



In the

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

Present

Shri. P Kalyan Chakravarthy  
Assistant General Manager

Date: February 26, 2020  
C.A. HYD 479

In the matter of

M/s. Icon Krishi Hospitals Private Limited  
D.No. 32-11-02, Sheelanagar, B.H.P.V. Post  
Vishakhapatnam - 530 012

**(Applicant)**

In exercise of the powers conferred under sub-section 1 of Section 15 of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, I pass the following

**Order**

The applicant has filed the compounding application dated December 17, 2019 received on December 18, 2019 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 submission of form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India, (ii) Delay in refund of balance un-allotted amount of consideration and delay in receipt of consideration after allotment of shares and (iii) Delay in filing of FLA returns in terms of Paragraph 9(1)(B), Paragraph 8 and Paragraph 9(2) of Schedule 1 to Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 03,



2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) of FEMA 20(R)/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as then applicable respectively.

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 02.06.2010 (CIN: U85110AP2010PTC068734). The company is engaged in "Hospital activities".
- b) The applicant received a remittance amounting to ₹ 4,24,647/- towards share subscription from Smt. Sailaza Easwari Pal on 05.12.2014 and reported to Reserve Bank of India within the stipulated time.
- c) The applicant filed form FC-GPR for the allotment of shares with a delay of 3 years 5 months 25 days approximately beyond the prescribed limit as indicated below.

S No	Name of investor	Date of allotment of shares	Number of shares	Amount for which shares allotted (₹)	Date of reporting
1	Sailaza Easwari Pal	20.11.2014	40,000	4,00,000	14.06.2018

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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.



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d) The applicant has received inward remittance of ₹ 4,24,647/- on 05.12.2014 towards Foreign Direct Investment and after allotment of shares amounting to ₹ 4,00,000/-, refunded the balance un-allotted amount of ₹ 24,647/- with a delay of 4 years 14 days approximately beyond the stipulated time as indicated below.

S No	Name of Remitter	Amount of remittance received (₹)	Date of Receipt	Balance un-allotted share application money	Date of Refund
1	Sailaza Easwari Pal	4,24,647	05.12.2014	24,647	19.06.2019

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, 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.

e) The applicant allotted shares amounting to ₹ 4,00,000/- to Ms. Sailaza Easwari Pal on 20.11.2014. However, the inward remittance was received only on 05.12.2014 with a delay of 15 days approximately in contravention of Paragraph 8 of Schedule 1 to FEMA Notification No. 20/2000-RB dated May 03, 2000 as then applicable, as indicated below

S No	Name of Investor	Date of Allotment	Amount for which shares allotted	Date of Receipt of remittance
1	Sailaza Easwari Pal	20.11.2014	4,00,000	05.12.2014



f) The applicant had filed FLA (Foreign Liabilities and Assets) returns for the financial years from 2013-14 to 2018-19 with delays ranging from 4 months 14 days to 5 years 1 month 26 days approximately as indicated below:

S.No	Financial Year	Due date of filing	Date of filing
1.	2013-14	15.07.2014	10.09.2019
2.	2014-15	15.07.2015	11.09.2019
3.	2015-16	15.07.2016	12.09.2019
4.	2016-17	15.07.2017	14.09.2019
5.	2017-18	15.07.2018	17.09.2019
6.	2018-19	15.07.2019	13.12.2019

*\*Due date of filing for the financial year 2018-19 extended from July 15, 2019 to July 31, 2019.*

Whereas in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable, all Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1872/14.66.003/2019-20 dated February 17, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated February 18, 2020 stated that they are foregoing appearing for the personal hearing and requested that the compounding application



may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding 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 9(1)(B) of Schedule 1 to Notification No. FEMA 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 ₹ 4,00,000/- and the period of contravention is 3 years 5 months 25 days approximately.

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007 for delay in refund of balance un-allotted share application money of ₹ 24,647/- to the foreign investor and the period of contravention is 4 years 14 days approximately and for delay in receipt of share application money of ₹ 4,00,000/- after allotment of shares and the period of contravention is 15 days approximately.

(c) Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) of Notification No. FEMA 20(R)/2017-RB for delay in filing of FLA returns for six financial years viz, 2013-14 to 2018-19 and the period of contravention ranges from 4 months 14 days to 5 years 1 month 26 days approximately.

5. It has been declared in the compounding application dated December 17, 2019 that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated December 17, 2019 that the applicant was not under any



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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 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 under 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.

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 **₹ 84,674/- (Rupees Eighty Four Thousand Six Hundred Seventy Four Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B), Paragraph 8, Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB as then applicable and Regulation 13.1(3) of FEMA 20(R) dated November 7, 2017 (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as then applicable by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹ 84,674/- (Rupees Eighty Four Thousand Six Hundred Seventy Four Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a



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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 of accordingly.

Dated this 26<sup>th</sup> day of February 2020

Sd/-

(P Kalyan Chakravarthy)  
Assistant General Manager