



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

Smt. N Sara Rajendra Kumar  
General Manager

Date: October 28, 2019  
C.A. HYD 458

In the matter of

M/s. Kondrakunta Industries Private Limited  
No.1-81/1/L/58, Lumbini Avenue  
Near Bio-Diversity Park, Gachibowli  
Hyderabad - 500 032

**(Applicant)**

In exercise of the powers conferred under Sub-Section (1) of Section 15 of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, I pass the following

**Order**

The applicant has filed compounding application dated September 17, 2019 received on September 17, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) Delay in submission of form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India and (ii) Delay in filing of Annual return on Foreign Liabilities and Assets in terms of Paragraph 9(1)(B), Paragraph 9(2) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India)



Regulations, 2000 notified vide Notification No. FEMA. 20/2000-RB dated 3<sup>rd</sup> May 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R) /2017-RB dated November 07, 2017 as amended from time to time respectively.

2. The relevant facts of the case are as follows:

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 2013 on November 18, 2014 (CIN: U70109TG2014PTC096437). The company is engaged in the business of “Construction of Civil Engineering Projects”.
- b) The applicant had received inward remittance from a foreign investor as indicated below.

Name of the remitter	Amount (INR)	Date of Receipt	Date of reporting
Pamidimukkala Ramakrishna	60,23,055	05.12.2014	26.12.2014
<b>Total</b>	<b>60,23,055</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 60, 23,055/- to the Regional Office of the Reserve Bank of India, in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB within the prescribed time period.

- c) The applicant allotted equity shares and filed form FC-GPR as indicated below.



Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting to RBI
Pamidimukkala Ramakrishna	26.12.2014	6,02,305	60,23,050	02.03.2015
	<b>Total</b>		<b>60,23,050</b>	

The applicant filed form FC-GPR for the allotment of shares amounting to ₹ 60, 23,050/- to the Regional Office of Reserve Bank of India, which was reported with a delay of 1 month 5 days approximately. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d) The applicant has delayed in filing FLA Return (Foreign liabilities and Assets) as shown below:

S No	Financial Year	Due date for filing	Actual date of filing
1.	2014-15	15.07.2015	13.09.2019
2.	2015-16	15.07.2016	
3.	2016-17	15.07.2017	
4.	2017-18	15.07.2018	
5.	2018-19	31.07.2019	

The applicant had filed Annual Return on Foreign Liabilities and Assets for the financial years from 2014-15 to 2018-19 with delays ranging from 1 month 13 days to 4 years 1 month 29 days approximately, whereas in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB dated November 07, 2017 as amended from time to time, "All Indian



companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 909 /14.66.003/2019-20 dated October 18, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The personal hearing was held on October 21, 2019 during which Shri. Anand S Kondrakunta, Director represented the applicant. The authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but due to lack of awareness of FEMA compliances. In view of the foregoing, the representative of the applicant requested to take a lenient view in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:-

(a) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of **₹ 60,23,050/-** with a delay of 1 month 5 days approximately.

(b) Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India



for the financial years from 2014-15 to 2018-19 with delays ranging from 1 month 13 days to 4 years 1 month 29 days approximately.

5. It has been declared in the compounding application dated September 17, 2019 that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated September 17, 2019 that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 of FEMA, 1999. Accordingly, the above contraventions which are being compounded under this Order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.

6. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty up to thrice the sum involved in such contravention upon adjudication. However, taking into account the relevant facts and circumstances of the case as stated in the foregoing paragraphs, I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and I consider that an amount of **₹ 61,169/- (Rupees Sixty One Thousand One Hundred Sixty Nine Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B), Paragraph 9(2) of Schedule 1 to Notification No. FEMA-20/2000-RB and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign



Compounding of contraventions under FEMA 1999  
M/s Kondrakunta Industries Private Limited  
CA No. HYD 458

---

Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹ 61,169/- (Rupees Sixty One Thousand One Hundred Sixty Nine Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad within a period of 15 days from the date of this order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 03, 2000 shall apply.

The application is disposed accordingly.

Dated this 28<sup>th</sup> day of October 2019

Sd/-  
(N Sara Rajendra Kumar)  
General Manager