



In the

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

Present

Smt N Sara Rajendra Kumar  
General Manager

Date: May 17, 2019  
C.A. HYD 420

In the matter of  
M/s WaterHealth India Private Limited  
Plot No.9-7, Sy. No. 308/1 Nagaram Village,  
Keesara Mandal Hyderabad- 501301

**(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 March 26, 2019 received on March 27, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is delay in refund of share application money to foreign investors in terms of Paragraph 2(3) of Schedule 1 to FEMA 20(R) dated November 7, 2017(hereinafter referred to as Notification No. FEMA 20R/2017-RB) as amended from time to time.



Compounding of contraventions under FEMA 1999  
M/s WaterHealth India Private Limited  
CA No. HYD 420

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 05.01.2005 (CIN: U41000TG2005PTC072437). The company is engaged in the business of setting up of water health centers and sale and supply of pure water/equipment.
- b) The company was earlier compounded for contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I to FEMA 20/2000-RB as then applicable for remittances received upto 27/09/2017 and share allotments made upto 31/10/2017 vide Compounding Order No. CA HYD 275 dated May 14, 2018. A penalty of ₹3,99,953/-was levied which was paid by the company.
- c) The applicant had received foreign inward remittances from one investor as

S.No	Name of remitter	Amount (INR)	Date of Receipt	Date of reporting
1	Waterhealth International Inc.	32063525	06/02/2018	21/02/2018
2	Waterhealth International Inc.	32208518	20/02/2018	28/02/2018
3	Waterhealth International Inc.	25938508	28/03/2018	19/04/2018
4	Waterhealth International Inc.	20104459	07/05/2018	16/05/2018
5	Waterhealth International Inc.	19474855	11/05/2018	16/05/2018
6	Waterhealth International Inc.	34008436	21/06/2018	06/07/2018
7	Waterhealth International Inc.	17103426	12/07/2018	24/07/2018
8	Waterhealth International Inc.	4801121.97	31/07/2018	09/08/2018
9	Waterhealth International Inc.	7317316.63	04/10/2018	*
	<b>Total</b>	<b>19,30,20,165.6</b>		

indicated below:



Compounding of contraventions under FEMA 1999  
M/s WaterHealth India Private Limited  
CA No. HYD 420

**\*Reporting of inward remittance not required as the remittance is received after September 1, 2018.**

The applicant reported receipt of remittances towards share subscription amounting to ₹18,57,02,849/- to the Regional Office of Reserve Bank of India within the stipulated period.

d) The applicant filed form FCGPRs for the allotment of shares amounting to ₹18,57,02,828/- out of which one allotment amounting to ₹2,19,04,548/- was reported with a delay of 5 months 26 days approximately and LSF of ₹16,428/- was paid by the company for the contravention of Para 13.1(2) of FEMA 20(R) dated November 7, 2017.

S.No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting to RBI
1	Waterhealth International Inc.	22/03/2018	64,27,204	6,42,72,040	19/04/2018
2	Waterhealth International Inc.	01/05/2018	25,93,850	2,59,38,500	19/05/2018
3	Waterhealth International Inc.	18/05/2018	39,57,931	3,95,79,310	12/06/2018
4	Waterhealth International Inc.	07/07/2018	34,00,843	3,40,08,430	17/07/2018
5	Waterhealth International Inc.	17/08/2018	21,90,454	2,19,04,548	14/03/2019
		<b>Total</b>		<b>18,57,02,828</b>	

e) The applicant approached RBI for approval to refund the un-allotted share application money ₹73,17,316.63 with a delay of 2 months 12 days approximately beyond the prescribed limit and approval was granted vide RBI's letter HY.FED.FID/1827/14.06.634/2018-19 dated 28/02/2018.



Compounding of contraventions under FEMA 1999  
M/s WaterHealth India Private Limited  
CA No. HYD 420

S.No	Name of investor	Amount of remittance received in INR	Date of receipt of remittance	Date of request for refund
1	WaterHealth International Inc	7317316.63	04/10/2018	19/02/2019

Whereas in terms of Paragraph 2(3) of Schedule 1 of FEMA 20(R)/2017-RB dated November 07, 2017, where such capital instruments are not issued within sixty days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/ FCNR (B) accounts, as the case may be within fifteen days from the date of completion of sixty days.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2518/14.66.003/2018-19 dated May 10, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for Personal Hearing on May 14, 2019 in which authorized representatives of the company, Shri M Santhosh, Assistant Manager and Shri B.Venkatesh Babu, Practising Company Secretary admitted the contravention 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 but was on account of administrative lapses. In view of the above, 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: -



Compounding of contraventions under FEMA 1999  
M/s WaterHealth India Private Limited  
CA No. HYD 420

(a) Paragraph 2(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in refund of share application money ₹ **73,17,316.63** and the period of contravention is 2 months 12 days approximately.

5. It has been declared in the compounding application dated March 26, 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 March 26, 2019 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 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.

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 ₹**86,587/- (Rupees Eighty Six Thousand Five Hundred and Eighty Seven Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contravention of Paragraph 2(3) of Schedule 1 to Notification no. FEMA 20(R)/2017-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 ₹**86,587/- (Rupees Eighty Six Thousand Five Hundred and Eighty Seven Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange



Compounding of contraventions under FEMA 1999  
M/s WaterHealth India Private Limited  
CA No. HYD 420

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 of accordingly.

Dated this 17<sup>th</sup> day of May 2019

Sd/-

(N Sara Rajendra Kumar)

General Manager