



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
3rd Floor, Main Building
Ram Bagh Circle, Tonk Road
Jaipur-302 004

Present

Shri. Arun Kumar Singh
Regional Director for Rajasthan and
Chief General Manager, Jaipur

Date: November 15, 2019

C.A. JAI 20/2019

In the matter of

M/s. Zucchini India R & D Chemicals Pvt. Ltd.
Plot No. SP-1013-A, RICCO Industrial Area,
Sitapura, Jaipur-302022 (Rajasthan)

(APPLICANT)

In exercise of the powers 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

The applicant has filed a compounding application dated July 23, 2019 (received at Reserve Bank of India, Jaipur on July 23, 2019) 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 are (i) delay in reporting of inflow of funds received from person resident outside India for allotment of shares; (ii) delay in submission of form FC-GPR on allotment of shares with Reserve Bank and (iii) Delay in issue of security after receipt of amount of consideration in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively, of Schedule I 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 then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows:
- a) The applicant was incorporated on April 19, 2012 under the provisions of the Companies Act, 1956 (Registration Number U24100RJ2012PTC038600) and is engaged in the business of chemicals.
- b) The applicant received foreign inward remittances on various occasions from 2015 to 2017 from Tre Premier Limited, Hong Kong towards subscription to equity shares /CCPSs. However, the company delayed in FDI reporting on seven occasions- as per the details mentioned below in table A:

Table 'A'

S.no	Date of Receipt	Amount of Inward Remittance in (₹)	Date of Reporting	Delay in reporting in days (Para 9(1)(A))
1	30-07-2015	31,86,810.00	13-10-2015	45
2	05-04-2016	25,03,562.00	15-06-2016	41
3	20-04-2016	50,21,055.00	15-06-2016	26
4	22-03-2016	31,89,155.00	15-06-2016	55
5	26-04-2016	53,07,081.00	15-06-2016	20
6	30-03-2017	12,91,887.00	26-06-2017	58
7	01-05-2017	21,42,389.00	23-06-2017	23
Total		2,26,41,939.00		

The applicant reported receipt of above mentioned remittances to the Reserve Bank of India, Jaipur on the dates indicated above with a delay of 20 days to one month 28 eight days approximately, beyond the stipulated time of 30 days. Whereas, in terms of Paragraph 9(1) (A) of Schedule I 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.

- c) The applicant company had allotted equity shares/CCPS and filed FCGPR with delay as indicated below in table B:

Table B:

S.no	Date of Allotment	Amount (₹)	Date of Reporting	Delay in reporting in days (Para 9(1)(B))
1	12/01/2016	2,25,54,900.00	16/02/2016	05
2	24/03/2017	3,87,280.00	30/05/2017	37
3	01/04/2017	12,91,880.00	05/08/2017	96
4	03/05/2017	21,42,380.00	05/08/2017	64
Total		2,63,76,440.00		



The applicant filed the form FC-GPR as indicated above with a delay ranging from five days to three months and six days approximately. Whereas, in terms of Paragraph 9(1) (B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, 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 issue of shares to person resident outside India.

d) It is observed that company had received remittance of ₹ 1,13,94,434.00 (Rupees one crore thirteen lakh ninety four thousand four hundred and thirty four only) on 17/07/2015 from Tre Premier Limited, Hong Kong and had issued shares amounting to ₹ 1,10,07,154.00 (Rupees one crore ten lakh seven thousand one hundred and fifty four only) on 12/01/2016. Subsequently, the shares of balance amount was issued on 24/03/2017. Thus, the shares for this balance amount of ₹ 3,87,280.00 (Rupees three lakh eighty seven thousand two hundred and eighty only) were issued with a delay of 436 days (one year two months and 11 days approximately), beyond the prescribed period of 180 days from receipt of the amount of consideration. This delay in issue of share is in contravention of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, as then applicable.

3. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FED.JP.No.260/06.10.416/2019-20 dated October 17, 2019 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA. However the company vide its email dated October 19, 2019 expressed its inability to appear for personal hearing and submitted that all the details relating to compounding had already been submitted by them. They further requested, to take a lenient view in the matter. As the company preferred not to avail of the opportunity for personal hearing, the application for compounding is, therefore, being considered on the basis of the averments made in the application as well as documents and submissions made in this context by the applicant.



4. It has been declared in the compounding application dated July 23, 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 July 23, 2019, 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 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.
5. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:
- a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in Paragraph 2 above. The contravention relates to total amount of ₹ 2,26,41,939.00 (Rupees two crore twenty six lakh forty one thousand nine hundred and thirty nine only) with a delay ranging from 20 days to one month 28 eight days approximately;
 - b) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India. The contravention relates to total amount of ₹ 2,63,76,440.00 (Rupees two crore sixty three lakh seventy six thousand four hundred and forty only) with a delay ranging from five days to three months and six days approximately; and
 - c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to issue of security after the completion of prescribed time from the date of receipt of the inward remittance. The contravention relates to an amount of ₹ 3,87,280.00 (Rupees three lakh eighty seven thousand two hundred and-



- eighty only) and the period of delay is one year two months and 11 days approximately.
6. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to a penalty upto 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 and that an amount of **₹ 74,994.00 (Rupees seventy four thousand nine hundred and ninety four only)** will meet the ends of justice.
7. Accordingly, I compound the admitted contraventions namely contravention of Paragraphs 9(1)(A), 9(1)(B) and 8 of Schedule I 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 **₹ 74,994.00 (Rupees seventy four thousand nine hundred and ninety four only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur 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.
8. The application is disposed of accordingly.
Dated this 15th day of November 2019.

Compounding Authority

-Sd/-

**(Arun Kumar Singh)
Regional Director for Rajasthan and
Chief General Manager, Jaipur**