

F.No:9/108/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022/1390

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF VENKATESWARA PAPER PRODUCTS PRIVATE LIMITED

1. M/s. Venkateswara Paper Products Private Limited
2. Mr. Venkata Kiran Vantipalli, Managing Director
3. Mr. Ramesh Vantipalli, Whole-time Director

Appellants

Date of hearing : 08.02.2023

Present : Mr. K. Sudhakar Reddy, 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 F40663809 dated 05.11.2022 against the adjudication order No. ROC(V)Adj/454/Sec.203(5)/VPPPL/2022-23/2191 dated 09.09.2022 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 as specified in section 203(1) of the Companies Act, 2013 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 09.09.2022 and after hearing the authorized representative had levied a penalty of Rs.5.00 Lakhs on the Company and Rs.50,000/- each for Venkata Kiran Vantipalli, Managing Director, Ramesh Vantipalli, Whole Time Director, Narayana Rimmalapudi, Kasi Viswanadham Vantipalli, Acharao Vegulla, Satyanarayana Murthy Pasala, Kasi Annaapurna Vantipalli, Narayana Murthy Merla, Satyanarayana Ganni, Directors (total aggregating to Rs.9.50 Lakhs).

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3. An opportunity of being heard was given to the Appellants on 08.02.2023. The authorized representative Mr. K. Sudhakar Reddy, Advocate appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that the Company registered office is situated in remote place in Andhra Pradesh. Covid-19 pandemic in two waves caused a financial crisis. In the last three years 2020 & 2021 company has suffered loss and for the year 2022 company made a profit of Rs.1.5 Cr. Company is having Managing Director and Whole-time Director. Hence, other directors should not have been charged and penalized. Company has not completed setting up of its plant and production till 2021 and started production only in the year 2022. Despite all these conditions the Company has appointed Mr. Bala Sandeep Vatti as Company Secretary of the Company with effect from 15.07.2022 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 Mr. Venkata Kiran Vantipalli, Managing Director and Ramesh Vantipalli, Whole-time Director who looks after the day-to-day activities of the Company to waive off the penalty against the other 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 registered office is situated in remote place in Andhra Pradesh

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

(d) In the last years i.e. 2020 & 2021 company has suffered losses

(c) imposing maximum penalty by the Registrar of Companies on the company, its Managing Director, Whole-Time Director and all other directors is, burdensome on the Company, considering its financial standing as on day.

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

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 for the Company to Rs.3,50,000/- and for Venkata Kiran Vantipalli, Managing Director and Ramesh Vantipalli, Whole-time Director to Rs.50,000/-each (total aggregating to Rs.4,50,000/-) and setting aside the penalty imposed for 7 other directors i.e. Narayana Rimmalapudi, Kasi Viswanadham Vantipalli, Acharao Vegulla, Satyanarayana Murthy Pasala, Kasi Annaapurna Vantipalli, Narayana Murthy Merla, Satyanarayana Ganni as the Company is having a Managing Director and Whole-time 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 Venkata Kiran Vantipalli, Managing Director and Ramesh Vantipalli, Whole-time Director to Rs.50,000/- each (total aggregating to Rs.4,50,000/-) vide SRN's X41521816 and X41522368, X41522145 dated 01.05.2023 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 May 2023.

M/s. Venkateswara Paper Products Private Limited
Plot No.7 Apiic Model Industrial Park,
Bapulapadu Mandal, Mallavalli Krishna,
Andhra Pradesh-521111.



B. Mohanty
(B. MOHANTY)
REGIONAL DIRECTOR(SER)
HYDERABAD

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Copy for information and necessary action to :

1. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
2. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.



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(B. MOHANTY)
REGIONAL DIRECTOR(SER)
HYDERABAD