

F.No:9/27/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022 /1261

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF MASINENI HOTELS PRIVATE LIMITED

1. M/s. Masineni Hotels Private Limited
2. Mr. Ramaiah Masineni, Managing Director

Appellants

Date of hearing : 29.12.2022

Present : Mr. K Ch. Venkat 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 F23390008 dated 01.09.2022 against the adjudication order No. ROC(V)/ADJ(454)/Sec.203(5)/MHPL/2022-23/1189 dated 11.08.2022 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 the cessation of previous Company Secretary on 01.09.2019. Hearing was held before Registrar of Companies on 11.08.2022 and after hearing the authorized representative had levied a penalty of Rs.5.00 Lakhs each on the Company, Ramaiah Maasineni, Managing Director, Vamsee Priya Masineni, Manineni Amarendra, Masineni Mounika, Kodidhela Lakshmi Devi and Masineni Ananthaiah, Directors (total aggregating to Rs.35.00 Lakhs).

3. An opportunity of being heard was given to the Appellants on 29.12.2023. The authorized representative Mr. K. Ch. Venkat Reddy, 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 Company is having accumulated losses and only in the year 2021-22 it has earned a profit. Due to Covid-19 pandemic company's financial position is not good. Company is having a Managing Director and he should be charged as officers in default for imposing penalty. Other Directors are in non-executive capacity and should not have been charged. Despite all these conditions the Company has appointed Jyoti Bala Soni as Company Secretary of the Company with effect from 11.08.2022 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, Ramaiah Maasineni, Managing Director and also to waive off the penalty as imposed for 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 is private limited and there is no injury to the public interest

(c) imposing maximum penalty by the Registrar of Companies on the company, its Managing Director and other directors is harsh, burdensome on the Company.

(d) Registrar of Companies have not taken into consideration the facts that the Company is having a Managing 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.1,68,000/- and Ramaiah Maasineni, Managing Director to Rs.1,18,000/- (total aggregating to Rs.2,86,000/-) and waived off the penalty on the other Directors as imposed by the

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Registrar of Companies 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 to Rs.1,68,000/- and Ramaiah Maasineni, Managing Director to Rs.1,18,000/- (total aggregating to Rs.2,86,000/-) vide SRN's X38539169 and X38577615 dated 21.03.2023 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 16th day of May 2023.



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

Copy for information and necessary action to :

1. M/s. Masineni Hotels Private Limited
C/o Masineni Ramaiah, No.4-3-151,
Bellary Road, Ananthapur District,
Ananthapur, Andhra Pradesh-515004
2. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
3. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.

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