



In the

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

Present

Shri C Nageswara Rao
Deputy General Manager

Date: September 18, 2019
C.A. HYD 439

In the matter of

M/s. Ant Factory Startup Advisory Services Private Limited
Door No 8-2-293/82/J111/6 Road No 79, Film Nagar, Jubilee Hills
Hyderabad – 500 033

(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 there under, I pass the following

Order

The applicant has submitted the compounding application dated June 25, 2019 received by us on July 01, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India and (ii) delay in filing the Annual Return in respect of the Foreign Liabilities and Assets (FLA Return) 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 3rd May 2000 as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB) and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time.

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, 2013 on June 17, 2015 (CIN: U74900TG2015PTC099374). The company is engaged in the business of “Management consultancy activities”.
- b) The applicant had received foreign inward remittance of ₹ 31,99,357/- from M/s Anthill Capital Pte Limited towards share subscription and reported the same to the Regional Office of Reserve Bank of India within the stipulated time in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable.
- c) The company allotted equity shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting to AD or RBI
1	Anthill Capital Pte Limited	15.09.2017	3,19,935	31,99,350	09.11.2017
Total				31,99,350	

The applicant filed form FCGPR for the allotment of shares amounting to ₹ 31,99,350/- as indicated above, which was reported with a delay of 25 days approximately beyond the prescribed limit. 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.

d) The company has delayed in filing FLA Return (Foreign Liabilities and Assets) as shown below. Here the period of contravention is 1 year 1 month 26 days approximately.

SI No	Particulars	Financial year	Due date of filing the return	Date of actual filing
1	FLA Return	2017-18	15.07.2018	09.09.2019

Whereas in terms of Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time, "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/ 610 /14.66.003/2018-19 dated September 11, 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 September 16, 2019 during which Shri Sourabh Kumar Gupta, Director, represented the applicant. The authorized representative of the applicant admitted the contraventions 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 due to inadvertence. In view of the foregoing, the representative of 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.



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 of India after issue of shares to persons resident outside India and the contravention relates to an amount of **₹ 31,99,350/-** and the period of contravention is 25 days approximately.

(b) Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for the financial year 2017-18 with a delay of 1 year 1 month 26 days approximately.

5. It has been declared in the compounding application dated June 25, 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 June 25, 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 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 **₹ 20,200/- (Rupees Twenty Thousand Two Hundred Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(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 **₹ 20,200/- (Rupees Twenty Thousand Two Hundred Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange 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 18th day of September 2019.

Sd/-

(C Nageswara Rao)
Deputy General Manager