

ADJ/08/RD (SR)/2022-23

BEFORE THE REGIONAL DIRECTOR
(SOUTHERN REGION)
MINISTRY OF CORPORATE AFFAIRS, CHENNAI
IN THE MATTER OF THE COMPANIES ACT, 2013
SECTION 454(7) OF COMPANIES ACT, 2013

IN THE MATTER OF M/s. SHRI NARAYANI NIDHI LIMITED

1. M/s. Shri Narayani Nidhi Limited
2. Shri. Subramaniyan Karthikeyan, Managing Director of M/s. Shri Narayani Nidhi Limited

...Applicants/Appellants

Date of hearing : 11.01.2023
Present : Shri. P. Sriram,
Practicing Company Secretary

ORDER

This is an appeal filed under Section 454 (5) of the Companies Act, 2013 by the above Applicants in Form ADJ vide SRN: F55268460, dated 30.12.2022 against the Adjudication Order No. ROC/CHN/Shri Narayani/ADJ Order/Sec. 203/2022, dated 20.12.2022 under Section 454 (3) passed by the Registrar of Companies, Chennai, Tamil Nadu for default committed under Sec. 203 of the Companies Act, 2013 read with Rule 8A of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

2. As per Sec. 203(1) of the Companies Act, 2013, every company belonging to such class or classes of companies as may be prescribed shall have the following whole-time key managerial personnel: (i) managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; (ii) company secretary; and (iii) Chief Financial Officer. Pursuant to Rule 8A of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every company which has a paid-up capital of ten crores or more shall have a Whole-time Company Secretary.

3. The company had filed an application for seeking status of Nidhi before the Ministry of Corporate Affairs in e-Form NDH-4 vide SRN: R34197020, dated 27.02.2020. However, consequent upon filing the said form the Ministry of Corporate Affairs has observed that the company ought to have appointed a company secretary within 06 months from the date of increase of paid-up share capital beyond Rs. 10 Crores i.e., before 30.11.2021. It is observed that more than 06 months from 31.05.2021 wherein the paid up capital was increased beyond Rs. 10 Crores. The company has not appointed any Key Managerial Personnel within the timeline and hence violated the provisions of Sec. 203(1) of the Companies Act, 2013 and the rules made thereunder.

4. The Registrar of Companies, Chennai, Tamil Nadu examined the said default and passed the Adjudication Order No. ROC/CHN/Shri Narayani/ADJ Order/Sec. 203/2022, dated 20.12.2022 (impugned order) under Section 454 (3) and (4) of the Companies Act, 2013 for default in compliance with the requirements of Sec. 203 of the Companies Act, 2013 read with Rule 8A of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and imposed a penalty of Rs. 5,00,000/- upon the Company and Rs. 2,63,000/- upon Shri. Subramaniyan Karthikeyan, Managing Director of the company for the default of 213 days.

Contd...

5. The Appellants have contended the impugned order and pleaded that the non-compliance had occurred due to unavoidable circumstances and default was unintentional.

6. An opportunity of being heard was given to the Appellants on 11.01.2023. The Authorized Representative Shri. P. Sriram, Practicing Company Secretary has appeared for the Appellants while reiterating the grounds taken in the appeal had stated that the Company was in the search of an appropriate candidate with relevant experience and expertise however couldn't find the suitable candidate for the position during the period of default as finding a candidate to accept the position of company secretary of a company at rural place like Thiruvarur, delayed the compliance. However, the Board of Directors of the company has appointed Shri. Kailasanathan Sankaranarayanan, as whole-time company secretary with effect from 01.07.2022 with a delay on 213 days and made good the offence and hence prayed for lenient view.

7. Though there is a default committed, there is a ground in interfering with the impugned adjudication order of the Registrar of Companies to the extent of reducing the quantum of penalty. Accordingly, the penalties imposed are reduced from Rs. 5,00,000/- to Rs. 2,00,000/- for the Company and Rs. 2,63,000/- to Rs. 60,000/- for Shri. Subramaniyan Karthikeyan, Managing Director. The Appellants shall pay the penalty in 15 days.

Dated at Chennai this the 19th day of January, 2023



(Dr. RAJ SINGH)
REGIONAL DIRECTOR (SR)

To

1. ✓ M/s. Shri Narayani Nidhi Limited,
No. 28A, Kamalalayam Vadakarai,
Tiruvarur - 610 002.
2. The Registrar of Companies, Chennai, Tamil Nadu.
3. The Officer in Charge, e-Gov. Cell, Ministry of Corporate Affairs, A-Wing, Shastri Bhavan, Dr. Rajendra Prasad Road, New Delhi -110 001- with a request to upload this Order on the website of the Ministry. Send via mail to Shri. B. Srikumar, Joint Director, (srikumar.b@gov.in) and Shri. Vivek Meena, Asst. Director (vivek.meena@gov.in)