



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

Suman Ray
Chief General Manager

Date: February 14, 2020
C.A.964/2019

In the matter of

M/s. Puissant Towers (India) Pvt Ltd.
No.16/148, 2nd Floor, V.V.Koil Street
Thiruvallieswarar Nagar, Thirumangalam
Chennai - 600 040

(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 November 02, 2019 (received at Reserve Bank on November 06, 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 a person resident outside India for allotment of shares in terms of Paragraph 9(1)A 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) and (ii) delay in allotment of shares in terms of Paragraph 2(2) of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on August 12, 2016 under the provisions of the Companies Act, 2013 (Registration No. U74999TN2016PTC111924) and is engaged in business of transmission of electric energy. The applicant received foreign inward remittances from (i) M/s. Triterras Asia Pte Ltd., Singapore and (ii) Puissant International Pte Ltd., Singapore towards subscription to capital instruments and reported to Reserve Bank as detailed below:

Sl. No.	Amount of Inward Remittance (₹)	Date of receipt	Reported to RBI on
1	1,03,72,938.16	07.09.2017	25.01.2018
2	25,45,345.44	07.09.2017	29.01.2018
3	25,98,115.00	11.10.2017	29.01.2018
4	51,34,610.00	11.10.2017	29.01.2018
5	3,87,59,612.40	31.10.2017	31.08.2018
6	3,53,53,614.32	01.11.2017	31.08.2018

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from two months 19 days to nine months one day approximately beyond the stipulated time of 30 days from the date of receipt of consideration. 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.



3. The applicant company allotted shares against the foreign inward remittances received and filed FC-GPRs. The company allotted shares against inward remittances with delay as detailed below:

Sl. No.	Date of receipt	Amount (₹)	Date of allotment of shares
1	18.12.2017	8,24,95,116.30	01.03.2018
2	09.02.2018	3,41,29,444.79	13.12.2018
3	21.02.2018	2,58,45,303.76	13.12.2018

The company allotted shares as indicated above with delay ranging from 13 days to eight months three days approximately beyond the stipulated time of 60 days from the date of receipt of the consideration. Whereas in terms of paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-RB, capital instruments shall be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration.

4. The applicant was advised about the contraventions vide memorandum dated August 08, 2019. The applicant has filed compounding application dated November 02, 2019 wherein it has been declared 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 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. 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. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated February 11, 2020 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on



February 13, 2020 during which Shri Senthil Kumar, Auditor and Company Secretary, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in paragraphs 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested Reserve Bank to take a lenient view in the matter. 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 the personal hearing.

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

(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 shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹9,47,64,235.32 with duration of contravention ranging from two months 19 days to nine months one day approximately; and

(b) Paragraph 2(2) of Schedule I to Notification No. FEMA 20(R)/2017-RB due to delay in allotment of shares as detailed in paragraph 3 above. The contravention relates to an amount of ₹14,24,69,864.85 with the duration of contravention ranging from 13 days to eight months three days approximately.

7. 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 **₹8,71,049/-** (Rupees eight lakhs seventy one thousand and forty nine only) will meet the ends of justice.



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8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1)A of Schedule I to Notification No. FEMA 20/2000-RB and paragraph 2(2) of Schedule I 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 **₹8,71,049/-** (Rupees eight lakhs seventy one thousand and forty nine only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Chennai 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 accordingly.

Dated this fourteenth day of February, 2020.

Sd/-

Suman Ray

Chief General Manager