



In the

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

Present

N.Sara Rajendra Kumar
General Manager

Date: August 23, 2017
C.A. HYD 212

In the matter of

M/s. Transcon Life Spaces Private Limited
2-3-42/52, Unit #12,
3rd Floor, Maitri Arcade
Ranigunj, M.G.Road,
Secunderabad -500003

(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 April 27, 2017 received by us on May 15, 2017 for compounding of contravention 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 in reporting receipt of foreign inward remittances; (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 Paragraph 9 (1) (A) , Paragraph 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 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 12.03.2013 (Registration No. U45203TG2013PTC086266) and is engaged in the business of construction of residential buildings.
- (b) The applicant received foreign inward remittances from Suryanarayana Kuchimanchi, New Jersey , towards subscription to equity shares and reported the same to Reserve Bank as detailed below:

S. No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Surya Kuchimanchi	1902485	12.09.2013	10.02.2014
2	Surya Kuchimanchi	1206434	26.06.2013	10.02.2014
3	Suryanarayana Kuchimanchi	2954054	28.06.2013	10.02.2014
4	Suryanarayana Kuchimanchi	200000	11.07.2013	08.03.2014
5	Suryanarayana Kuchimanchi	800000	12.07.2013	08.03.2014
6	Suryanarayana Kuchimanchi	1000000	12.08.2013	08.03.2014
7	Suryanarayana Kuchimanchi	1000000	31.10.2013	08.03.2014
		90,62,973		

The applicant reported receipt of remittances amounting to ₹.90,62,973/- to the Regional Office of Reserve Bank of India on dates indicated above with delays ranging from 3 months 09 days to 6 months 27 days approximately. 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.



c) The company allotted equity shares and filed Form FC-GPRs as indicated below:

SNo	Name of Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting to RBI
1	Suryanarayana Kuchimanchi	19.12.2013	906297	9062970	11.02.2014
				9062970	

The applicant filed Form FC-GPRs for the allotment of shares amounting to ₹.90,62,970/- as indicated above to the Regional Office of Reserve Bank of India, Hyderabad with a delay of 24 days approximately beyond the stipulated period. 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.

4 a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/352/14.66.003/2017-18 dated August 16, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on August 22, 2017 during which Shri. M. Vijay Kumar, authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was due to administrative reasons in the initial period and was not willful or with malafide intention and that it would be ensured that no such delay happens in future. In view of the foregoing, the applicant requested to take a lenient view 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 the submissions made in this context by the applicant during the personal hearing.

5. 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 1 to Notification No. FEMA.20/ 2000-RB due to delay in reporting of receipt of foreign inward remittances towards subscription to equity shares as detailed above. The contraventions relate to an amount of ₹.90,62,973/- and the duration of contravention ranges from 3 months 09 days to 6 months 27 days approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to Notification No. 20/2000-RB due to 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 ₹.90,62,970/- and the contravention was of 24 days approximately.

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 is to be compounded and I consider that an amount of ₹.26,275/- (Rupees Twenty Six Thousand Two Hundred Seventy Five Only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of Paragraph 9 (1) (A) and Paragraph 9 (1) (B) and Paragraph 8 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 ₹26,275/- (Rupees Twenty Six Thousand Two Hundred Seventy Five Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favor 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 of accordingly.

Dated this 23rd day of August 2017

Sd/-

(N. Sara Rajendra Kumar)
General Manager