



In the

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

Present

Shri Subrata Das
Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)

Date: December 30, 2019
CA HYD 455

In the matter of

M/s Simplify Wellness India Private Limited
28-A, 3rd Floor,
Dr Haranath Building
Journalist Colony, Hyderabad - 500033

(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 thereunder, I pass the following

Order

The applicant has filed the compounding application dated September 06, 2019 received on September 12, 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 towards the subscription of equity, (ii) Delay in submission of form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India and (iii) delay in filing of FLA returns in terms of Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 9(2) 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 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable respectively.

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 May 30, 2014, with CIN: U74999TG2014FTC094251. The company is engaged in "Health and medical services".
- b) The applicant had received foreign inward remittances from a foreign investor as indicated below:

S. No	Name of remitter	Amount (₹)	Date of Receipt	Date of reporting
1	Simplify Wellness Inc	1,00,000	11/07/2014	28/03/2015
2	Simplify Wellness Inc	1,106	11/11/2014	11/11/2014
3	Simplify Wellness Inc	1,72,04,894	11/11/2014	11/11/2014
4	Simplify Wellness Inc	1,150	03/08/2015	04/08/2015
5	Simplify Wellness Inc	19,14,890	03/08/2015	04/08/2015
	Total	1,92,22,040		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 1,92,22,040/- to the Regional Office of Reserve Bank of India out of which share application money of ₹ 1,00,000/- was reported with a delay of 7 months 18 days approximately beyond the prescribed limit. 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 applicant allotted equity shares and filed form FC-GPRs as indicated below:

S. No	Name of investor	Date of allotment of shares	No. of Shares/CCDs allotted	Amount for which shares allotted (₹)	Date of reporting
1	Simplify Wellness Inc	15/07/2014	10,000	1,00,000	28/03/2015
2	Simplify Wellness Inc	12/01/2015	17,20,600 (CCDs)	1,72,06,000	04/03/2015
3	Simplify Wellness Inc	23/11/2015	1,91,604 (CCDs)	19,16,040	31/12/2015
		Total	19,22,204	1,92,22,040	

The applicant filed form FC-GPRs for the allotment of shares amounting to ₹ 1, 92, 22,040/- which were reported with delays ranging from 8 days to 7 months 14 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 delayed in filing FLA Return (Foreign Liabilities and Assets) as shown below:

Sl No	Particulars	Financial year	Due date of filing	Date of actual filing
1	FLA Return	2016-17	15/07/2017	28/11/2019
2	FLA Return	2017-18	15/07/2018	29/11/2019



The applicant had filed FLA returns for 2 years with delays ranging from 1 year 4 months 14 days to 2 years 4 months 13 days approximately. Whereas, in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable, 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/1365/14.66.003/2019-20 dated December 13, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for the personal hearing on December 23, 2019 during which Shri. Neehar Reddy Cherabuddi, 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 and business exigencies. 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)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in submission of form FC-GPR to Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ **1,00,000/-** and the period of contravention is 7 months 18 days approximately.
- (b) 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 after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ **1,92,22,040/-** and the period of contravention ranges from 8 days to 7 months 14 days approximately.
- (c) Paragraph 9(2) 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 for delay in filing of FLA returns and the period of contravention ranges from 1 year 4 months 14 days to 2 years 4 months 13 days approximately.

5. It has been declared in the compounding application dated September 06, 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 October 01, 2019 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 ₹ **45,540/- (Rupees Forty Five Thousand Five Hundred Forty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 9 (2) of Schedule 1 to Notification No. FEMA-20/2000-RB as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **45,540/- (Rupees Forty Five Thousand Five Hundred Forty 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 30th day of December 2019

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)