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F.No:9/10/ADJ/SEC.203/2013/ANDHRA PRADESH/RD(SER)/2023
BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION
MINISTRY OF CORPORATE AFFAIRS, HYDERABAD
IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF PRASUNA VAMSIKRISHNA SPINNING MILLS PRIVATE LIMITED

1. M/s. Prasuna Vamsikrishna Spinning Mills Private Limited
2. Kalahasthi Hari Babu, Managing Director
3. Pendyala Srinivas, Managing Director
4. Kalahasthi Lakshmi Rajyam, Wholetime Director
5. Pendyala Muralikrishna Rao, Wholetime Director
6. Pendala Ratna Kumari, Wholetime Director

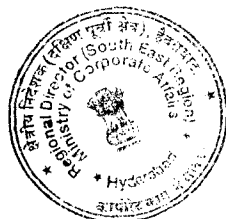
Appellants

Date of hearing : 18.07.2023
Present : Mr. P Srikant Kumar, 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 F61207304 dated 06.05.2023 against the adjudication order No. ADJ 111/203 of 2022-23/2067 dated 08.09.2022 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 Company Secretary since the applicable provisions of the Act came into force to till date 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 08.09.2022 and after hearing the authorized representative had levied a penalty of Rs.5.00 Lakhs on the Company and Rs.50,000/- each for 5 officers i.e., Kalahasthi Hari Babu, Managing Director, Pendyala Srinivas, Managing Director, Kalahasthi Lakshmi Rajyam, Wholetime Director, Pendyala Muralikrishna Rao, Wholetime Director and Pendala Ratna Kumari, Wholetime Director (total aggregating to Rs.7.50 Lakhs).



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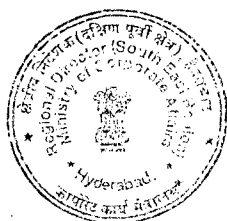
3. An opportunity of being heard was given to the Appellants on 18.07.2023. The authorized representative Mr. P Srikant Kumar, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted that the Company was unable to find and appoint a Company Secretary owing to the location of the registered office of the company at a remote place and subsequent reluctance of the any of the personal to join the company in the said capacity. Despite all these conditions the Company has appointed Ms. Pushpa Panwar has continued as Company Secretary of the Company from 19.07.2022 till 28.03.2023 and company has appointed Mr. Nitish Satish Kawale as Company secretary with effect from 01.04.2023 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 and Officers.

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 unavoidable circumstances owing to the situation of the registered office of the company in a remote location.

(b) The offence was committed by the applicants due to unavoidable circumstances and was not intentional and is not a nature prejudice the interest of the members or creditors and declare that the offence committed by them do not affect the public interest.

(c) The company is in the path of recovery from the economic slowdown faced by the textile industries in the recent past and the applicant is running the business on a nominal margin. The maximum penalty imposed by the Adjudicating officer may impact the working capital needs of the company, resulting in negative cash flows of the company and will be huge burden for the company and its directors.

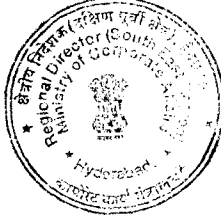



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Taking into consideration the facts of the appeal and submissions made by the authorized representative and also considering the size of the company and nature of default, I deem it would meet the end of justice if the penalty imposed by Registrar of Companies is reduced for the Company to Rs.1,00,000/- and for 5 officers i.e., Kalahasthi Hari Babu, Managing Director, Pendyala Srinivas, Managing Director, Kalahasthi Lakshmi Rajyam, Wholetime Director, Pendyala Muralikrishna Rao, Wholetime Director and Pendala Ratna Kumari, Wholetime Director to Rs.20,000/- each (total aggregating to Rs.2,00,000/-) and 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.1,00,000/- and by 5 officers i.e., Kalahasthi Hari Babu, Managing Director, Pendyala Srinivas, Managing Director, Kalahasthi Lakshmi Rajyam, Wholetime Director, Pendyala Muralikrishna Rao, Wholetime Director and Pendala Ratna Kumari, Wholetime Director to Rs.20,000/- each (total aggregating to Rs.2,00,000/-), vide SRN's X48098826, X48109029, X48109607, X48110563, X48111363 and X48110928 dated 27.07.2023 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 21st day of August 2023.




(DR. RAJ SINGH)
REGIONAL DIRECTOR (SER)
HYDERABAD

Copy for information and necessary action to :

1. M/s. Prasuna Vamsikrishna Spinning Mills Private Limited
NH - 5, Ganapavaram Post, Nadendla Mandal,
Guntur, Andhra Pradesh -522619.


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

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




(DR. RAJ SINGH)
REGIONAL DIRECTOR (SER)
HYDERABAD