



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: May 14, 2019  
**C.A. BGL 375/2019**

In the matter of

**M/s Moham Infra Private Limited**  
No.10, 5<sup>th</sup> Cross, 16<sup>th</sup> Main  
KSRTC Layout, JP Nagar, 2<sup>nd</sup> Phase  
Bengaluru - 560078  
**(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 February 06, 2019, received at the office of Reserve Bank of India, Bengaluru, on February 07, 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 remittance towards subscription to equity, and (ii) delay in submission of form FC-GPR 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 Moham Infra Private Limited, was originally incorporated as M/s Moham Agro Private Limited,



on August 14, 2012, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. Subsequently, name of the company has been changed as M/s Moham Infra Private Limited, with effect from May 28, 2014, as per the Certificate of Incorporation issued by the Deputy Registrar of Companies, Bangalore. The Company is engaged in the business of construction of buildings carried out on own account basis or on a fee or contract basis. The applicant had received funds towards share application money from the foreign investor, namely, Ms. Ishana Nair, USA, 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	19-12-2013	3,42,04,500.00	22-06-2018
	<b>Total</b>	<b>3,42,04,500.00</b>	

The applicant reported receipt of remittance to the Reserve Bank / Authorized Dealer Bank, with a delay of four years five months and four days, beyond the stipulated time of 30 days from the date of receipt of inward remittance as indicated 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-GPR 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	16-06-2014	3420450	3,42,04,500.00	02-01-2019
	<b>Total</b>		<b>3,42,04,500.00</b>	



The applicant filed form FC-GPR, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay of four years five months and seventeen days, beyond the prescribed period of 30 days from the date of allotment of shares as indicated 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. 5554/22.11.530/2018-19, dated May 06, 2019, and email dated May 08, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Girish Kumar M S, Corporate Advocate, who appeared for the personal hearing on May 14, 2019, admitted the contraventions as stated in paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. The representative 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 remittance, received towards subscription to equity as detailed in paragraph 2 above. The contravention



relates to an amount of ₹3,42,04,500.00, and the period of delay is four years five months and four 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 ₹3,42,04,500.00, and the period of delay is four years five months and seventeen days.

6. It has been declared in the compounding application dated February 06, 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 dated February 02, 2019, furnished as part of 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.

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 ₹4,70,000.00 (**Rupees Four Lakh Seventy Thousand 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 **₹4,70,000.00 (Rupees Four Lakh Seventy Thousand 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 Fourteenth day of May 2019.

**Sd/-**

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