



In the

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

Present

C. Nageswara Rao
Deputy General Manager

Date: September 04, 2017
C.A. HYD 226

In the matter of

M/s. GSR Infrastructure Private Limited
D No. 5-9-59, Mogul Court
Opp. Nizam College, Rear Block
Ground Floor, Basheerbagh
Hyderabad 500001

(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 July 19, 2017 received on July 21, 2017 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 remittances (ii) neither the equity instruments were issued nor the money refunded to the foreign investor within 180 days of the receipt of the inward remittance in terms of Paragraph 9 (1) (A) and Paragraph 8 respectively of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000



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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 Private Limited Company under the Companies Act, 1956 on 09.04.2007 (U45203AP2007PTC053500). The company is engaged in the business of construction, execution, building etc. and to carry on business as contractor and sub-contractor for all kinds of constructional works.
- b) The applicant had received foreign inward remittances from a single foreign investor towards advance for subscription to equity shares as indicated below:

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Srivant Holdings Ltd., Mauritius	80339	16.05.2007	25.03.2009
2	Srivant Holdings Ltd., Mauritius	3230564	22.05.2007	
	Total	3310903		

The applicant reported receipt of remittances towards share subscription amounting to **Rs. 33,10,903** /- to the Regional Office of Reserve Bank of India with a delay ranging from 1 year 9 month 4 days to 1 year 9 months 10 days approximately as indicated above. 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.



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- c) The company refunded share application money beyond the stipulated period of 180 days as indicated below.

Sl No	Name of Remitter	Total Amount (INR)	Date of receipt	Excess share application money (INR)	Date of refund of share application money
1	Srivant Holdings Ltd.	80339	16.05.2007	80339	23.03.2010
2	Srivant Holdings Ltd.	3230564	22.05.2007	3230564	23.03.2010
	Total	3310903		3310903	

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Govt. of India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/395/14.66.003/2017-18 dated August 23, 2017 for



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further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on August 28, 2017 during which Shri Dubba Anil, Consultant and Shri A Ranjith Kumar represented the applicant. The consultant of the applicant company admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention and was on account of ignorance of reporting requirements in the beginning. In view of the foregoing, the representative of 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.

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 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to Rs. 33,10,903/- and the delay ranges from 1 year 9 months 4 days to 1 year 9 months 10 days approximately.

(b) Paragraph 8 of Schedule 1 to Notification No. 20/2000-RB for delay in refund of share application money beyond the stipulated period of 180 days in respect of remittances aggregating to Rs. 33,10,903/- and the delay in refund of share application money is 2 years 3 months 23 days calculated with effect from November 29, 2007 in terms of A.P (DIR Series) Circular No. 20 dated December 14, 2007.



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5. 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 Rs. 81,270/- (Rupees Eighty One Thousand Two Hundred Seventy Only) will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 8 and Paragraph 9 (1) (A) 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 Rs. 81,270/- (Rupees Eighty One Thousand Two Hundred Seventy 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 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 04th day of September 2017

Sd/-

(C Nageswara Rao)
Deputy General Manager