



In the  
Reserve Bank of India  
Foreign Exchange Department  
Ahmedabad-380009

Present

Jayant Kumar Dash  
Chief General Manager (The Regional Director)

March 29, 2018

CEFA.CO.ID.9509 / C.A.No. AHM- 91 / 2017-18

Matter

M/s Casme Industrial Park Development (India) Pvt. Ltd.  
(CIN: U45203GJ2016PTC085615)  
B -1104, Mondeal Square, Opp. Prahladnagar Garden,  
Near Iscon Elegance, S G Highway, Prahladnagar, Ahmedabad - 380015  
Gujarat

**(Applicant)**

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

**Order**

The applicant has filed compounding application dated December 27, 2017 (received at Reserve Bank of India on December 28, 2017) 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 beyond 30 days in reporting receipt of foreign inward remittance towards subscription to equity and (ii) delay beyond 30 days 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 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 3<sup>rd</sup> 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:

The applicant company was incorporated on January 5, 2016 under the provisions of the Companies Act, 2013 (CIN: U45203GJ2016PTC085615). The company is engaged in business of construction and civil engineering. The applicant company has received total twelve inflows amounting to ₹100,98,77,699/- from foreign investors under automatic route and reported the same to Reserve Bank of India as indicated below:

**3. Para 9(1) (A) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 – Contravention Detected: (Table -1)**

Sr. No.	Remitter	Date of receipt	Amount of foreign inward remittance (₹)	Date of reporting to RBI*	Days delay excluding prescribed time of 30 days
1	Small and Medium Enterprises Indian Industrial Park and Infrastructure Development Co. Ltd.	20/04/2016	592798	06/05/2016	No delay
2	-- Do --	27/04/2016	3974937	06/05/2016	No delay
3	-- Do --	02/05/2016	105855007	06/05/2016	No delay
4	-- Do --	04/05/2016	211903006	18/05/2016	No delay
5	-- Do --	11/07/2016	108458330	02/08/2016	No delay
6	-- Do --	04/08/2016	72669633	29/08/2016	No delay
7	-- Do --	09/08/2016	46696332	29/08/2016	No delay
8	-- Do --	09/08/2016	44027932	29/08/2016	No delay
9	-- Do --	12/09/2016	200099333	26/09/2016	No delay



	<b>Sub Total A</b>		<b>794277308</b>		
10	Small and Medium Enterprises Indian Industrial Park and Infrastructure Development Co. Ltd.	16/09/2016	9991544	19/10/2016	3 days
11	-- Do --	11/04/2017	6434490	06/07/2017	56 days
12	-- Do --	11/04/2017	199174357	06/07/2017	56 days
	<b>Sub Total B</b>		<b>215600391</b>		
	<b>Grand Total (A+B)</b>		<b>1009877699</b>		

\* The date for calculation of delay under 9(1) (A) taken as date of inflow reporting by Company to AD.

4. The applicant reported the receipt of twelve inward remittances, amounting to ₹100,98,77,699/- to the Ahmedabad Regional Office of the Reserve Bank of India. Out of twelve inflows three inflows amounting to ₹21,56,00,391/- were reported with a delay ranging from 3 to 56 days. 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. Thus the company stands to contravene the provisions stipulated in paragraph 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

5. The applicant allotted equity shares and filed FC-GPRs as stated below:

**Para 9(1) (B) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 –Contravention detected: (Table -2)**

Sr. No.	Name of the Foreign Investor	No of shares issued	Amount of shares (₹)	Date of issue of shares	Date of submission of FC-GPR to RBI *	Days delay excluding prescribed time of 30 days
1	Small and Medium Enterprises Indian Industrial Park and Infrastructure Development	10744192	322325760	05/05/2016	09/12/2016	188 days



	Co. Ltd.					
2	-- Do --	3615278	108458340	12/07/2016	09/12/2016	120 days
3	-- Do --	5460398	163391489	20/08/2016	08/07/2017	292 days
4	-- Do --	7003029	210090870	20/09/2016	14/08/2017	295 days
5	-- Do --	6853628	205608840	12/04/2017	26/10/2017	165 days
	<b>Total</b>	<b>33676525</b>	<b>1009875299**</b>			

\* For calculation of days of delay under 9(1)(B) date of reporting to AD bank is taken as reporting to RBI.

\*\* Excess amount of ₹2400/- has been ignored.

6. As indicated in the table above, the applicant has filed five form FC-GPRs amounting to ₹100,98,75,299/-. All the five form FC-GPRs were filed with a delay ranging from 120 to 295 days beyond the prescribed timeline of 30 days. 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 the 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 the overseas investor. Thus the company stands to contravene the provisions stipulated in Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000.

7. The applicant was given an opportunity for personal hearing vide our letter FE.AH.No.1215 /06.04.15 (C) CEFA /2017-18 dated March 9, 2018 for further submission in person and /or producing documents, if any, in support of the application. Ms. Shen Jianxia, Director and Ms. Shilpa Makadia, Chartered Accountant (M/s S. Makadia & Co., CA) represented the applicant for the personal hearing on March 28, 2018. They admitted to the contraventions for which compounding has been sought and stated that the non-compliance was not intentional and was an inadvertent error on the part of the Company and they deeply regret the delay caused and requested to take lenient view. They also stated that they are willing to accept any direction/ order of the Compounding authority in connection with their compounding application.



8. The representative of the applicant requested that in view of the foregoing, 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.

9. It has been declared in the compounding application dated December 27, 2017 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 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. 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.

10. I have given my careful consideration to the documents on record and submission made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

**A) Paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000:** Due to delay in reporting of receipt of foreign inward remittances towards subscription of shares as detailed in paragraph 4 above. The amount of contravention involved is ₹21,56,00,391/- and the delay is for approximately 3 to 56 days.



**B) Paragraph 9 (1) (B) of Schedule 1 of FEMA Notification FEMA 20/2000 – RB dated May 3, 2000:** Due to delay in submission of form FC-GPR, after issue of shares to persons resident outside India as detailed in paragraph 6 above. The amount of contravention involved is ₹100,98,75,299/- and the delay is for approximately 120 to 295 days .

11. 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 therefore, I consider that amount of penalty of ₹3,45,750/- (Rupees Three lakh forty five thousand seven hundred fifty only) will meet the ends of justice.

12. Accordingly, I compound the admitted contraventions, namely contravention of paragraph 9(1) (A) and 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, by the applicant, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹3,45,750/- (Rupees Three lakh forty five thousand seven hundred fifty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, La-Gajjar Chambers, Ashram Road, Ahmedabad – 380 009 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Ahmedabad 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 the 29<sup>th</sup> day of March, 2018.



Sd/-

(Jayant Kumar Dash)

Chief General Manager (Regional Director)