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F.No:9/101/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

N THE MATTER OF UMA SPINTEX INDIA PRIVATE LIMITED

1. M/s. Uma Spintex India Private Limited
2. Pinnamaneni Poorna Veeraiah, Managing Director
3. Karipineni Sashikanth, Director
4. Srinivasa Rao Balusu, Director
5. Yerneni Naveen, Director
6. Sasibhusan Duggirala, Director
7. Nandamuri Krishna Prasad, Director
8. Padma Siva Rama Krishna Prasad Pinnamaneni, Director

Appellants

Date of hearing : 07.02.2023

Present : Mr. P.M.V Subbarao, 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 F39983846 dated 04.11.2022 against the adjudication order No. ADJ 124/203 of 2022-23/2136 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 till the date of order 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 Pinnamaneni Poorna Veeraiah, Managing Director and for other Six Directors i.e., Karipineni Sashikanth, Srinivasa Rao Balusu, Yerneni Naveen, Sasibhusan Duggirala, Nandamuri Krishna Prasad and Padma Siva Rama Krishna Prasad Pinnamaneni (total aggregating to Rs.40.00 Lakhs).



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3. An opportunity of being heard was given to the Appellants on 07.02.2023. The authorized representative Mr. P.M.V Subbarao, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that Company is having a Managing Director who looks after the day to day activities of the Company including appointment of Company Secretary. Company has tried the best to appoint a Whole Time Company Secretary, however, on enquiries/efforts could not elicit any interest from qualified company secretaries as (a) the Company being a closely held private company (b) being situated in remote area (c) Company Secretary prefers to join companies which are either listed companies or companies having foreign shareholdings/collaborations. Despite all these conditions the Company has appointed a Whole Time Company Secretary i.e. Mr.Vijay Kumar Jannada with effect from 01.09.2022 and complied with the provisions of Section 203 of the Companies Act, 2013. All the shareholders are either family members or close relatives and friends and requested to reduce the quantum of penalty as levied by Registrar of Companies on the Company and Managing Director and to waive of the penalty of Directors as imposed by Registrar of Companies.

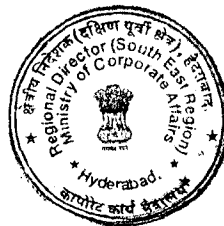
4. Though there is a default committed, there is a ground in interfering with the impugned adjudication order of Registrar of Companies to the extent of reducing the quantum of penalty due to the following reasons:

(a) company being a closely held private company

(b) being situated in remote area

(c) all the 33 shareholders of the Company are either family members or close relatives and friends

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




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(f) Registrar of Companies have not taken into consideration all the above issues and when Company is having a Managing Director, other non-executive directors 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 Company to Rs.4,00,000/- and Pinnamaneni Poorna Veeraiah, Managing Director to Rs.1,50,000/- (total aggregating to Rs.5,50,000/-) and penalty imposed by Registrar of Companies is waived off on other six Directors i.e., Karipineni Sashikanth, Srinivasa Rao Balusu, Yerneni Naveen, Sasibhusan Duggirala, Nandamuri Krishna Prasad and Padma Siva Rama Krishna Prasad Pinnamaneni 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 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.4,00,000/- and Pinnamaneni Poorna Veeraiah, Managing Director to Rs.1,50,000/- (total aggregating to Rs.5,50,000/-) vide SRN's X36225555 and X36226173 dated 21.02.2023 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 25th day of April 2023.


(B. MOHANTY)
REGIONAL DIRECTOR (SER)
HYDERABAD

1. M/s. Uma Spintex India Private Limited
H-No 10/276-C2, 4th Lane, Rajendra Nagar,
Gudivada, Andhra Pradesh- 521301.



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2. Pinnamaneni Poorna Veeraiah, Managing Director
H.No. 1-101, Nandivada, Rudrapakakrishna Dist,
Andhra Pradesh- 521326
3. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.
4. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.

