

F.No:9/82/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022 /548

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF KSR DEVELOPERS PRIVATE LIMITED

1. M/s. KSR Developers Private Limited
2. Venkata Rama Raju Kanumuri, Managing Director
3. Suryavathi Kanumuri, Director
4. Lakshmi Kanumuri, Director

Appellants

Date of hearing : 18.11.2022
Present : P L 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 F29173291 dated 13.10.2022 against the adjudication order No. ROC(V)ADJ/454/Sec.203(5)/KSRDPL/2022/1268 dated 18.08.2022 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 15.05.2020. Hearing was held before Registrar of Companies on 18.08.2022 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 Rama Raju Kanumuri, Managing Director, Suryavathi Kanumuri, and Lakshmi Kanumuri, Directors (total aggregating to Rs.6,50,000/-).



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3. An opportunity of being heard was given to the Appellants on 15.11.2022. The authorized representative P Lakshmi Lavanya, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that earlier Company Secretary was there upto 15.05.2020 and she resigned. Managing Director expired on 16.12.2021. It is a family Company. Company appointed a Whole Time Company Secretary on 01.08.2022. Company incurred losses in 2020 and 2021 and only in 2022 it could show some profit in its books of accounts. Due to Covid-19 pandemic company could not be able to do the appointment as desired. Due to lock down imposed by Central Government and respective State Governments during the peak pandemic period, the mobility of the people hampered to such extent that none forward to face interview for appointment as Company Secretary. Company is a closely held private limited company with only five shareholders and the board of directors of the company comprises of family members only and requested to reduce the quantum of penalty as levied by Registrar of Companies for, Managing Director as he is the officer in default and also to waive of the penalty of the Directors as imposed by Registrar of Companies.

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 non-availability of suitable candidate for appointment as Whole Time Company Secretary, the Company could not appoint the Company Secretary within a period of six months from the date of vacancy caused.

(b) Company is a closely held private limited company with only five shareholders and the board of directors of the company comprises of family members only.

(c) company has been incurring huge losses for the last several years and could not be in a position to offer handsome remuneration to attract a person suitable to the position of Company Secretary.

(d) Registrar of Companies passed the adjudication order without taking into consideration any of the above facts as evident from his order dated 18.08.2022




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Taking into consideration the above facts, issues and the 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 Company to Rs.1,16,000/-, Venkata Rama Raju Kanumuri, Managing Director to Rs.50,000/- and for 2 directors i.e., Suryavathi Kanumuri and Lakshmi Kanumuri to Rs.36,000/- each (total aggregating to Rs.2,38,000/-). The appellants are directed to comply with this order 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.1,16,000/-, Venkata Rama Raju Kanumuri, Managing Director to Rs.50,000/- and for 2 directors i.e., Suryavathi Kanumuri and Lakshmi Kanumuri to Rs.36,000/- each (total aggregating to Rs.2,38,000/-) vide SRN's X37612983, X37614104, X37609260 and X37608155 dated 10.03.2023 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 25th day of April 2023.


(B. MOHANTY)
REGIONAL DIRECTOR (SER)
HYDERABAD

1. M/s. KSR Developers Private Limited
50-1-23/90, KSR Manisons, Visakhapatnam,
Andhra Pradesh- 530013.
2. Venkata Rama Raju Kanumuri, Managing Director
55-14-65, APSEB Colony, Alluri Seetharama Raju Statue,
Seethammadhara, Visakhapatnam, Andhra Pradesh- 530013.
3. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
4. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs,
New Delhi.

