



In the

RESERVE BANK OF INDIA

Foreign Exchange Department

6, Sansad Marg

New Delhi - 110001

Present

Anupam Sonal

Chief General Manager

Date: April 8, 2019

CA No. NDL 324/2018

In the matter of

TPV Technology India Private Limited

501-508, 5th Floor, Bestech Chambers B-Block, Sushant Lok, Phase – I, Sector-27,

Gurgaon, Haryana 122002

(Applicant)

In exercise of the powers under Section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations / Rules / Notifications / Orders made thereunder, I pass the following Order.

ORDER

The applicant has filed the compounding application dated November 12, 2018 (received at Reserve Bank of India, New Delhi on November 14, 2018) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are of delays in filing form FC-GPR after issue of shares 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 May 3, 2000 (hereinafter referred to as FEMA 20/2000-RB), as amended from time to time.

2. The relevant facts of the case are as follows:



(a) The applicant company, incorporated on June 24, 2013, is a subsidiary of M/s Top Victory Investments Limited, Hong Kong and is engaged in wholesale business of computers and computer peripheral equipment.

(b) The applicant had reported the allotment of equity shares on two occasions with delay of 4 months & 18 days and 2 years, 8 months & 8 days (as detailed hereunder), beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB dated May 3, 2000, as then applicable.

Sl. No.	Date of allotment	No. of shares allotted	Amount (in INR)	Date of reporting
1.	31.03.2014	60441	6,04,410.00	17.09.2014
2.	14.09.2015	4640000	39,85,76,000.00	22.06.2018
	Total		39,91,80,410.00	

The applicant received foreign inward remittance of ₹6,04,414.14 from M/s Top Victory Investment Limited, Hong Kong on December 31, 2013 against which 60441 equity shares were issued on March 31, 2014. The India Branch of M/s Top Victory Investments Limited, Hong Kong was demerged from the parent company and merged with the applicant company. As per the scheme of arrangement approved by the Hon'ble High Court of Haryana and Punjab on March 9, 2015, 4640000 equity shares were issued to the existing shareholders of M/s Top Victory Investments Limited, Hong Kong (India Branch) on September 14, 2015. Of these, 4635360 shares were issued to M/s Top Victory International Limited, BVI, Virgin Island and the remaining 4640 shares to Dr. Hsuan Jason, Hong Kong, at the issue price of ₹85.90 (face value - ₹10/- and premium - ₹75.90). Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered Office of the company operates, not later than 30 days from the date of issue of shares or convertible debentures or warrants, a report in the form FC-GPR as specified by the Reserve Bank from time to time together with the documents prescribed therein.

(c) Thus, there are contraventions of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB dated May 3, 2000, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/ or by producing documents, if any, in support of the application.



Shri Hemraj Sethia, CFO and Ms. Kritika Tewari, consultant appeared for personal hearing on April 4, 2019 on behalf of the applicant. The representative of the applicant admitted the contraventions committed by the company for which compounding has been sought. During the personal hearing, they submitted that delays were without any *malafide* or wilful intention but were mainly due to lack of knowledge of extant FEMA guidelines on reporting. They requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the FEMA provisions of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, on account of delay in filing form FC-GPR after issue of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹39,91,80,410/- (Rupees Thirty Nine Crore Ninety One Lakh Eighty Thousand Four Hundred and Ten only) and the period of delays are 4 months & 18 days and 2 years, 8 months & 8 days.

5. It has been declared in the compounding application dated November 12, 2018 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 undertaking dated November 20, 2018 furnished by the Director of the company 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 **₹2,85,420/- (Rupees Two Lakh Eighty Five Thousand Four Hundred and Twenty only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, by the applicant based on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **2,85,420/- (Rupees Two Lakh Eighty Five Thousand Four Hundred and Twenty only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi - 110001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 the 8th day of April 2019.

Sd/-
(Anupam Sonal)
Chief General Manager