



In the

Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

Shri J. K. Pandey
Chief General Manager

Date: November 20, 2018

C.A. No. 783/2018

In the matter of

GS Engineering & Construction Mumbai Private Limited
I Think Techno Campus, D Wing
2nd floor, Jolly Board Tower, Kanjurmarg East
Mumbai- 400 042

(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 thereunder, I pass the following

Order

1. The applicant has filed the compounding application dated August 10, 2018 (received at the Reserve Bank of India on August 10, 2018) for compounding of contraventions of the provisions 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 remittance towards subscription to equity and (ii) delay 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 May 3, 2000 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 December 20, 2013, under the Companies Act, 1956, as GS Engineering & Construction Mumbai Private Limited. Its main activities are to carry on the business of engineering & consultancy services involved in the design, procurement, construction and commissioning of plants for the chemical, Petrochemical, Refinery and Oil & Gas, Power Plant and Environmental protection facility on lumpsum basis, services contracts and to act as project management consultants.

3. The applicant received foreign inward remittances from towards equity / compulsory convertible preference shares / compulsory convertible debentures and reported the same to the Reserve Bank of India as indicated in the table.

Sr. No.	Amount received in INR	Date of receipt	Date of reporting	Delay
1	1,93,13,000.00	23-01-2014	01-03-2014	7D
	53,40,00,000.00	23-01-2014	01-03-2014	7D
2	26,97,20,000.00	25-05-2016	08-06-2016	No
3	33,30,14,400.00	27-07-2016	12-08-2016	No
4	34,11,00,000.00	02-12-2016	19-12-2016	No
5	31,98,00,000.00	26-04-2017	08-05-2017	No
6	25,77,00,000.00	21-09-2017	12-10-2017	No
7	25,91,40,000.00	21-02-2018	27-02-2018	No
8	27,46,40,000.00	05-07-2018	11-07-2018	No
Total	2,60,84,27,400.00			

The applicant reported receipt of remittances to the Reserve Bank of India with a delay of 07 Days, approximately, in respect of remittances listed at serial no. 01 above. Whereas in terms of paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing equity / compulsory convertible preference share / compulsory convertible debentures in accordance with these



Regulations should report foreign inward remittances 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.

4. The company allotted equity shares/ compulsory convertible preference share/ compulsory convertible debentures and filed FC-GPR as indicated below:

Sr. No.	No. of shares	FV in INR	Amount involved in INR	Date of allotment	Date of filing	Delay
1	1931300	10	1,93,13,000.00	31-03-2014	28-05-2014	28D
2	53400000	10	53,40,00,000.00	31-03-2014	22-05-2014	22D
3	26972000	10	26,97,20,000.00	26-05-2016	20-06-2016	No
3	33301440	10	33,30,14,400.00	28-07-2016	24-08-2016	No
4	34110000	10	34,11,00,000.00	03-12-2016	30-12-2016	No
5	31980000	10	31,98,00,000.00	26-04-2017	25-05-2017	No
6	25770000	10	25,77,00,000.00	21-09-2017	30-11-2017	1M 10D
7	25914000	10	25,91,40,000.00	21-02-2018	15-03-2018	No
8	27464000	10	27,46,40,000.00	05-07-2018	31-07-2018	No
			2,60,84,27,400.00			

The applicant filed form FC-GPR as indicated at serial No. 01, 02 & 06 above with a delay ranging from 22 Days to 01 Months 10 Days, approximately. 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 FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

5. The applicant was given an opportunity for personal hearing vide e-mail dated October 30, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on November 12, 2018, during which Shri Avinash A Khilari, General Manager of the applicant company; Shri Hinesh R Doshi, Chartered Accountant and Ms Aarti A Karwande, Chartered Accountant, represented the applicant in the cabin of



Shri J. K. Pandey, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. 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 submitted along with the application.

6. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. 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 due to the delay in reporting of receipt of foreign inward remittances towards subscription to equity as detailed in paragraph no. 3 above. The contravention relates to an amount of Rs.55,33,13,000.00 (Rupees Fifty-Five Crore Thirty-Three Lakh Thirteen Thousand Only) and the delay of 07 Days, approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India as detailed in para no. 4 above. The contravention relates to an amount of Rs.81,10,13,000.00 (Rupees Eighty-One Crore Ten Lakh Thirteen Thousand Only) and the delay ranging from 22 Days to 01 Months 10 Days, approximately.

7. It has been declared in the compounding application dated August 10, 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 further been stated in the declaration dated August 01, 2018, 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.

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. 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 I consider that an amount of Rs.57,000/- (Rupees Fifty Seven Thousand Only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1) (A) and 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB by the applicant as stated above on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs.57,000/- (Rupees Fifty Seven Thousand Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, 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 above-mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.



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10. The above order is passed only in respect of contraventions of para 9(1)(A) and 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: November 20, 2018.

Compounding Authority

Sd/-

(J K Pandey)

Chief General Manager