Ms. Bhavani Kotu (total aggregating to Rs.2,25,000/-). The appellants are directed to comply with this order and also provisions of Section 454(8) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014.

5. Accordingly, penalty was paid by the Company and 2 directors i.e., Mr. Kotu Sarat Kumar and Ms. Bhavani Kotu amounting to Rs.75,000/- each (total aggregating to Rs.2,25,000/-) vide SRN's X67178541, X67180810 and X67182071 dated 10.02.2024 respectively. Accordingly, this order is issued to the Appellants with a copy to Registrar of Companies, Andhra Pradesh and Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi for information and necessary action.

Issued under my hand and seal on this the 19<sup>th</sup> day of February 2024.



  
(DR. RAJ SINGH)  
REGIONAL DIRECTOR (SER)  
HYDERABAD

Copy for information and necessary action to :


✓ M/s. Vishnupriya Hotels and Resorts Private Limited  
D.No. 47-15-1, Sangam Sarata Theate, Dwarakanagar,  
Visakhapatnam, Andhra Pradesh- 530016.

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2. Mr. Kotu Sarat Kumar, Managing Director  
Flat No. 1406, VIP Towers, VIP Road, Near Paradise  
Restaurent, CBM Compound, Vissakhapatnam  
(Urban), Andhra Univer, Andhra Pradesh- 530003.
3. Ms. Bhavani Kotu  
Flat No. 1406, VIP Towers, VIP Road, Near Paradise  
Restaurent, CBM Compound, Vissakhapatnam  
(Urban), Andhra Univer, Andhra Pradesh- 530003.
4. Registrar of Companies, Ministry of Corporate Affairs,  
Andhra Pradesh, Vijayawada.
5. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.



  
(DR. RAJ SINGH)  
REGIONAL DIRECTOR (SER)  
HYDERABAD