



In the  
**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: August 09, 2019  
**C.A. BGL426/2019**

In the matter of

**M/s Nova Medical Centers Private Limited**  
No.128, 5<sup>th</sup> Floor, Golden Towers  
Old Airport Road, Kodihalli  
Bengaluru 560017  
**(Applicant)**

In exercise of the powers under Section 15 (1) of the Foreign Exchange Management Act, 1999, and the Regulations/Rules/Notifications/Orders framed there under, I pass the following

#### **Order**

The applicant has filed a compounding application dated May 02, 2019, received at the office of Reserve Bank of India, Bengaluru, on May 06, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the Regulations issued there under. The contraventions sought to be compounded are, (i) delay in reporting receipt of foreign inward remittances towards subscription to equity, and (ii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A) and 9(1)(B), respectively, of Schedule I 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 May 03, 2000, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant, M/s Nova Medical Centers Private Limited, was incorporated on January 07, 2009, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the



Registrar of Companies, Karnataka. The activity undertaken by the company is owning, acquiring, promoting, establishing, maintaining, managing and administering of hospitals and related services. The applicant had received funds towards share application money, in terms of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, from the non-resident investors, namely, M/s. GTI Mediventures, Mauritius, M/s. Millenna FVCI Ltd (Formerly NEA FVCI Ltd), Mauritius, Dr. Omar Zawawi Personal Invt, Oman, M/s. Amethyst Technology Company Ltd, The Bahamas, Mr. Suresh Soni, USA, M/s. Soni Ventures LLC, USA and M/s. GS Heal Holdings Limited, Mauritius, as shown below:

**Table -1**

<b>Sr. No.</b>	<b>Date of Receipt</b>	<b>Total Amount (INR)</b>	<b>Date of Reporting to RBI / AD Bank</b>
1	27-01-2009	1,62,28,690.60	20-06-2009
2	11-02-2009	32,33,041.60	20-06-2009
3	10-04-2009	2,47,90,041.00	09-05-2009
4	25-06-2009	33,38,140.00	22-07-2009
5	08-09-2009	48,36,715.05	07-10-2009
6	16-11-2009	23,08,138.00	01-12-2009
7	25-11-2009	44,93,300.00	09-01-2010
8	02-12-2009	1,37,47,050.00	11-12-2009
9	09-12-2009	81,25,250.00	17-12-2009
10	08-01-2010	1,10,24,297.00	11-02-2010
11	27-01-2010	1,54,41,357.00	05-02-2010
12	01-02-2010	7,72,083.00	22-02-2010
13	17-03-2010	11,25,845.00	20-03-2010
14	25-03-2010	3,02,34,437.00	07-04-2010
15	21-05-2010	17,13,28,711.24	11-06-2010
16	18-05-2010	46,23,02,140.00	11-06-2010
17	01-06-2011	22,26,46,839.00	22-06-2011
18	16-06-2011	29,21,612.00	22-06-2011
19	13-09-2011	6,06,90,452.00	10-10-2011



20	27-12-2011	3,33,39,547.35	15-02-2012
21	12-01-2012	24,99,99,849.75	06-02-2012
22	13-02-2012	8,38,89,889.66	28-02-2012
23	14-02-2012	1,76,960.29	28-02-2012
24	27-06-2012	83,79,000.00	26-07-2012
25	04-07-2012	1,09,19,345.00	26-07-2012
26	08-08-2012	82,50,840.00	24-08-2012
27	10-08-2012	143,39,44,965.11	24-08-2012
28	13-08-2012	49,63,63,317.50	24-08-2012
29	22-11-2012	11,03,03,037.50	18-12-2012
30	22-11-2012	27,57,57,243.00	18-12-2012
31	09-10-2013	61,39,99,752.50	06-11-2013
32	09-10-2013	77,11,760.00	12-11-2013
33	09-10-2013	2,46,79,260.00	12-11-2013
34	17-10-2013	24,42,955.00	12-11-2013
35	23-10-2013	12,27,98,686.40	12-12-2013
36	29-10-2013	1,123.60	12-12-2013
37	19-08-2014	35,57,05,379.79	15-09-2014
38	24-10-2017	34,84,28,070.00	09-11-2017
39	24-10-2017	29,38,62,310.00	09-11-2017
	<b>Total</b>	<b>554,05,41,431.94</b>	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank, with a delay ranging from four days to three months and twenty five days, beyond the stipulated period of 30 days in respect of the remittances indicated at serial numbers 1, 2, 7, 10, 20, 32, 33, 35, and 36, in the Table-1 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India, as per the prescribed procedure, not later than 30 days, from the date of receipt of the amount of consideration.



3. The company had allotted shares and filed form FC-GPRs, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB, with Reserve Bank/AD Bank as indicated below:

**Table-2**

<b>Sl. No.</b>	<b>Date of Allotment</b>	<b>Number of shares allotted</b>	<b>Amount (INR)</b>	<b>Date of reporting to RBI/AD Bank</b>
1	25-07-2009	216241 Equity	1,94,61,690.00	11-09-2009
2	29-09-2009	329648 Equity	3,29,64,800.00	26-10-2009
3	19-01-2010	396978 Equity	3,96,97,800.00	05-02-2010
4	23-03-2010	170368 Equity	1,70,36,800.00	30-04-2010
5	14-05-2010	14620 Equity	18,50,892.00	25-06-2010
6	21-05-2010	100 Equity & 1599390 CCPS	66,11,01,206.8	25-06-2010
7	18-06-2011	6359 CCPs	29,00,657.85	05-07-2011
8	14-02-2012	51233 Equity & 887250 CCPs	42,80,89,020.45	12-03-2012
9	22-11-2012	157015 CCPs	11,03,03,037.50	20-12-2012
10	13-08-2012	706567 CCPs	49,63,63,317.50	26-08-2012
11	22-11-2012	392537 CCPs	27,57,57,242.50	18-12-2012
12	30-10-2013	174804 CCPs	12,27,99,810.00	10-12-2013
13	13-08-2012	100 Equity & 2041094 CCPS	143,39,38,785.00	24-08-2012
14	01-06-2011	100 Equity & 487998 CCPS	22,26,46,802.70	30-06-2011
15	26-08-2014	1436091 CCPs	35,57,05,379.79	19-09-2014
16	09-10-2013	874021 CCPs	61,39,99,752.50	14-11-2013
17	18-10-2013	49585 Equity	3,48,33,462.50	12-11-2013
18	01-11-2017	29386231 Equity	29,38,62,310.00	15-11-2017



19	01-11-2017	34842807 Equity	34,84,28,070.00	14-11-2017
	<b>Total</b>	<b>65458011 Equity &amp; 8763126 CCPs</b>	<b>551,17,40,837.09</b>	

The applicant filed form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from five days to Eighteen days, beyond the prescribed period of 30 days, in respect of the allotments indicated at serial numbers 1, 4, 5, 6, 12 and 16, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA. 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations, has to submit to Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to persons resident outside India.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 456/22.07.306/2018-19, dated August 07, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Vishu M, Company Secretary (Nova Group) and Mr. Rajesh Dwarka Sharma, Practicing Company Secretary, who appeared for the personal hearing on August 09, 2019, admitted the contraventions as stated in paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representatives of the applicant requested that as the contraventions were not intentional or with a malafide intention, and was mainly due to inadvertence, a lenient view may be taken in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application, as well as other documents and submissions made in this context, by the applicant during personal hearing and thereafter.

5. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I



hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹22,35,09,706.55**, and the period of delay ranges from four days to three months and twenty five days; and

(b) Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPR to the Reserve Bank, after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **₹143,62,50,151.30**, and the period of delay ranges from five days to Eighteen days.

6. It has been declared in the compounding application dated May 02, 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 undertaking, furnished with the compounding application 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 in this order is 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.

7. 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 contraventions are to be compounded and I consider that an amount of **₹90,725.00 (Rupees Ninety**



**Thousand Seven Hundred and Twenty Five only**), will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹90,725.00 (Rupees Ninety Thousand Seven Hundred and Twenty Five only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, 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 3, 2000, shall apply.

The application is disposed of accordingly.

Dated this, the Ninth day of August 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**