



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**

April 12, 2019

CA no. MUM848/2019

In the matter of
M/s Enso Care (Maharashtra) Pvt Ltd
108, Al Karim Heights, 1st Floor, Building No 12,
Jubilee Park, Devipada, Kausa, Mumbra,
Thane 400 612

(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 February 28, 2019, received at the Reserve Bank on March 06, 2019, for compounding of contravention/s of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are in respect of the following Regulations/ paras under 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 FEMA 20) and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations 2017, notified vide Notification No FEMA 20R/2017 RB dated November 07, 2017, as amended from time to time (hereinafter referred to as FEMA 20R):



- a) Regulation 13.1 (2) of FEMA 20R: Delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India
- b) Para 8 of FEMA 20: Neither the equity instruments were issued, nor the money refunded to the foreign investor within 180 days from the receipt of the inward remittance

2 Brief facts of the applicant company are as follows:

Date of Incorporation	April 10, 2007
Its main activities are:	Healthcare Diagnostic Services.

3 The applicant received foreign inward remittances from non-resident investors towards equity shares / compulsorily convertible preference shares/ compulsorily convertible debentures and it reported the same to the Reserve Bank on dates as indicated below.

<u>Delay under 9(1)(A) &/or Para 8</u>						
<u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, and LSF stands for : Late Submission Fees</u>						
S No/ LSF	Date of inward remittance (DD-MM-YY)	amount received (in INR)	Date of reporting to RBI	Para 9 (1) A delay	date of allotment / refund (DD-MM-YY)	Para 8 delay
1	20/11/13	23,231,250	13/12/13	0	29/09/18	4Y 4M 13D
2	29/01/14	46,522,500	26/02/14	0	29/09/18	4Y 2M 4D
3	24/03/14	43,898,750	23/04/14	0	29/09/18	4Y 0M 9D
4	03/03/14	9,270,000	02/04/14	0	29/09/18	4Y 0M 30D
	TOTAL	122,922,500				

4 In respect of remittance/s amounting to Rs.122,922,500 (Rupees Twelve Crore Twenty Nine Lakh Twenty Two Thousand Five Hundred and Zero Paise Only), indicated in the table above the company allotted shares/ refunded the amount after 180 days from the date of receipt of investment, with a delay ranging from 4Y 0M 9D to 4Y 4M 13D. Whereas in terms of paragraph 8 of Schedule 1 to FEMA 20, an Indian company is required to issue shares or refund the amount within 180 days from the date of receipt of inward remittance.

5 The company allotted equity shares/compulsorily convertible preference shares/compulsorily convertible debentures and filed FC-GPRs as indicated below:



Contravention under Regulation 13.1 (2)						
<u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, LSF stands for : Late Submission Fees, IP stands for Issue Price and FV stands for Face Value</u>						
Sno/LSF	Date of allotment (DD-MM-YY)	Number of shares	IP (FV+ premium) (in INR)	Amount (FV*no of shares) (in INR)	Date of reporting (DD-MM-YY)	Reg 13.1 (2) delay
1	29/09/18	8194830	15	122,922,450	07/01/19	0Y 2M 8D
	TOTAL			122,922,450		

The applicant filed form FC-GPR as indicated above with a delay of 0Y 2M 8D. Whereas, in terms of Regulation 13.1.2 of Notification No. FEMA 20R, an Indian company issuing shares in accordance with these Regulations has to submit to RBI a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to Non Resident.

- 6 The applicant was given an opportunity for personal hearing, for further submission in person and/or for producing documents, if any, in support of the application vide e-mail dated April 03, 2019. The applicant appeared for personal hearing on April 08, 2019, during which Dr Akil Khan, director of the company, Mr Jitendra Bhadarka, director of the company and Mr Chandresh Gandhi, Consultant 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 hearing it was submitted that delay was inadvertent and unintentional. The representatives of the applicant requested that in view of the foregoing a lenient view may be taken 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 as other documents and submissions made in this context by the applicant during personal hearing and thereafter.
- 7 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) Regulation 13.1 (2) of FEMA 20R, due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to total amount of Rs.122,922,450 (Rupees Twelve Crore Twenty Nine Lakh Twenty Two Thousand Four Hundred Fifty and Zero Paise Only) with a delay of 0Y 2M 8D approximately.



- b) Para 8 of FEMA 20, since the shares were neither issued nor the amount was refunded to the person resident outside India within the prescribed time from the date of receipt of the inward remittance. The contravention relates to total amount of Rs.122,922,500 (Rupees Twelve Crore Twenty Nine Lakh Twenty Two Thousand Five Hundred and Zero Paise Only) and with a delay ranging from minimum 4Y 0M 9D to maximum 4Y 4M 13D approximately.
- 8 It has been declared in the compounding application dated February 28, 2019 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 also been declared in a declaration attached to 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 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.
- 9 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.1,462,878 (Rupees Fourteen Lakh Sixty Two Thousand Eight Hundred Seventy Eight and Zero Paise Only) will meet the ends of justice.
- 10 Accordingly, I compound the admitted contravention/s namely, the contravention/s of Regulation 13.1 (2) of FEMA 20R and Para 8 of FEMA 20, 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. 1,462,878 (Rupees Fourteen Lakh Sixty Two Thousand Eight Hundred Seventy Eight and Zero Paise 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.
- 11 The above order is passed only in respect of contraventions of Regulation 13.1 (2) of FEMA 20R and Para 8 of FEMA 20 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.



12 The application is disposed of accordingly.
dated: April 12, 2019
Compounding Authority

(J.K. Pandey)
Chief General Manager