

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF SHREE GOWTHAMEE RICE INDUSTRIES PRIVATE LIMITED

1. M/s. Shree Gowthamee Rice Industries Private Limited
2. Vittal Kumar Chundru, Managing Director
3. Hema Sundara Lakshmi Achamamba Chundru, Director
4. Satya Prasad Devineni, Director

Appellants

Date of hearing: 07.02.2023

Present : Mr. Saroj K Sahoo, 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 F43138809 dated 13.11.2022 against the adjudication order No. ADJ 103/203 of 2022-23/2007 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 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 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 each on the Company and 3 officers i.e., Vittal Kumar Chundru, Hema Sundara Lakshmi Achamamba Chundru and Satya Prasad Devineni (total aggregating to Rs.20.00 Lakhs).

3. An opportunity of being heard was given to the Appellants on 07.02.2023 by the then Regional Director. The authorized representative Mr. Saroj K Sahoo, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that the company is having only 6 shareholders belonging to one family and very closely held. A whole time CS has no work to be provided. Further company registered office is in a village and very remote

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locality having no proper transport system. All the shareholder are farmers. Despite all these conditions the Company has appointed Ms. Sonakshi Agarwal as Company Secretary of the Company with effect from 01.07.2022 and complied with the provisions of Section 203 of the Companies Act, 2013. Company is also having Managing Director Shri. Vittal Kumar Chundru from 02.03.2022. Earlier Managing Director expired on 28.02.2022 and requested to reduce the quantum of penalty as levied by Registrar of Companies with regard to Company and Mr. Vittal Kumar Chundru, Managing Director and also to waive off the penalty as imposed for Hema Sundara Lakshmi Achamamba Chundru and Satya Prasad Devineni.

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 company has not done the business properly in the recent financial year and was not in a position to offer handsome remuneration to attract a person suitable to the position of Company Secretary in the company. In view of the fact that the company being closely held family-owned private limited company, nobody was willing to join the company as the exposure and scope for varied experience is very limited in nature even when the company is prepared to pay reasonable remuneration commensurate with the experience of the candidates.

(b) The company is a closely held Private Limited Company with the entire shareholding of the company controlled by the family members only. Through the Company is a closely held Private Limited, it complies will all the applicable provisions of the Companies Act from time to time and is an 100% compliant company.

(c) The non-compliance of the provisions of Section 203(1) of the Act is not intentional but due to the unavoidable circumstances and the factors beyond the control of the Directors and the Company.

(d) The Registrar of Companies has not taken into consideration the facts that the Company is having a Managing Director, hence other non-executive director should not have been penalized.




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Taking into consideration the facts of the appeal and submissions made by the authorized representative, the then Regional Director allowed the appeal and reduced the penalty on the company to Rs.3,50,000/- and for Mr. Vittal Kumar Chundru, Managing Director to Rs.1,00,000/- (total aggregating to Rs.4,50,000/-) and setting aside the penalty imposed for 2 non-executive directors i.e., Hema Sundara Lakshmi Achamamba Chundru and Satya Prasad Devineni as the Company is having a Managing Director who looks after the job of day-to-day activities. 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.3,50,000/- and by Mr. Vittal Kumar Chundru, Managing Director to Rs.1,00,000/- (total aggregating to Rs.4,50,000/-), vide SRN's X44187722 dated 05.06.2023. 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. Shree Gowthamee Rice Industries Private Limited
Sy.Nos.721 & 722, Main Road, Chelluru
Rayavaram Mandal, Andhra Pradesh- 533261
2. Vittal Kumar Chundru, Managing Director
D.No. 8-39, Marnivari Street, Chelluru Rayavaram
Mandalam, Chelluru, Andhra Pradesh- 533261.
3. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
4. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.