

F.No:9/59/ADJ/SEC.203/2013/ANDHRA PRADESH/RD(SER)/2022 /3345
BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION
MINISTRY OF CORPORATE AFFAIRS, HYDERABAD
IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF PADMASREE STEELS PRIVATE LIMITED

1. M/s. Padmasree Steels Private Limited
2. Mr. Subbarao Chalagalla, Managing Director
3. Mr. Gopalakrishna Chalagalla, Director

Appellants

Date of hearing: 10.11.2022
Present : Ms. 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 F28057636 dated 07.10.2022 against the adjudication order No. ADJ 31/203 of 2022-23/1114 dated 10.08.2022 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 after cessation of the previous Company Secretary on 30.06.2020. Hearing was held before Registrar of Companies on 10.08.2022 and after hearing the authorized representative had levied a penalty of Rs.5.00 Lakhs each on the Company and 2 officers i.e., Subbarao Chalagalla, Managing Director and Gopalakrishna Chalagalla, Director (total aggregating to Rs.15.00 Lakhs).

3. An opportunity of being heard was given by the then Regional Director to the Appellants on 10.11.2022. The authorized representative Ms. P Lakshmi Lavanya, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that the last Company Secretary vacated his post on 30.06.2020 and present Company Secretary appointed on 03.09.2022. Further submitted that though the company has taken earnest steps to

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steps to appoint a secretary, due to Covid 19 pandemic and its impact it could not appoint a secretary as no one came forward to be posted in a semi urban area near Vizag. Despite all these conditions the Company has appointed Ms. Shalmali Mokashi as Company Secretary of the Company with effect from 03.09.2022 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 regards 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 as the than company secretary resigned, despite best efforts substitute could not found.

(b) company is closed held private limited company and board comprises family members and nobody 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.

(c) The non-compliance is not intentional but due to unavoidable circumstances and factors beyond the control of the directors of the company.

Taking into consideration the facts of the appeal and submissions made by the authorized representative. The then Regional Director reduced the penalty imposed by Registrar of Companies for the Company to Rs.3,35,000/- and for 2 officers i.e., Subba Rao Chalagalla, Managing Director and Gopala Krishna Chalagalla, Director to Rs.67,000/- each (total aggregating to Rs.4,69,000/-). 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. However, due to technical issue, the Company and its directors could not make payment and after escalating matter to MCA, the penalty was made by the Company amounting to Rs.3,35,000/- and for 2 officers i.e., Subba Rao Chalagalla, Managing Director and Gopala Krishna Chalagalla, Director to Rs.67,000/- each (total aggregating to Rs.4,69,000/-) vide SRN's X37961463, X38051892 and X38052197 dated 15.03.2023 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 22nd day of August 2023.



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

1. M/s. Padmasree Steels Private Limited
R.S.No. 109& 110 Canal Road, Ravulapalem,
Devarapalli, Andhra Pradesh- 533223.
2. Subbarao Chalagalla, Managing Director
79-13-5/A, Official Colony, Syamala Nagar,
Rajahmundry, Andhra Pradesh- 531103
3. Gopalakrishna Chalagalla, Director
8-816, F-1, CRC Road, Ravulapalem,
Andhra Pradesh- 533238
4. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
5. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.