

**F.No:9/38/ADJ/SEC.203 of 2013/ANDHRA
PRADESH/RD(SER)/2024
BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION
MINISTRY OF CORPORATE AFFAIRS, HYDERABAD
IN THE MATTER OF COMPANIES ACT, 2013 / 5029
IN THE MATTER OF SML DYETEX AND INDUSTRIES PRIVATE
LIMITED**

✓ 1. M/s. SML DYETEX AND INDUSTRIES PRIVATE LIMITED
POGIRI VILLAGE, RAJAM MANDAL,
Srikakulam District, Andhra Pradesh-532148.
Ph No.8247089789
Email: shak3504@gmail.com.

2. Mr. Raghunadh Gupta Sreemakurti, Director
8-216, Cheepurapalli Road Rajam, Srikakulam, 532127
Andhra Pradesh, India

3. Mr. Grandhi Butchi Raju, Director
1st Floor, Ganna Residency 3rd Block,
Ramayya Nagar, Kumaraswamy Layout,
Bengaluru, 560078, Karnataka, India

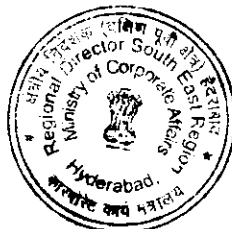
.....Appellants

Date of hearing: 13.11.2024

Present: Mr. B. Praveen Kumar Reddy, PCS

ORDER

1. M/s. SML DYETEX AND INDUSTRIES PRIVATE LIMITED has filed an appeal under section 454(5) of the Companies Act, 2013 by the above appellants in e-form ADJ vide SRN F88451984 dated 21.12.2023 against the adjudication order F No. ADJ 10/203 OF 2023-24/769 dated 15.11.2023 under section 454 read with section 203 (5) of the Companies Act, 2013 passed by the Registrar of Companies, Andhra Pradesh for default in compliance with the requirements of Section 203 (1) read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



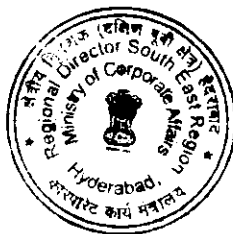
2. Registrar of Companies in his order of adjudication has stated that the company had failed to appoint Company Secretary since the applicable provisions of the Act came into i.e., 02.11.2018 to till date despite to the fact company has exceeded the prescribed limit capital as stated in the provisions of Section 203(1) of the Companies Act,2013.
3. Mr. Sambangi Mohan Rao, Authorized representative of the Company and its defaulting Officers attended the proceedings of adjudication held on 30.10.2023 before Registrar of Companies and after hearing the authorized representative a penalty of Rs. 5,00,000/- had been levied for Company, i.e., SML DYETEX AND INDUSTRIES PRIVATE LIMITED and Rs. 5,00,000/- for each Directors i.e., Mrs. Raghunadh Gupta Sreemakurti, Director and Mr. Grandhi Butchi Raju, Director (total aggregating to Rs. 15,00,000/-) vide his order dated 15.11.2023.
4. Aggrieved by the adjudication order dated 15.11.2023, the applicants herein have filed the instant appeal. ROC, AP has submitted his report dated 23.01.2024. Therefore, an opportunity of being heard was given to the Appellants on 13.11.2024.
5. The authorized representative Mr. B.Praveen Kumar Reedy, PCS appeared on behalf of the appellants and reiterated the submissions made in the appeal and also stated as follows;
 - (i) That the Company has reported loss from the financial year ended since 2012-13 to 2022& 23 and is yet to overcome the financial problems.
 - (ii) that the breakdown of COVID19 and the imposition of lock down by the governmental authorities further hampered the activities of the company and hindered the efforts to find a suitable candidate and the company could not come out of the rigours of the pandemic.

(iii) That the company is not doing any operations and is supposed to apply for strike off, however there is a charge which is showing as pending with the Ministry of Corporate Affairs hence the company is unable to proceed with strike of action and the same is also a reason due to which the company was unable to appoint the Company Secretary.

(iv) Applicants with due respect submits that the aforesaid non-compliance was not intentional and the company has incorporated on 01.11.1995 and the paid up capital of the company has crossed Rs.10 crores Limit and the Company has put all its efforts to appoint the Company Secretary since it crosses the Rs.10 crores paid up capital, but could not do so due to non-availability of suitable qualified Company Secretary.

(v) That the delay in complying the provisions of Section 203 of the Companies Act,2013 may please be condoned for the reasons mentioned above without levy of any penalty on the Company and its directors, since the delay was inadvertent and unintentional on the part of the applicants and did not cause any financial loss or gain to the Company or its stakeholders at large or injury to the interest of public. However, the provision of law has since been complied with.

6. In view of the above, taking into consideration the facts of the appeal and the submissions made by the authorized representative, I deem it would meet the end of justice if the penalty imposed by the Registrar of Companies is reduced i.e., for company amounting Rs. 1,00,000/- and for two officers i.e., Mr. Raghunadh Gupta Sreemakurti and Mr. Grandhi Butchi Raju amounting to Rs. 75,000/- each (total aggregating to **Rs. 2,50,000/-**). The appellants were directed to comply with this order and were also reminded about the provisions of Section 454(8) of the Act, in case of failure to comply.



7. Accordingly, the appellants i.e, the Company (SML DYETEX AND INDUSTRIES PRIVATE LIMITED) have paid the penalty amounting to Rs. 1,00,000/- and 2 directors i.e., Mr. Raghunadh Gupta Sreemakurti and Mr. Grandhi Butchi Raju have paid the penalty amounting to Rs. 75,000/- each (total aggregating to **Rs.2,50,000/-**) vide SRN's X86330750, X86333911 and X86334422 respectively vide challans dated 20.11.2024. 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 05th day of December 2024.



(M.JAYAKUMAR/एम.जयकुमार)

क्षेत्रीय निदेशक (प्रभारी)एस.ई.आर/

REGIONAL DIRECTOR(I/C)(S.E.R.)

हैदराबाद /HYDERABAD

Copy for information and necessary action to :

1. Registrar of Companies, Ministry of Corporate Affairs, Andhra Pradesh, Vijayawada.
2. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.

(M.JAYAKUMAR/एम.जयकुमार)

क्षेत्रीय निदेशक (प्रभारी)एस.ई.आर/

REGIONAL DIRECTOR(I/C)(S.E.R.)

हैदराबाद /HYDERABAD