



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: June 19, 2019  
C.A. HYD 413

In the matter of

M/s. Rising Stars Mobile India Private Limited  
No. 380, Belerica Road, Sri City  
Siddam Agraharam Village, Varadaiah Palem Mandal  
Chittoor, Andhra Pradesh - 517 541

**(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 filed compounding application dated February 19, 2019 received on March 05, 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 Regional Office of the Reserve Bank after issue of shares to a person resident outside India and (iii) delay in filing the annual return in respect of the Foreign Liabilities and Assets, in terms of Paragraph 9(1)(B) and 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 3<sup>rd</sup> May 2000 as then applicable (herein after referred to as Notification No. FEMA 20/2000-RB).

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 01, 2015 (CIN: U31401AP2015PTC096605). The company is engaged in the business of "Manufacture of pagers, cellular phones and other mobile communication equipment".
- b) The applicant had received foreign inward remittances amounting to ₹ 16,65,30,88,268/- and ₹ 63,61,732/- from M/s Wonderful Stars Pte Limited and M/s Aptech Electronics Pte Limited respectively during the period from 09.07.2015 to 05.01.2018 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 and Regulation 13.1(1) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time.
- c) The company allotted equity shares and filed form FC-GPRs as indicated below.

S No	Name of the investor	Date of allotment	No. of shares issued	Shares allotted amount INR	Date of reporting
1	Wonderful Stars Pte Ltd	09.07.2015	999	99,900	30.03.2018
	Aptech Electronics Pte Ltd		1	100	30.03.2018



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2	Wonderful Stars Pte Ltd	08.09.2015	31,68,498	31,68,49,800	30.03.2018
3	Wonderful Stars Pte Ltd	07.11.2015	33,13,500	33,13,50,000	17.04.2018
4	Wonderful Stars Pte Ltd	12.02.2016	133,72,000	1,33,72,00,000	17.04.2018
5	Wonderful Stars Pte Ltd	25.04.2016	273,92,000	2,73,92,00,000	17.04.2018
6	Wonderful Stars Pte Ltd	05.10.2017	191,40,000	1,91,40,00,000	10.08.2018
	Aptech Electronics Pte Ltd		1	100	
7	Wonderful Stars Pte Ltd	01.03.2018	6,33,41,595	633,41,59,500	14.08.2018*
	Aptech Electronics Pte Ltd		63,405	63,40,500	
8	Wonderful Stars Pte Ltd	10.12.2018	3,68,02,290	3,68,02,29,000	09.01.2019
	Aptech Electronics Pte Ltd	10.12.2018	210	21,000	09.01.2019
<b>Total</b>			<b>16,65,94,499</b>	<b>16,65,94,49,900</b>	

\* Late Submission Fee levied for the transactions undertaken after November 07, 2017 and the company paid LSF of ₹ 39,62,813/-.

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 16,65,94,49,900/- to the Regional Office of Reserve Bank of India, out of which allotments amounting to ₹ 6,63,86,99,900/- were reported with delays ranging from 9



months 6 days to 2 years 7 months 22 days. 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)

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Sl No	Particulars	Financial year	Due date of filing the return	Date of actual filing
1	FLA Return	2016-17	15.07.2017	27.07.2017

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Whereas in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 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/ 2779 /14.66.003/2018-19 dated June 03, 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 June 07, 2019 during which Shri. Vijaya Balaji, Project Manager (Finance) and Shri. G. Senthil Kumar, Chartered Accountant 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 mainly due to inadvertence. In view of the foregoing, the



representatives 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. 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 **₹ 6,63,86,99,900/-** with delays ranging from 9 months 6 days to 2 years 7 months 22 days approximately.

(b) Paragraph 9(2) of Schedule 1 to Notification No. FEMA. 20/2000-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for the financial year 2016-17 with a delay of 12 days approximately.

5. It has been declared in the compounding application dated February 19, 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 April 15, 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 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 **₹ 14,98,670/- (Rupees Fourteen Lakhs Ninety Eight Thousand Six Hundred Seventy Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B) and Paragraph 9(2) of Schedule 1 to Notification No. FEMA-20/2000-RB and by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 14,98,670/- (Rupees Fourteen Lakhs Ninety Eight Thousand Six Hundred Seventy 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 accordingly.

Dated this 19<sup>th</sup> day of June 2019

Sd/-

(Subrata Das)

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



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