

F.No:9/97/ADJ/SEC.203/2013/ANDHRA PRADESH /RD(SER)/2022

1544

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF SAI SATYANARAYANA RAW & BOILD RICE MILL PRIVATE LIMITED

1. M/s. Sai Satyanarayana Raw & Boiled Rice Mill Private Limited
2. Mr. Bonda Kishore Satya, Director

Appellants

Date of hearing : 07.02.2023

Present : Mr. G.M.V. Dhanunjaya Rao, 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 F38460101 dated 01.11.2022 against the adjudication order No. ADJ 125/203 of 2022-23/2144 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 the date of adjudication 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 for 2 directors i.e., Bonda Kishore Satya, Managing Director and Venkateswara Bonda Rao, Director (total aggregating to Rs.15.00 Lakhs).

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3. An opportunity of being heard was given to the Appellants on 07.02.2023. The authorized representative Mr. G.M.V Dhanunjaya Rao, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that the company is in continuous losses amounting to Rs.93.00 Lakhs, Rs.1.83 Crores and Rs.2.34 Crores respectively for the last three financial years i.e. 2019-20, 2020-21 and 2021-22. The efforts of the Company since 2014 to appoint Whole Time Company Secretary could not materialized as no Company Secretary had shown interest to join the company due to the reason that the registered office of the Company is situated at a remote place i.e. Kovvada Village, Bhimavaram, Andhra Pradesh and coupled with Covid-19 pandemic conditions for the last two years. Further, submitted that the Company is having only 09 shareholders and all are family members. Despite all these conditions the Company has appointed Ms. Priya Nahar as Company Secretary of the Company with effect from 06.10.2022 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 for Bonda Satya Kishore, Managing Director as he is the officer in default and also to waive of the penalty of Mr. Bonda Venkateswara Rao, Director 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 is having only 09 shareholders and all are family members

(b) no public interest is involved

(c) company is in continuous losses amounting to Rs.93.00 Lakhs, Rs.1.83 Crores and Rs.2.34 Crores respectively for the last three financial years i.e. 2019-20, 2020-21 and 2021-22.



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(d) registered office of the Company is situated at a remote place i.e. Kovvada Village, Bhimavaram, Andhra Pradesh

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

(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 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.1,78,000/- and Bonda Kishore Satya, Managing Director to Rs.78,000/- each (total aggregating to Rs.2,56,000/-) and setting aside the penalty is imposed on Mr. Bonda Venkateswara Rao, Director, 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 amounting to Rs.1,78,000/- and Bonda Kishore Satya, Managing Director to Rs.78,000/- (total aggregating to Rs.2,56,000/-) vide SRN's X35584077 and X35620186 dated 13.02.2023 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
(B. MOHANTY)
REGIONAL DIRECTOR (SER)
HYDERABAD

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✓ M/s. Sai Satyanarayana Raw & Boiled Rice Mills Private Limited
5-54, Undi Road Kovvada, Bhimavaram,
Andhra Pradesh- 534202

2. Mr. Bonda Satya Kishore, Managing Director
No.22-10-08, Tatavarthi Street, Bhimavaram,
West Godavari Dist, Andhra Pradesh- 534201

3. Registrar of Companies, Ministry of Corporate Affairs,
Andhra Pradesh, Vijayawada.

4. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.

