

F.No:9/103/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022 / 4163

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF COASTAL DEVELOPERS PRIVATE LIMITED

1. M/s. Coastal Developers Private Limited
2. Malisetty Babu Rajendra Prasad, Director
3. Talluri Venkata Vara Prasad, Director

Appellants

Date of hearing: 07.02.2023

Present: Mr. 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 F40668386 dated 05.11.2022 against the adjudication order No. ROC(V)/ADJ (454)/SEC 203(5)/CDPL/2022-23/2096 dated 08.09.2022 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 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 08.09.2022 and after hearing the authorized representative had levied a penalty of Rs.5.00 Lakhs on the Company and Rs.50,000/- each for 2 directors i.e., Malisetty Babu Rajendra Prasad and Talluri Venkata Vara Prasad (total aggregating to Rs.6.00 Lakhs).

3. An opportunity of being heard was given to the Appellants on 07.02.2023. The authorized representative P Lakshmi Lavanya, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the

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appeal and also submitted that the Paid-up Capital increases to more than the limit from Rs.4.58 Crores on 18.10.2021. Authorised Representative submitted that through in the application it has not been mentioned but due to Covid-19 impact some delays occurred in appointing a Whole Time Company Secretary. Further company is having only 7 Shareholders and having not much work for a Whole-time Company Secretary. It is submitted that through the Balance Sheet in ready for 2021-22 due to some technical problem in pre filing the same could not be filed. Despite all these conditions the Company has appointed Ganesh Venkata Adurthi as Company Secretary of the Company with effect from 25.07.2022 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:.

(a) 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.

(b) company is private limited and there is no injury to the public interest

Taking into consideration the facts of the appeal and submissions made by the authorized representative. They 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.1,00,000/- and for 2 directors i.e., Malisetty Babu Rajendra Prasad and Talluri Venkata Vara Prasad to Rs.50,000/- each (total aggregating to Rs.2,00,000/-). 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.



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5. Accordingly, penalty was paid by the Company amounting to Rs.1,00,000/- and 2 directors i.e., Malisetty Babu Rajendra Prasad and Talluri Venkata Vara Prasad to Rs.50,000/- each (total aggregating to Rs.2,00,000/-) vide SRN's X43794429, X43793264 and X43793355 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 27th day of September 2023.



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

Copy for information and necessary action to :

1. M/s. Coastal Developers Private Limited
D.No.15-1-37/3, Jayapada Apartments, Nowroji
Road, Maharanipeta, Visakhapatnam,
Andhra Pradesh- 530002.
2. Malisetty Babu Rajendra Prasad, Director
11-9-38/8, Flat No.202, Daspalla Hills, Opp: SBI
ATM, Visakhapatnam, Andhra Pradesh- 530003.
3. Talluri Venkata Vara Prasad, Director
58-14-42/1A, Marripalem Vuda Layout, Near SBI,
Visakhapatnam, Andhra Pradesh- 530009
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