



In the

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

Present

Shri. Subrata Das
Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)

Date: April 23, 2019
C.A. HYD 395

In the matter of

M/s Alexandria Equities Management (India) Pvt Ltd
303, Block- A, Legend Commercial Complex, 3-4-770 & 136,
Opposite ICICI Bank, Above Keshav Medicals,
Barkatpura, Hyderabad-500027

(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 the compounding application dated December 18, 2018 received on January 4, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity (iii) delay in refund of share application money to the foreign investor beyond 180 days from the date receipt of foreign inward remittance in terms of Paragraph



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9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively of Schedule 1 to Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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, 1956 on 17.01.2008, with CIN: U70102TG2008PTC081105. The company is engaged in management consultancy activities.
- b) The applicant had received foreign inward remittances from the foreign investors as indicated below:

S.No	Name of remitter	Amount (INR)	Date of Receipt	Date of reporting
1	ARE Mauritius No. 1 Ltd	43,153	02/09/2008	20/11/2009
2	ARE Mauritius No. 1 Ltd	22,07,712	08/09/2008	20/11/2009
3	ARE Mauritius No. 1 Ltd	1,34,51,679.18	22/10/2008	20/11/2009
4	ARE Mauritius No. 1 Ltd	9,23,276.41	22/12/2008	20/11/2009
5	ARE Mauritius No. 1 Ltd	63,33,223.74	20/01/2009	20/11/2009
6	ARE Mauritius No. 1 Ltd	10,43,448	31/03/2009	20/11/2009
7	ARE Mauritius No. 1 Ltd	88,02,506.95	21/04/2009	30/06/2009
8	ARE Mauritius No. 1 Ltd	97,22,000	09/07/2009	11/12/2009
9	ARE Mauritius No. 1 Ltd	1,19,27,500	29/09/2009	28/10/2009
10	ARE Mauritius No. 1 Ltd	92,04,000	24/11/2009	11/12/2009



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11	ARE Mauritius No. 1 Ltd	1,16,42,500	14/12/2009	29/12/2009
12	ARE Mauritius No. 1 Ltd	69,93,000	24/12/2009	25/01/2010
13	ARE Mauritius No. 1 Ltd	92,06,000	10/02/2010	25/02/2010
14	ARE Mauritius No. 1 Ltd	1,20,15,000	31/03/2010	12/04/2010
15	ARE Mauritius No. 1 Ltd	1,76,20,000	19/04/2010	11/05/2010
16	ARE Mauritius No. 1 Ltd	1,14,69,541.20	23/06/2010	08/07/2010
17	ARE Mauritius No. 1 Ltd	5,90,49,377	28/07/2016	26/08/2016
		19,16,53,917.5		

The applicant reported receipt of remittances towards share subscription amounting to ₹ **19,16,53,917.50** to the Regional Office of Reserve Bank of India out of which remittances amounting to ₹ **4,95,19,999.28/-** were reported with delays ranging from 2 days to 1 year 1 month 18 days approximately as indicated above. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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.

c) The company allotted equity shares and filed form FC-GPRs as indicated below:

S.No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting to RBI
1	ARE Mauritius No. 1 Ltd	16/02/2009	229590	22959000	19/11/2009
2	ARE Mauritius No. 1 Ltd	20/07/2009	98459	9845900	19/11/2009



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3	ARE Mauritius No. 1 Ltd	21/12/2009	308535	30853500	19/01/2010
4	ARE Mauritius No. 1 Ltd	11/06/2010	278415	27841500	08/07/2010
5	ARE Mauritius No. 1 Ltd	26/09/2016	73811	59049377	25/10/2016
		Total	9,88,810	15,05,49,277	

The applicant filed form FCGPRs for the of shares amounting to ₹ **15,05,49,277/-** as indicated above out of which shares allotted for ₹ **3,28,04,900/-** were reported with delays ranging from 3 months to 8 months 1 day 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d) The company has refunded the share application money to the foreign investor as indicated below:

S.No	Name of investor	Date of receipt of remittance	Amount of remittance received and balance if any	Date of request for refund
1	ARE Mauritius No. 1 Ltd	19/04/2010	17620000	26/10/2010

The applicant requested for approval to refund the amount received ₹ **1,76,20,000/-** with delay of 10 days approximately and refunded the same on 21.12.2010. Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward



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remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Govt. of India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2202/14.66.003/2018-19 dated April 15, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The liquidator of the company, Shri Raghu Babu Gunturu and Shri K. Mohan Kumar the authorized representative appeared for personal hearing on April 18, 2019 during which he 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 mala fide intention but was on account of administrative lapses. In view of the above, 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 as well the submissions made in this context by the applicant during the personal hearing.

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)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ **4,95,19,999.28** and the delay ranges from 2 days to 1 year 1 month 18 days approximately.



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(b) 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 **₹3,28,04,900/-** and the period of contravention ranges from 3 months to 8 months 1 day approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in refund of share application money **₹1,76,20,000/-** and the delay is 10 days approximately.

5. It has been declared in the compounding application dated December 18, 2018 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 December 18, 2018 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 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 **₹ 2,08,985/- (Rupees Two Lakhs Eight Thousand Nine Hundred Eighty Five Only)** will meet the ends of justice.



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7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively of Schedule 1 to FEMA.20/2000-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ 2,08,985/- (**Rupees Two Lakhs Eight Thousand Nine Hundred Eighty Five 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 3, 2000 shall apply.

The application is disposed of accordingly.

Dated this 23rd day of April 2019

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)