



In the

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

Present

**Ms. M Ramakumari**  
**Deputy General Manager**

Date: January 25, 2019  
**C.A. BGL 334/2018**

In the matter of

**M/s Chennai Residential Developers Private Limited**  
M/s. Stylus Commercial Services Pvt Ltd  
Manyata Embassy Business Park, GF, E-1Blk  
Beech Building, ORR, Nagawara  
Bengaluru - 560045  
**(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 October 17, 2018, received at this Office of the Reserve Bank of India, Bengaluru, on October 23, 2018, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the Regulations issued there under. The contravention sought to be compounded is delay in submission of Form FC-GPR to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraph 9(1)(B) 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 Chennai Residential Developers Private Limited, was originally incorporated as M/s TSI Business Parks (Chennai) Private Limited, on June 19, 2006, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. Subsequently, name of the company was changed to M/s TSI Homes (Chennai) Private Limited on July 23, 2007, under the Companies Act, 1956, and again name of the company has been changed to M/s Chennai Residential Developers Private Limited, with effect from November 21, 2013, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. 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 foreign investors, namely, M/s TS Mauritius Erisa PH, Mauritius, and M/s TS Chembarabakkam, 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	05-04-2007	1,00,000.00	14-05-2007
2	03-08-2007	55,41,25,000.00	23-08-2007
3	14-05-2008	5,00,00,000.00	26-09-2008
4	12-08-2008	5,54,13,514.00	04-09-2008
5	12-08-2008	3,45,86,486.00	04-09-2008
6	01-06-2010	35,00,000.00	24-06-2010
7	14-11-2011	75,00,000.00	05-12-2011
8	15-05-2013	1,00,00,000.00	04-06-2013
	<b>Total</b>	<b>71,52,25,000.00</b>	

3. The applicant company allotted equity shares and filed Form FC-GPRs with Reserve Bank/AD Bank as indicated below:



Table-2

Sl. No.	Date of Allotment	Number of equity shares /CCDs allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	05-04-2007	10000 Equity	1,00,000.00	12-06-2007
2	30-01-2008	20150000 Equity & 35262500 CCDs	55,41,25,000.00	29-02-2008
3	10-11-2008	14000000 CCDs	14,00,00,000.00	04-12-2008
4	26-11-2010	350000 Equity	35,00,000.00	04-01-2011
5	09-05-2012	750000 CCDs	75,00,000.00	30-05-2012
6	08-11-2013	1000000 CCDs	1,00,00,000.00	03-12-2013
	<b>Total</b>		<b>71,52,25,000.00</b>	

The applicant filed the 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 nine days to one month and seven days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 1 and 4, 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 No.FE.BG.FID (CEFA) No.2385/22.06.612/2018-19 dated January 21, 2019, for further submission, in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. K M Shet, Director, and Mr. K Narasimha Raju, Assistant Manager - Accounts, who appeared for the personal hearing on January 25, 2019, admitted the contravention as stated in Paragraph 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In



view of the above, they 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 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 provision issued in terms of:

(a) Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPRs 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 **₹36,00,000.00**, and the period of delay ranges from nine days to one month and seven days.

6. It has been declared in the compounding application dated October 17, 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 undertaking dated January 10, 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 contravention which is 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 contravention is to be compounded, and I consider that an amount of **₹10,370.00 (Rupees Ten Thousand Three Hundred and Seventy only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 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 **₹10,370.00 (Rupees Ten Thousand Three Hundred and Seventy 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 Twenty Fifth day of January, 2019.

**Sd/-**

**(M Ramakumari)**  
**Deputy General Manager**