



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: December 21, 2018  
C.A. HYD 357

In the matter of

M/s. Minerva Enterprises Private Limited  
3-6-199/1, Himayatnagar,  
Hyderabad 500 029.

**(Applicant)**

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

**Order**

The applicant has filed the compounding application dated November 22, 2018 received on November 22, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is, delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity to a person resident outside India in terms of Paragraph 9(1)(B) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India)



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Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated 3rd May 2000 as then applicable (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 26.09.1989 (CIN: U55101TG1989PTC010495). The company is engaged in the business of other services incidental to transport.
- b) The applicant had received foreign inward remittances from two foreign investors towards advance for equity shares as indicated below.

SI No	Name of Remitter	Total Amount (INR)	Date of receipt	Date of reporting
1	Prem K Chiruvolu	92,60,000	09.12.2009	10.12.2009
2	Sarada Chiruvolu	91,96,000	22.01.2010	20.02.2010
	<b>Total</b>	<b>1,84,56,000</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 1,84,56,000/- to the Regional Office of Reserve Bank of India within the prescribed period of 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.

SI No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Prem K Chiruvolu	12.04.2010	92,600	92,60,000	02.08.2017
2	Sarada Chiruvolu	15.07.2010	91,960	91,96,000	02.08.2017
	<b>Total</b>		<b>1,84,560</b>	<b>1,84,56,000</b>	



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The applicant filed form FCGPRs for the allotment of shares amounting to **₹1,84,56,000/-** as indicated above and all were reported with a delay ranging from 06 years 11 months 19 days to 7 years 02 months 22 days approximately beyond the prescribed limit. 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 of India 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1177/14.66.003/2018-19 dated December 17, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on December 18, 2018 during which Shri P. Sreenivasula Reddy 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 reasons. 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 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)(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



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persons resident outside India and the contravention relates to an amount of ₹ 1,84,56,000/- and the period of contravention ranges from 06 years 11 months 19 days to 7 years 02 months 22 days approximately.

5. It has been declared in the compounding application dated November 22, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated November 22, 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/him/her thereafter. 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 ₹ 1,09,750/- (**Rupees One Lakh Nine Thousand Seven Hundred Fifty Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1) (B) 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 of ₹ 1,09,750/- (**Rupees One Lakh Nine Thousand Seven Hundred Fifty Only**) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange



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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 accordingly.

Dated this 21st day of December 2018

Sd/-

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