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F.No:9/126/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022
BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION
MINISTRY OF CORPORATE AFFAIRS, HYDERABAD
IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF VAMSEE TEJA MODERN RICE MILL PRIVATE LIMITED

1. Vamsee Teja Modern Rice Mill Private Limited
2. Nukala Satyanarayana, Director
3. Nookala Durga Udaya, Director

Appellants

Date of hearing : 09.02.2023
Present : Uppalapati Satish, 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 F50383322 dated 29.11.2022 against the adjudication order No. ROC(V)/ADJ(454)/Sec.203(5)/VTMRMPL/2022/2148 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 since the applicable provisions of the Act came into force to fill 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 each on the Company and for 2 directors i.e., Nukala Satyanarayana Venkata and Nookala Durga Udaya (total aggregating to Rs.15.00 Lakhs).

3. An opportunity of being heard was given to the Appellants on 09.02.2023. The authorized representative Uppalapati Satish, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that the company is incurring heavy losses from the past

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several years i.e. from 2018-19 onwards and even before the company has not earned any significant profits. The networth of the company is eroded. Consequently, business operations of the company were strained from the financial year 2018-19 onwards and, the company has not earned any income. Promoters of the company not intended to restart business activities due to unviable business environment. Company and its promoters have been trying hard to clear all the statutory and other liabilities. The company is not in a position to bear the cost of remuneration payable to the Whole Time Company Secretary keeping in view of the present financial state of affairs of the company requested to reduce the quantum of penalty as levied by Registrar of Companies. Inspite of all these odd, after getting adjudication order from Registrar of Companies the Company has appointed Mr. Ankilla Mahipal Reddy as Whole Time Company Secretary w.e.f. 11.01.2023.

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 incurring heavy losses from the past several years i.e. from 2018-19 onwards and even before the company has not earned any significant profits.

(c) net worth of the company is eroded.

(d) Promoters of the company not intended to restart business activities due to unviable business environment

(e) company is not in a position to bear the cost of remuneration payable to the Whole Time Company Secretary

(f) Registrar of Companies passed the adjudication order without taking into consideration any of the above facts as evident from his order dated 09.09.2022



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 to Rs.1,00,000/- on the Company and Rs.50,000/- each for two Directors i.e. Nukala Venkata Satyanarayana and Nookala Udaya Durga (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.

5. Accordingly, penalty was paid by the Company amounting to Rs.1,00,000/- and for 2 directors i.e., Nukala Satyanarayana and Nookala Durga Udaya amounting to Rs.50,000/- each (total aggregating to Rs.2,00,000/-) vide SRN's X36417632, X36418200 and X36417731 dated 23.02.2023 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. Vamsee Teja Modern Rice Mill Private Limited
D.No.3-249, Koderu-Tadepalligudem State Highway
Alamuru Penumantra Mandal, Andhra Pradesh- 534126



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

Copy for information and necessary action to

1. Nukala Satyanarayana, Director
H.No. 1-4-1/2, Lajapathi Rai Peta, Palakollu Mandalam,
Kshatriya Kalyana Mandapam Edutuga, Palacole, West
Godhavari, Andhra Pradesh- 534260.
2. Nookala Durga Udaya, Director
H.No. 1-4-1/2, Lajapathi Rai Peta, Palakollu Mandalam,
Kshatriya Kalyana Mandapam Edutuga, Palacole, West
Godhavari, Andhra Pradesh- 534260.
3. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
4. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs,
New Delhi.