



In the

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

Present

R. Subramanian
Regional Director

Date: March 27, 2017
C.A. HYD 197

In the matter of

M/s. Dharti Dredging and Infrastructure Limited
6-3-1113/2, DDIL Bhavan
B.S Maktha
Begumpet
Hyderabad 500016.

(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 March 08, 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) issue of equity shares before the receipt of consideration to a person resident outside; (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India in terms of Paragraph 8 and Paragraph 9 (1) (B) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management



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(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, 1956 on 11.11.1993. The company is engaged in the business of construction of waterways, harbors and river works, dredging of waterways and other related activities.

b) The company allotted equity shares and filed Form FC-GPR as indicated below:

Sl No	Name of Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (₹)	Date of reporting
1	Vijay Sanmukh Das Israni & Indu Vijay Israni	07.12.2006	6,00,000	13,50,00,000	10.03.2016
2	Ramesh Kumar Goenka & Asha Devi Goenka		6,00,000	13,50,00,000	
	Total		12,00,000	27,00,00,000	

The applicant filed Form FC-GPR for the allotment of shares amounting to ₹ 27,00,00,000/- as indicated above with a delay of 9 years 2 months 2 days 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



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in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India:-

c) The company has allotted shares prior to receipt of consideration thereof as detailed below:

S1 No.	Name of the investor	Date of receipt of funds	Amount (₹)	Date of issue of share	Value of shares issued
1	Vijay Sanmukh Das Israni & Indu Vijay Israni	12.12.2006	13,27,54,718	07.12.2006	13,50,00,000
2	Vijay Sanmukh Das Israni & Indu Vijay Israni	21.12.2006	22,43,272	07.12.2006	
3	Ramesh Kumar Goenka & Asha Devi Goenka	19.12.2006	13,50,00,000	07.12.2006	13,50,00,000
	Total		26,99,97,990		27,00,00,000

The company received the remittances of ₹ 26,99,97,990/- (net of bank charges of ₹ 2010/-) as indicated above whereas shares were issued on 07.12.2006 i.e consideration for issue of shares have been received with a delay ranging from 5 days to 14 days approximately. Whereas in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, the consideration from non-resident has to be received before the issuance of shares

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No.HY.FE.FID/1866/14.66.003/2016-17 dated March 20, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide letter dated March 20, 2017 stated that the director of the company is out of station and is unable to appear for personal hearing. The applicant has requested that the application may be processed based on the



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documents submitted alongwith the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

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:-

(a) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for issue of shares before receipt of consideration towards issue of shares amounting to ₹ 26,99,97,990/- with delays ranging from 5 days to 14 days approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 27,00,00,000/- with a delay of 9 years 2 months 2 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. 17,74,994/- (Rupees Seventeen Lakhs Seventy Four Thousand Nine Hundred Ninety Four Only) will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 8 and Paragraph 9 (1) (B) 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 of Rs. 17,74,994/- (Rupees Seventeen Lakhs Seventy Four Thousand Nine Hundred Ninety Four 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, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 27th day of March 2017

Sd/-

(R. Subramanian)
Regional Director