



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
11th floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400 001

Present

Ajay Kumar Misra
Chief General Manager

Date: October 4, 2018
CA No 4711 / 2018

In the matter of

Permian Investments Private Limited
4th Floor, Ozone Complex
D No. 6-3-669 Panjagutta Main Road
Hyderabad - 500082

(Applicant)

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

Order

The applicant has filed the application dated May 24, 2018 (received in the Reserve Bank on May 24, 2018), for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The applicant company has sought to be compounded for (i) delay in reporting receipt of funds for issue of shares, beyond the stipulated time period (ii) delay in filing of form FC-GPR beyond the stipulated time period, (iii) receipt of foreign investment without the prior approval of erstwhile Foreign Investment Promotion Board (FIPB) and (iv) delay in reporting downstream investment to the erstwhile FIPB beyond the



stipulated time period, in contravention of Regulation 5(1) read with Paragraphs 9(1)(A) and 9(1)(B) of Schedule 1, and Regulations 14(6)(ii)(d)(A) and 14(6)(ii)(a) of 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 3, 2000 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts are as under: The applicant company was incorporated as Permian Investments Private Limited on February 22, 2013 (CIN: U65993TG2013PTC085906). It is engaged in the business of investing the capital and/or funds of the company in securities, by shares, debentures, warrants etc., of other companies within India or outside India, subject to the compliance of the applicable laws.

According to Regulation 14(6)(ii)(d)(A) of Notification No. FEMA 20/2000-RB, for any foreign investment into any company, engaged in the abovementioned activity, prior approval from the erstwhile FIPB is required. However, the applicant company started receiving foreign inward remittances from 19.09.2013, without any such prior approval. The post facto approval for such inward remittances, amounting to Rs. 51,76,96,128/-, was provided by the then FIPB on 06.03.2017, subject to compounding by RBI. The details of these inward remittances are as follows:

S.No.	Name of non-resident remitter	Amount received (INR)	Date of receipt of funds
1	Sreehari Patibandla	7639110.45	19.09.2013
2	Permian Women's Center P.A.	45845971.75	19.09.2013
3	Ashit Singh	9223462	20.09.2013
4	Vikram N Patel	9343500	23.09.2013
5	Kirit N Patel	9343500	23.09.2013
6	Sreehari Patibandla	1200000	24.09.2013
7	Shylesh Ganta	9349441.50	27.09.2013
8	Srinivas P Kadiyala	9349441.50	27.09.2013
9	Swapna G Patel	9349441.50	27.09.2013



10	Syam Vemulapalli	14024941.50	27.09.2013
11	Venkata Vijay Babu Adimoolam	9349441.50	27.09.2013
12	Nageswararao V Chalasani	18693000	04.10.2013
13	Sai P Gundlapalli	9344942.25	04.10.2013
14	Manohar Radha Angirekula	9346500	04.10.2013
15	Suresh Prasad	9267573.15	10.10.2013
16	Ravikumar P Vemuru	18429750	17.10.2013
17	Trupti Patel	2991983	20.02.2014
18	Ashit Singh	3110188.95	24.02.2014
19	Suresh Prasad	3110500	24.02.2014
20	Pillarisetty G Raja/Usha Kurra	15552002.32	24.02.2014
21	Kirit N Patel	3110500	24.02.2014
22	Srinivas P Kadiyala	3110500	24.02.2014
23	Venkata Vijay Babu Adimoolam	3110188.95	24.02.2014
24	Syam Vemulapalli	4665252.32	24.02.2014
25	Nageswararao V Chalasani	6221000	24.02.2014
26	Shylesh Ganta	3103000	25.02.2014
27	Manohar Radha Angirekula	3098690.10	26.02.2014
28	Manohar Radha Angirekula	618990.35	28.02.2014
29	Kirit N Patel	619300	28.02.2014
30	Venkata Vijay Babu Adimoolam	618190.75	05.03.2014
31	Syam Vemulapalli	928190.50	03.03.2014
32	Trupti Patel	592544	03.03.2014
33	Nageswararao V Chalasani	1237000	05.03.2014
34	Sreehari Patibandla	3711000	05.03.2014
35	Sai P Gundlapalli	3700000	12.03.2014
36	Swapna G Patel	3651113.12	13.03.2014
37	Ravikumar P Vemuru	7500000	19.03.2014
38	Srinivas P Kadiyala/Hima B Ravi	604200	25.03.2014
39	Sai P Gundlapalli	2975000	14.07.2014
40	Shylesh Ganta	3008000	15.07.2014
41	Trupti Patel	3007679.35	15.07.2014



42	Srinivas P Kadiyala	3008000	15.07.2014
43	Ashit Singh	3007699.20	15.07.2014
44	Swapna G Patel	3007699.20	15.07.2014
45	Kirit N Patel	3008000	15.07.2014
46	Venkata Vijay Babu Adimoolam	3007699.20	15.07.2014
47	Nageswararao V Chalasani	6016000	15.07.2014
48	Manohar Radha Angirekula	3007699.20	15.07.2014
49	Sreehari Patibandla	3008000	15.07.2014
50	Suresh Prasad	3008000	15.07.2014
51	Syam Vemulapalli	4511518.72	15.07.2014
52	Ashit Singh	619490.10	15.07.2014
53	Pill G Raja	15259511.68	20.08.2014
54	Ravikumar P Vemuru	10000000	27.09.2014
55	Ravikumar P Vemuru	3800000	10.10.2014
56	Venkata Vijay Babu Adimoolam	919009.84	05.11.2014
57	Syam Vemulapalli	13785259.84	05.11.2014
58	Suresh Prasad	9211500	07.11.2014
59	Manohar Radha Angirekula	9211008.72	07.11.2014
60	Nageswararao V Chalasani	18420000	07.11.2014
61	Sreehari Patibandla	9211500	07.11.2014
62	Pill G Raja	46034508.96	12.11.2014
63	Shylesh Ghanta	9207000	12.11.2014
64	Srinivas P Kadiyala	9217500	13.11.2014
65	Kirit N Patel	9217500	13.11.2014
66	Swapna G Patel	9226007.92	14.11.2014
67	Sai P Gundlapalli	9200000	15.11.2014
68	Vikram N Patel	9240000	19.11.2014
Total		517696143.20	

Further, there was a delay in reporting the receipt of 38 inward remittances amounting to Rs. 31,25,25,937/-, beyond the stipulated period of 30 days, in contravention of Regulation 5(1) read with Para 9(1)(A) of Schedule I of



Notification No. FEMA 20/2000-RB. The details of these remittances are as follows:

S.No.	Name of remitter	Amount received (INR)	Date of receipt of funds	Date of reporting
1	Sreehari Patibandla	7639110.45	19.09.2013	14.05.2015
2	Permian Women's Center P.A.	45845971.75	19.09.2013	14.05.2015
3	Ashit Singh	9223462	20.09.2013	02.12.2014
4	Vikram N Patel	9343500	23.09.2013	14.05.2015
5	Kirit N Patel	9343500	23.09.2013	27.06.2014
6	Sreehari Patibandla	1200000	24.09.2013	14.05.2015
7	Shylesh Ganta	9349441.50	27.09.2013	02.12.2014
8	Srinivas P Kadiyala	9349441.50	27.09.2013	27.06.14
9	Swapna G Patel	9349441.50	27.09.2013	02.12.2014
10	Syam Vemulapall	14024941.50	27.09.2013	13.02.2014
11	Venkata Vijay Babu Adimoolam	9349441.50	27.09.2013	27.06.2014
12	Nageswararao V Chalasani	18693000	04.10.2013	13.02.2014
13	Sai P Gundlapalli	9344942.25	04.10.2013	14.05.2015
14	Manohar Radha Angirekula	9346500	04.10.2013	27.06.2014
15	Suresh Prasad	9267573.15	10.10.2013	27.03.2014
16	Ravikumar P Vemuru	18429750	17.10.2013	14.05.2015
17	Trupti Patel	2991983	20.02.2014	09.09.2015
18	Pillarisetty G Raja/Usha Kurra	15552002.32	24.02.2014	04.06.2015
19	Kirit N Patel	3110500	24.02.2014	22.11.2014
20	Shylesh Ganta	3103000	25.02.2014	04.06.2015
21	Kirit N Patel	619300	28.02.2014	22.11.2014
22	Trupti Patel	592544	03.03.2014	09.09.2015
23	Sreehari Patibandla	3711000	05.03.2014	17.12.2014



24	Sai P Gundlapalli	3700000	12.03.2014	27.05.2015
25	Ravikumar P Vemuru	7500000	19.03.2014	27.05.2015
26	Srinivas P Kadiyala/Hima B Ravi	604200	25.03.2014	04.06.2015
27	Sai P Gundlapalli	2975000	14.07.2014	27.05.2015
28	Shylesh Ganta	3008000	15.07.2014	04.06.2015
29	Trupti Patel	3007679.35	15.07.2014	04.06.2015
30	Srinivas P Kadiyala	3008000	15.07.2014	04.06.2015
31	Ashit Singh	3007699.20	15.07.2014	04.06.2015
32	Kirit N Patel	3008000	15.07.2014	22.11.2014
33	Pill G Raja	15259511.68	20.08.2014	17.12.2014
34	Ravikumar P Vemuru	10000000	27.09.2014	27.05.2015
35	Ravikumar P Vemuru	3800000	10.10.2014	27.05.2015
36	Srinivas P Kadiyala	9217500	13.11.2014	04.06.2015
37	Sai P Gundlapalli	9200000	15.11.2014	27.05.2015
38	Vikram N Patel	9240000	19.11.2014	04.06.2015
Total		315315936.70		

The applicant company also delayed the reporting of issuance of shares in Form-FCGPR, beyond the stipulated period of 30 days, in 68 instances, amounting to Rs. 51,76,95,990/-, in contravention of Regulation 5(1) read with Para 9(1)(B) of Schedule I of Notification No. FEMA 20/2000-RB. The details of these remittances are as follows:

S.No.	Name of remitter	Amount for which shares allotted (INR)	Date of allotment of shares	Date of reporting
1	Sai P Gundlapalli	93344940	17.03.2014	14.05.2015
2	Vikram N Patel	9343500	17.03.2014	14.05.2015
3	Sreehari Patibandla	7639110	17.03.2014	14.05.2015
4	Suresh Prasad	9267570	17.03.2014	27.06.2014
5	Srinivas P Kadiyala	9349440	17.03.2014	27.06.2014
6	Ashit Singh	9223460	17.03.2014	14.05.2015
7	Swapna G Patel	9349440	17.03.2014	14.05.2015



8	Ravikumar P Vemuru	18429750	17.03.2014	14.05.2015
9	Sreehari Patibandla	1200000	17.03.2014	14.05.2015
10	Shylesh Ganta	9349440	17.03.2014	14.05.2015
11	Kirit N Patel	9343500	17.03.2014	27.06.2014
12	Venkata Vijay Babu Adimoolam	9349440	17.03.2014	27.06.2014
13	Nageswararao V Chalasani	18693000	17.03.2014	27.06.2014
14	Syam Vemulapalli	14024940	17.03.2014	27.06.2014
15	Pill G Raja	45845970	17.03.2014	14.05.2015
16	Manohar Radha Angirekula	9346500	17.03.2014	27.06.2014
17	Venkata Vijay Babu Adimoolam	618190	16.08.2014	30.04.2015
18	Manohar Radha Angirekula	3098690	16.08.2014	30.04.2015
19	Manohar Radha Angirekula	618990	16.08.2014	30.04.2015
20	Nageswararao V Chalasani	6221000	16.08.2014	30.04.2015
21	Nageswararao V Chalasani	1237000	16.08.2014	30.04.2015
22	Syam Vemulapalli	4665250	16.08.2014	30.04.2015
23	Syam Vemulapalli	928190	16.08.2014	30.04.2015
24	Venkata Vijay Babu Adimoolam	3110180	16.08.2014	30.04.2015
25	Kirit N Patel	3110500	16.08.2014	30.04.2015
26	Kirit N Patel	619300	16.08.2014	30.04.2015
27	Swapna G Patel	3651110	16.08.2014	30.04.2015
28	Shylesh Ghanta	3103000	16.08.2014	22.05.2015
29	Srinivas P Kadiyala	3110500	16.08.2014	22.05.2015
30	Sai P Gundlapalli	3700000	16.08.2014	27.05.2015
31	Pill G Raja	15552000	16.08.2014	22.05.2015



32	Ravikumar P Vemuru	7500000	16.08.2014	27.05.2015
33	Sreehari Patibandla	3711000	16.08.2014	22.05.2015
34	Srinivas P Kadiyala	604200	16.08.2014	22.05.2015
35	Trupti Patel	592540	16.08.2014	09.09.2015
36	Trupti Patel	2991980	16.08.2014	09.09.2015
37	Suresh Prasad	3110500	16.08.2014	30.04.2015
38	Ashit Singh	619490	16.08.2014	30.04.2015
39	Ashit Singh	3110180	16.08.2014	30.04.2015
40	Sreehari Patibandla	3008000	08.01.2015	30.04.2015
41	Suresh Prasad	3008000	08.01.2015	30.04.2015
42	Venkata Vijay Babu Adimoolam	3007690	08.01.2015	30.04.2015
43	Syam Vemulapalli	4511510	08.01.2015	30.04.2015
44	Swapna G Patel	3007690	08.01.2015	30.04.2015
45	Pill G Raja	15259510	08.01.2015	30.04.2015
46	Srinivas P Kadiyala	3008000	08.01.2015	22.05.2015
47	Sai P Gundlapalli	2975000	08.01.2015	27.05.2015
48	Ashit Singh	3007690	08.01.2015	22.05.2015
49	Trupti Patel	3007670	08.01.2015	22.05.2015
50	Shylesh Ghanta	3008000	08.01.2015	22.05.2015
51	Kirit N Patel	3008000	08.01.2015	30.04.2015
52	Manohar Radha Angirekula	3007690	08.01.2015	30.04.2015
53	Nageswararao V Chalasani	6016000	08.01.2015	30.04.2015
54	Venkata Vijay Babu Adimoolam	9190000	31.03.2015	01.06.2015
55	Syam Vemulapalli	13785250	31.03.2015	01.06.2015
56	Sreehari Patibandla	9211500	31.03.2015	01.06.2015
57	Suresh Prasad	9211500	31.03.2015	01.06.2015
58	Shylesh Ghanta	9207000	31.03.2015	01.06.2015
59	Swapna G Patel	9226000	31.03.2015	01.06.2015



60	Srinivas P Kadiyala	9217500	31.03.2015	22.05.2015
61	Kirit N Patel	9217500	31.03.2015	22.05.2015
62	Nageswararao V Chalasanani	18420000	31.03.2015	22.05.2015
63	Sai P Gundlapalli	9200000	31.03.2015	27.05.2015
64	Vikram N Patel	9240000	31.03.2015	22.05.2015
65	Ravikumar P Vemuru	10000000	31.03.2015	27.05.2015
66	Ravikumar P Vemuru	3800000	31.03.2015	22.05.2015
67	Manohar Radha Angirekula	9211000	31.03.2015	01.06.2015
68	Pill G Raja	46034500	31.03.2015	01.06.2015
Total		601695990		

Further, the applicant company made a downstream investment to the extent of Rs. 2,59,09,000/-, in an Indian company, namely, M/s 7 Hills Logistics Systems Private Limited on 10.12.2013 but reported it to the erstwhile FIPB only on 06.03.2017 (as declared by the applicant in the compounding application), with a delay beyond the stipulated time period of 30 days, in contravention of Regulation 14(6)(ii)(a) of Notification No. FEMA 20/2000-RB.

3. According to Para 9(1)(A) of Schedule 1 of Notification No.FEMA.20/2000-RB, “An Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by Indian company for issue of shares and convertible debentures, a report in form specified in Annex C to this Schedule along with a copy/ies of Foreign Inward Remittance Certificate/s (FIRC), Know Your Customer (KYC) report on the non-resident investor and details of the Government approval, if any”.

Para 9(1)(B) of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that “An Indian company issuing shares or convertible debentures in accordance with these Regulations shall



submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of issue of shares, a report in the Form FC-GPR as specified by the Reserve Bank from time to time....”.

Further, Regulation 14(6)(ii) of the abovementioned Notification states that, “Downstream investments by Indian companies will be subject to the following conditions:

(a) Such a company has to notify Secretariat for Industrial Assistance, DIPP and FIPB of its downstream investment in the form available at <http://www.fipbindia.com> within 30 days of such investment, even if capital instruments have not been allotted along with the modality of investment in new/existing ventures (with/without expansion programme).....

(d) for the purpose of downstream investment, the Indian companies making the downstream investments would have to bring in requisite funds from abroad and not used funds borrowed in the domestic market. This would, however, not preclude downstream operating companies, from raising debt in the domestic market. Downstream investments through internal accruals are permissible by an Indian company, subject to the provisions of clause (i) above and as also elaborated below:

A. Foreign investment into an Indian company, engaged only in the activity of investing in the capital of other Indian company/ies, will require prior Government/FIPB approval, regardless of the amount or extent of foreign investment.....”

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/1279/15.20.67/2018-19 dated August 31, 2018 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on September 21, 2018 during which Shri VVK Prasad, Director of the applicant company and Shri Vamsi Krishna, Chartered Accountant, represented the applicant. The representatives of the applicant submitted that the applicant had inadvertently failed to comply



with the FEMA regulations and requested that a lenient view may be taken in the matter.

It has been declared in the compounding application dated May 24, 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 also declared in the declaration filed along 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 been 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.

The application is, therefore, being considered on the basis of the averments made in the application, the documents produced, and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 5(1) read with Paragraphs 9(1)(A) and 9(1)(B) of Schedule I and Regulation 14(6)(ii) of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time. The amount of contravention is as follows:

(i) Para 9(1)(A) of Schedule 1 of Notification No. FEMA.20/2000-RB – Amount of contravention – Rs. 31,53,15,936.70/- and Period of contravention ranges from 4 months to 1 year and 7 months approximately

(ii) Para 9(1)(B) of Schedule 1 of Notification No. FEMA.20/2000-RB – Amount of contravention – Rs. 60,16,95,990/- and Period of contravention ranges from 3 months to 1 year and 2 months approximately.

(iii) Regulation 14(6)(ii)(d)(A) of Notification No. FEMA.20/2000-RB – Amount of contravention – Rs. 51,76,96,143.20/- and Period of contravention – ranges from 2 years and 4 months to 3 years and 6 months approximately.



(iv) Regulation 14(6)(ii)(a) of Notification No. FEMA.20/2000-RB – Amount of contravention – Rs. 2,59,09,000/- and Period of contravention – 3 years and 2 months approximately.

8. 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 41,71,813/- (Rupees forty one lakh seventy one thousand eight hundred and thirteen only) will meet the ends of justice in the circumstances of this case.

9. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Paragraph 9(1)(B) of Schedule I and Regulation 14(6)(ii) of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 41,71,813/- (Rupees forty one lakh seventy one thousand eight hundred and thirteen only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' within a period of 15 days from the date of this order. In case of failure to deposit the compounded amount within the abovementioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this the fourth day of October, 2018

Sd/-

(Ajay Kumar Misra)
Chief General Manager