



In the  
Reserve Bank of India  
Foreign Exchange Department  
Ahmedabad-380009

Present  
N Senthil Kumar  
General Manager

December 21, 2018  
CEFA.CO.ID.11141 / C.A. No. AHM - 115 / 2018-19  
Matter  
Rainbow Agrosiences Pvt. Ltd.  
(CIN: U24219GJ2013FTC076850)

82-B, Prerna Viraj Tower Part – 1, Near Prernatirth – 1,  
Behind Someshwar Part – 2, Satellite,  
Ahmedabad – 380015

गुजरात / Gujarat

**(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 there under, I pass the following order:



## Order

The applicant has filed compounding application dated September 26, 2018 (received at Reserve Bank of India on October 03, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded is delay beyond 30 days 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) (B) 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 3<sup>rd</sup> May 2000 as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows:

The applicant company was incorporated on September 16, 2013 under the provisions of the Companies Act, 1956 (CIN: U24219GJ2013FTC076850). The company is engaged in the business of manufacturing, importing, exporting, etc. of all kinds of agrochemical products and chemicals and agricultural consulting services, bearing NIC Code: 46692. The applicant company has received total four inflows amounting to ₹1,57,50,859/- from foreign investor Shangdong Rainbow Agrosociences Co. Ltd., Hong Kong under automatic route. Company has issued the shares for amount of ₹1,56,95,140/- whereas, an excess amount of ₹55,719/- was refunded.



**3. Para 9(1) (A) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000:**

**(Table - A)**

<b>Sr. No</b>	<b>Name of Remitter</b>	<b>Amount of foreign inward remittance (₹)</b>	<b>Date of receipt</b>	<b>Date of reporting to RBI*</b>	<b>Days delay excluding prescribed time of 30 days</b>
1	Shandong Rainbow Agrosiences Co. Ltd.	10,45,619	21-02-2014	20-03-2014	No delay
2	Shandong Rainbow Agrosiences Co. Ltd.	60,95,000	14-11-2014	29-11-2014	No delay
3	Shandong Rainbow Agrosiences Co. Ltd.	20,15,940	20-01-2016	21-01-2016	No delay
4	Shandong Rainbow Agrosiences Co. Ltd.	65,94,300	28-10-2016	21-11-2016	No delay
<b>Total A</b>		<b>1,57,50,859</b>			

\* The date for calculation of delay under 9(1) (A) taken as date of inflow reporting by Company to AD.

4. As indicated in the Table A above, the applicant reported the receipt of four inward remittances, amounting to ₹1,57,50,859/- to the Ahmedabad Regional Office of the Reserve Bank of India within the prescribed period of 30 days. Whereas, in terms of paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares 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. Thus, the company does not stand to contravene the provisions stipulated in paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

5. The applicant allotted equity shares and filed FC-GPRs as stated below:

**Para 9 (1) (B) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000:**



(Table - B)

Sr. No.	Name of Remitter	No of shares issued	Amount of shares (₹)	Date of issue of shares	Date of submission of FC-GPR to RBI *	Days delay excluding prescribed time of 30 days
1	Shandong Rainbow Agrosiences Co. Ltd.	6,09,500	60,95,000	01-12-2014	16-12-2014	No delay
2	Shandong Rainbow Agrosiences Co. Ltd.	2,01,954	20,15,940	01-02-2016	23-02-2016	No delay
	<b>Total A</b>	<b>8,11,094</b>	<b>81,10,940</b>			
3	Shandong Rainbow Agrosiences Co. Ltd.	98,990	9,89,900	31-03-2014	28-05-2014	28 Days
4	Shandong Rainbow Agrosiences Co. Ltd.	6,59,430	65,94,300	30-11-2016	23-07-2018	570 Days
	<b>Total B</b>	<b>7,58,420</b>	<b>75,84,200</b>			
	<b>G. Total (A+B)</b>	<b>15,69,514</b>	<b>1,56,95,140</b>			

\* For calculation of days of delay under 9(1) (B) date of reporting to AD bank is taken as reporting to RBI.

6. As indicated in the Table B above, the applicant has filed four Form FC-GPRs amounting to ₹1,56,95,140/-. Out of four FC-GPRs forms, two Form FC-GPRs amounting to ₹75,84,200/- were filed with a delay ranging from 28 to 570 days approximately beyond the prescribed period of 30 days. 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 the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to the overseas investor. Thus, the company stands to contravene the provisions stipulated in Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000.

7. The applicant was given an opportunity for personal hearing vide our letter FE.AH.No.930/06.04.15 (A) CEFA /2018-19 dated December 13, 2018 for further



submission in person and /or producing documents, if any, in support of the application. Shri Ketan R. Shah, Director of the company and Shri Roopesh K. Jain, Chartered Accountant of M/s Bagadiya and Jain Chartered Accountants represented the applicant for the personal hearing on December 21, 2018. They admitted to the contraventions for which compounding has been sought and stated that the non-compliance was not intentional and was an inadvertent error on the part of the Company and they deeply regret the delay caused and requested to take lenient view. They also stated that they are willing to accept any direction/ order of the Compounding Authority in connection with their compounding application.

8. The representative of the applicant company has requested that 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.

9. It has been declared in the compounding application dated September 26, 2018 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 September 6, 2018 furnished with 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.



10. I have given my careful consideration to the documents on record and submission made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

**Paragraph 9 (1) (B) of Schedule 1 to FEMA Notification FEMA 20/2000 – RB dated May 3, 2000:** Due to delay in submission of Form FC-GPR, after issue of shares to persons resident outside India as detailed in paragraph 6 above. The amount of contravention involved is ₹75,84,200/- and the delay is ranging from 28 to 570 days approximately.

11. 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 therefore, I consider that amount of penalty of ₹61,140/- (Rupees sixty one thousand one hundred forty only) will meet the ends of justice.

12. Accordingly, I compound the admitted contraventions, namely contravention of paragraph 9 (1) (B) to Notification No. FEMA 20/2000-RB dated May 03, 2000, by the applicant, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹61,140/- (Rupees sixty one thousand one hundred forty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, La-Gajjar Chambers, Ashram Road, Ahmedabad –380 009 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Ahmedabad 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 the 21<sup>st</sup> day of December, 2018.

(N Senthil Kumar)  
General Manager