



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: August 13, 2019
C.A. HYD 440

In the matter of

M/s. Saikruthi Minmet (India) Private Limited
D.NO. 31-33-115/1/2, Darshin Paradise, Opp. Mamatha Press
Assam Gardens, Nilamavepochettu Visakhapatnam – 530 016

(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 there under, I pass the following

Order

The applicant has submitted the compounding application dated July 02, 2019 received by us on July 03, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contravention sought to be compounded are (i) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India and (ii) delay in allotment of shares to a person resident outside India, in terms of Paragraph 9(1) (B) and Paragraph 8 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 3rd May 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:

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on September 12, 2012 (CIN: U74900AP2012PTC083036). The company is engaged in the business of “Wholesale Trading of Minerals & Metals”.
- b) The applicant had received foreign inward remittances amounting to **₹ 5,97,16,234/-** from Shri. Ravi C Maddali towards share subscription during the period from July 15, 2013 to July 29, 2013 and reported the same to the Regional Office of Reserve Bank of India within the stipulated period in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000.
- c) The company allotted equity shares and filed form FC-GPRs as indicated below:

SI No	Name of investor	Date of allotment of shares	Number of shares/FCCDs allotted	Amount for which shares allotted (INR)	Date of reporting
1	Ravi C Maddali	26.08.2013	5,05,000	50,50,000	08.10.2013
2	Ravi C Maddali	13.03.2014	54,66,623	5,46,66,230	13.05.2014
Total				5,97,16,230	

The applicant filed form FCGPRs for the allotment of shares amounting to **₹ 5,97,16,230/-** as indicated above, which were reported with delays ranging from 13 days to 1 month 1 day approximately beyond the prescribed limit. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB



dated May 03, 2000, 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 applicant has allotted shares to the foreign investor beyond the stipulated period of 180 days for the date of receipt of remittances as indicated below:

SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Allotment
1	Ravi C Maddali	2,50,58,721 (balance amount left after allotment on 26.08.2013)	05.07.2013	13.03.2014
2	Ravi C Maddali	2,96,07,513	29.07.2013	

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, read with AP (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 remittance, the amount of consideration so received shall be refunded / shares have to be issued to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund / to allot shares, if such amount is outstanding beyond a period of 180 days from the date of receipt. Here, the amount of contravention is ₹ 5,46,66,230/- and the period of contravention ranges from 1 month 16 days to 2 months 12 days approximately.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 0330 /14.66.003/2019-20 dated August 02, 2019 for further submission in person and/or producing documents, if any, in support of the application.



(b) The applicant appeared for personal hearing on August 06, 2019 during which Shri. Nagaraju Maddimsetti, Company Secretary 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 was on account of administrative constraints. 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 ₹ 5,97,16,230/- and the period of contravention ranges from 13 days to 1 month 1 day approximately.

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in allotment of shares to the non-resident investor and the contravention relates to an amount of ₹ 5,46,66,230/- and the period of contravention ranges from 1 month 16 days to 2 months 12 days approximately.

5. It has been declared in the compounding application dated July 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 declaration dated July 02, 2019 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 **₹ 2,61,558/- (Rupees Two Lakh Sixty One Thousand Five Hundred Fifty Eight Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B) and Paragraph 8 of Schedule 1 to Notification No. 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 **₹ 2,61,558/- (Rupees Two Lakh Sixty One Thousand Five Hundred Fifty Eight 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



Compounding of contraventions under FEMA 1999
M/s Saikruthi Minmet (India) Private Limited
CA No. HYD 440

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 13th day of August 2019.

Sd/-

(Subrata Das)

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