

F.No:9/94/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022

14169

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

**IN THE MATTER OF VIZIANAGAR STARCH AND ALLIED PRODUCTS PRIVATE LIMITED**

1. M/s. Vizianagar Starch and Allied Products Private Limited
2. Vivekananda Raju Datla, Director
3. Jyothi Datla, Director
4. Kamal Kumar Agrawal, Director
5. Raghava Raju Datla, Director
6. Rakesh Kumar Jaiswal, Director
7. Venkata Krishnamaraju Dantuluri, Director
8. Venkata Ramana Raju Sagi, Director

Appellants

Date of hearing : 07.02.2023

Present : P Lakshmi Lavanya, 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 F30763601 dated 24.10.2022 against the adjudication order No. ADJ 49/203 of 2022-23/ dated 18.08.2022 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.

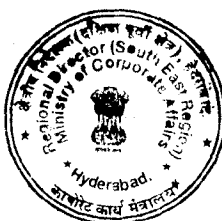
2. Registrar of Companies in his order of adjudication has stated that the company has failed to appoint Whole Time Company Secretary since the applicable provisions of the Act came into force i.e., on 02.11.2018 to till date despite paid up capital has exceeded the prescribed limit as stated in the provisions of section 203(1) of the Companies Act, 2013. Hearing was held before Registrar of Companies on 18.08.2022 and after hearing the authorized representative had levied a penalty of Rs.5.00 Lakhs on the Company and Rs.50,000/- each for 7 directors i.e., Vivekananda Raju Datla, Jyothi Datla, Kamal Kumar Agrawal, Raghava Raju Datla, Rakesh Kumar Jaiswal, Venkata Krishnamaraju Dantuluri and Venkata Ramana Raju Sagi (total aggregating to Rs.8.50 Lakhs).



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3. An opportunity of being heard was given to the Appellants on 07.02.2023. The authorized representative P Lakshmi Lavanaya, Practicing Company Secretary appeared on behalf of the appellants before the then Regional Director and reiterated the submissions made in the appeal and also submitted that the Company is a closely held family owned private limited company having 7 shareholders. Registered office is situated in remote locality of vizag and the Company's manufacturing unit is situated at Malda, West Bengal and the company intends to shift the registered office to factory premises itself. Pending the decision to shift the registered office of the company, the candidates interviewed for the position of Company Secretary of the Company, have not shown interest to join the Company as the Company's factory is located in a remote area in West Bengal. All the efforts put in by the company to appoint a Company Secretary on Whole Time basis were in vain as none of the candidates interviewed for the position of Whole Time Company Secretary were willing to join the Company citing one or other reasons like remote area or lack of facilities for children education or lack of scope for personal growth etc. The company has been incurring huge losses for the last several years and could not be in a position to offer handsome remuneration to attract a person suitable to the position of Company Secretary in the Company and no body was willing to join the company as the exposure and scope for varied experience is very limited in nature even the company prepared to pay reasonable remuneration commensurate with the experience of the candidate. Despite all these conditions the Company has appointed Disha Keshariya as Company Secretary of the Company with effect from 01.10.2022 and complied with the provisions of Section 203 of the Companies Act, 2013 and requested to reduce the quantum of penalty as levied by Registrar of Companies with regard to Company and Directors.

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:



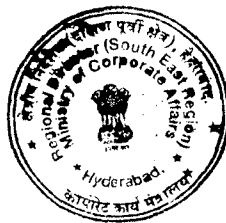
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- (a) Company is a closely held private limited company with the entire shareholding of the company controlled by family members only.
- (b) company is private limited and there is no injury to the public interest
- (c) due to Covid-19 pandemic, Company was unable to appoint Whole Time Company Secretary as none shown interest despite company's effort during that period.
- (d) Company has incurred huge losses for the last several years
- (e) Company's factory is located in a remote area in West Bengal

Taking into consideration the facts of the appeal and submissions made by the authorized representative, the then Regional Director deemed it would meet the end of justice if the penalty imposed by Registrar of companies is reduced for the Company to Rs.3,00,000/- and keeping intact the penalty as levied by Registrar of Companies vide its adjudication order dated 18.08.2022 for 7 directors i.e., Vivekananda Raju Datla, Jyothi Datla, Kamal Kumar Agrawal, Raghava Raju Datla, Rakesh Kumar Jaiswal, Venkata Krishnamaraju Dantuluri and Venkata Ramana Raju Sagi as Rs.50,000/- each (total aggregating to Rs.6,50,000/-). 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 amounting to Rs.3,00,000/- and by 7 directors i.e., Vivekananda Raju Datla, Jyothi Datla, Kamal Kumar Agrawal, Raghava Raju Datla, Rakesh Kumar Jaiswal, Venkata Krishnamaraju Dantuluri and Venkata Ramana Raju Sagi to Rs.50,000/- each (total aggregating to Rs.6,50,000/-) vide SRN's X43801422, X43798099, X43799105, X43800010, X43801000, X43799881, X43800085 and X43800911 dated 29.05.2023 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 27<sup>th</sup> day of September 2023.



(DR. RAJ SINGH)  
REGIONAL DIRECTOR (SER)  
HYDERABAD  
Contd..4.

1. M/s. Vizianagar Starch and Allied Products Private Limited  
50-25-10, Maple Heights, Top Floor, TPT Colony,  
North Extension, Near NRI Hospital, Visakhapatnam,  
Andhra Pradesh- 530013.
2. Vivekananda Raju Datla  
104, A Block Paradise Apartment, Opp Rythu  
Bazar, Seethammadhara, Visakhapatnam,  
Andhra Pradesh- 530013.
3. Jyothi Datla  
9-30-3, Balaji Nagar, Ward No-16, Siripuram,  
Visakhapatnam, Andhra Pradesh- 530003.
4. Kamal Kumar Agarwal  
Mithapur, Ward No.06, NH 34, Dalkhola(M),  
Uttar Dinajpur, West Bengal- 733201.
5. Raghava Raju Datla  
9-30-3, Balaji Nagar, Ward No-16, Siripuram,  
Visakhapatnam, Andhra Pradesh- 530003
6. Rakesh Kumar Jaiswal  
A-1/502, Printer Apartment, Sector-13, Rohini,  
Rajapur Kalan, Northwest Delhi, Delhi- 110085.
7. Venkata Krishnamraju Dantuluri  
50-25-10, Maple Heights Apartments, TPT Colony,  
Seethammadhara, Visakhapatnam,  
Andhra Pradesh- 530013.
8. Venkata Ramana Raju Sagi  
Plat No-330, Revenue Colony, Opp Kodanda  
Rama Temple, Vishalakshi Nagar, Visakhapatnam,  
Andhra Pradesh- 530053.
9. Registrar of Companies, Ministry of Corporate Affairs,  
Andhra Pradesh, Vijayawada.
10. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.



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