



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

Present

Shri P J Thomas
Regional Director, Karnataka and
Chief General Manager, Bengaluru

Date: August 14, 2018
C.A. BGL 307/2018

In the matter of

M/s Dhammanagi and Sanu Developers Private Limited
No. 137, Railway Parallel Road
Kumara Park West
Bengaluru - 560020
(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 June 20, 2018, received in the office of Reserve Bank of India, Bengaluru, on July 11, 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 reporting receipt of foreign inward remittances towards subscription to equity, in terms of Paragraph 9(1)(A) 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 Dhammanagi and Sanu Developers Private Limited was incorporated on December 04, 2014, under the Companies Act, 2013, 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 the foreign investor, namely, Mr. Prabhat Dundappa A, UAE, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	12-06-2015	6,38,10,000.00	23-03-2017
2	13-08-2015	3,24,00,000.00	23-03-2017
3	13-08-2015	3,24,00,000.00	23-03-2017
4	11-09-2015	2,31,77,000.00	06-06-2017
5	16-12-2015	8,64,89,000.00	23-03-2017
		23,82,76,000.00	

The applicant reported receipt of remittance to the Reserve Bank / Authorized Dealer Bank, with a delay ranging from one year two months and eight days to one year eight months and eleven days, beyond the stipulated time of 30 days in respect of the all remittances 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 applicant was given an opportunity for personal hearing, vide the Reserve Bank's letter FE.BG.FID (CEFA) No. 579 /22.10.756/2018-19 dated August 10, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. JP Singh, Finance Controller, and Mr. Purushottam Ashok Rasalkar, Company Secretary, who appeared for the personal hearing on August 14, 2018, admitted the contraventions as stated in paragraph 2 above, committed by the applicant, for which compounding has been sought. The representatives 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.

4. 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 remittances, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs. 23,82,76,000.00**, and the period of delay ranges from one year two months and eight days to one year eight months and eleven days.

5. It has been declared in the compounding application dated June 20, 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 June 20, 2018, 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.

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 are to be compounded and I consider that an amount of **Rs. 4,01,500.00, (Rupees Four Lakh One Thousand and Five Hundred only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(A) of Schedule I 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. 4,01,500.00, (Rupees Four Lakh One Thousand and Five Hundred only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd 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 August, 2018.

Sd/-

(P J Thomas)
Regional Director, Karnataka and
Chief General Manager, Bengaluru