



In the

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

Present

R. Subramanian  
Regional Director

Date: December 04, 2017  
C.A. HYD 231

In the matter of

M/s.Naya Infra India Private Limited  
# 802, D Block  
My Home AbhraApts  
Opposite Inorbit Mall, Raidurgam  
Hyderabad – 500032  
Telangana

**(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 July 28, 2017 for compounding of contraventions of the provision 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 towards subscription to equity (ii) Delay in submission of form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India (iii) Refund of share application money to the overseas remitter beyond 180 days



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from the date of receipt of remittance in terms of Paragraphs 9(1)(A),9(1)(B) and Paragraph 8 respectively 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) 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 a Private Limited Company under the Companies Act, 2013 on May 28, 2014. The company is engaged in the business of construction of commercial spaces.
- (b) The applicant had received foreign inward remittances from the following foreign investors towards advance for subscription to equity shares as indicated below:

S.No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	LaxmanKalvakuntla Family Ltd.	15643287	11.08.2014	05.01.2016
2	LaxmanKalvakuntla Family Ltd.	9216000	17.10.2014	05.01.2016
3	VanajaEravellyVengalRaoJalagam	6607759	31.12.2015	04.04.2017
4	PramodRaoJanagama	7974032	13.01.2016	04.04.2017
5	VanajaEravellyVengalraoJalagam	8441391	14.01.2016	04.04.2017
6	Techstar Consulting Inc.	5144293	21.01.2016	04.04.2017



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	<b>Total</b>	<b>5,30,26,762</b>		
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The applicant reported receipt of remittances towards share subscription amounting to ₹5,30,26,762/-to the Regional Office of Reserve Bank of India on dates indicated as above with a delay ranging from 1 year 1 month 12 days to 1 year 3 months 25 days approximately. 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 Compulsorily Convertible Debentures (CCDs) and filed form FC-GPRs as indicated below:

SI No	Name of investor	Date of allotment of shares	Number of CCDs allotted	Amount for which shares allotted (INR)	Date of reporting
1	LaxmanKalvakuntla Family Ltd.	05.02.2015	156433	15643300	22.12.2015
2	LaxmanKalvakuntla Family Ltd.	16.03.2015	92160	9216000	05.01.2016
	<b>Total</b>		<b>248593</b>	<b>2,48,59,300</b>	

Applicant filed form FC-GPRs for the allotment of shares amounting to ₹2,48,59,300/- as indicated above with delays ranging from 8 months20 days to 9 months 17days 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 a report in Form



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FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to persons resident outside India.

(d). The company delayed in refund of share application money beyond the stipulated period of 180 days from the date of receipt of inward remittances as indicated below:

SI No	Name of Remitter	Total Amount (INR)	Date of receipt	Unallotted share application money (INR)	Date of seeking approval for refund
1	VanajaEravellyVengalRaoJalagam	6607759	31.12.2015	6607759	03.05.2017
2	PramodRaoJanagama	7974032	13.01.2016	7974032	03.05.2017
3	VanajaEravellyVengalraoJalagam	8441391	14.01.2016	8441391	03.05.2017
4	Techstar Consulting Inc.	5144293	21.01.2016	5144293	03.05.2017
	<b>Total</b>	<b>28167475</b>		<b>2,81,67,475</b>	

The company vide their letter dated April 25, 2017 has sought permission of RBI to refund the share application money amounting to ₹2,81,67,475/- for refund of unallotted share application money received under FDI beyond 180 days forwarded by their AD Bank on October 04, 2017 with delays ranging from 9 months 14 days to 10 months 5 days. In reply to their letter RBI issued approval for refund of above said share application money on November 07, 2017. Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, 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 to the person concerned, provided the



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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 November 13, 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/942/14.66.003/2017-18 dated November 22, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b). The applicant appeared for personal hearing on November 27, 2017 during which ShriBhupathiRao, Director and Shri Sumitra Nandan, Chartered Accountant represented the applicant. The authorized representatives of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing, it was submitted that the delay was due to their administrative delays but was not wilful or with malafide intention. 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 as 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:-



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(a) Paragraph 9(1)(A) of Schedule 1 to FEMA Notification No. FEMA 20/2000-RB for delay in submission of Advance Reporting Form to Reserve Bank of India after receipt of inward remittance from a person resident outside India and the contravention relates to an amount of ₹5,30,26,762/- with delays ranging from 1 year 1 month 12 days to 1 year 3 months 25 days approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to FEMA Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of CCDs to persons resident outside India and the contravention relates to an amount of ₹2,48,59,300/- with delays ranging from of 8 months 20days to 9 months 17 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 for delays in refund of share application money to persons resident outside India and the contravention relates to an amount of ₹2,81,67,475/-with delays ranging from 9 months 14 days to 10 months 5 days approximately.

5. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty upto 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 Rs.3,46,514/-(Rupees Three Lakhs Forty Six Thousand Five Hundred Fourteen Only)will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions, namely, the contraventions Paragraph 9(1)(A),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 of Rs.3,46,514/-(Rupees Three Lakhs Forty Six Thousand Five Hundred Fourteen Only) which shall be deposited by the applicant with the



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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, Rule10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 4<sup>th</sup> day of December 2017

Sd/-

(R. Subramanian)  
Regional Director