



In the

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

Present

Shri C Nageswara Rao
Deputy General Manager

Date: April 24, 2019
C.A. HYD 399

In the matter of

M/s Peel Technologies (India) Private Limited
FF4, 4th floor, Empire Square Building,
Road No. 36, Jubilee hills, Jubilee hills Check Post
Hyderabad 500033

(Applicant)

In exercise of the powers conferred under Section 15 (1) 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 January 16, 2019 received on January 17, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity (iii) taking on record transfer of shares (resident to non-resident) by Investee Company without certified form FCTRS from AD Bank in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) of Schedule 1 to Foreign Exchange Management Regulations,



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2000 and Regulation 4 of Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and as amended.

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 14.05.2015 (CIN: U72200AP2015PTC096666). The company is engaged in information technology and computer service activities.
- b) The applicant had received foreign inward remittances from the foreign investors as indicated below:

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Peel Technolgies Inc	39,18,113	08/09/2015	22/04/2016
	Total	39,18,113		

The applicant reported receipt of remittance towards share subscription amounting to ₹39,18,113/- to the Regional Office of Reserve Bank of India with delay of 6 months 14 days approximately as indicated above. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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 company allotted equity shares and filed form FC-GPRs as indicated below:

SNo	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Peel Technologies Inc	14/10/2015	390000	39,00,000	29/06/2017



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2	Peel Technologies Inc	15/10/2015	1811	18,110	24/11/2017
	Total			39,18,110	

The applicant filed form FCGPRs for the allotment of shares amounting to **₹39,18,110/-** which were reported with delays ranging from 1 year 7 months 16 days to 2 years 10 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 applicant has effected transfer of 99900 equity shares between non-resident investors and resident investors in their books without filing form FCTRS or obtaining prior approval of Reserve Bank of India.

SNo	Name of transferor	Name of transferree	No. of shares transferred	Amount of consideration	Date of taking on record	Date of filing of form FC-TRS
1	Aaron Solomon	Peel Technologies Inc	9990	99900	01/09/2015	07/10/2015

The company effected the above transfers amounting to Rs.99,900/- in their registers without filing form FC-TRS with a delay of 1 month 6 days approximately. Whereas in terms of Regulation 4 of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/RB 2000 dated May 03, 2000 as amended from time to time, save as otherwise provided in the Act or Rules or Regulations made thereunder, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such person,



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provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2313/14.66.003/2018-19 dated April 18, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The company vide email dated April 21, 2019 informed us that they choose not to avail of the Personal Hearing. In view of the foregoing, 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)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to **₹39,18,113/-** and the delay is 6 months 14 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 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 **₹ 39,18,110/-** and the period of contravention ranges from 1 year 7 months 16 days to 2 years 10 days approximately.

(c) Regulation 4 of Notification No. 20/2000-RB for taking transfer of shares on record without certified form FCTRS from AD Bank and the contravention relates to an amount of **₹ 99,900/-** with a delay of 1 month 6 days approximately.

5. It has been declared in the compounding application dated January 16, 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



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January 16, 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.

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 **₹27,956/- (Rupees Twenty Seven Thousand Nine Hundred and Fifty Six Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 9(1)(B) of Schedule 1 to FEMA.20/2000-RB and Regulation 4 of 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 **₹27,956/- (Rupees Twenty Seven Thousand Nine Hundred and Fifty Six 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.



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The application is disposed accordingly.

Dated this 24th day of April 2019.

Sd/-

(C Nageswara Rao)

Deputy General Manager