



In the

RESERVE BANK OF INDIA

Foreign Exchange Department

6, Sansad Marg

New Delhi-110001

Present

V. G. Sekar

Chief General Manager

Date: July 18, 2019

CA No. NDL 395/2019

In the matter of

NGP Advisors India Private Limited

Corporatedge Building No.5, Tower C, Level 20, DLF Epitome, Phase III, DLF Cyber
City, Gurgaon -122002, Haryana

(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 February 18, 2019 (received at Reserve Bank of India, New Delhi on February 26, 2019) for compounding of contraventions 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 those of (i) delay in reporting foreign inward remittance received for issue of shares, and (ii) delay in filing Form FC-GPR after issue of shares, in terms of paragraphs 9(1)(A) and 9(1)(B) respectively 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 was incorporated on June 26, 2009 and is engaged in the



business of management consultancy activities.

(b) The applicant had reported receipt of foreign inward remittance from its foreign investors on six occasions between August 2009 and December 2009 and reported them with delay ranging from 4 months and 3 days to 11 months and 18 days, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable. Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit to Reserve Bank, not later than 30 days from the date of receipt of the amount of consideration, a report in form specified in Annex C to this schedule along with documents prescribed therein.

S. No.	Date of receipt	Amount (₹)	Date of reporting
1.	03.08.2009	47,144.36	20.08.2010
2.	20.08.2009	48,60,000.00	02.06.2010
3.	11.09.2009	50,000.00	02.06.2010
4.	20.11.2009	50,420.70	02.06.2010
5.	23.11.2009	11,58,750.00	02.06.2010
6.	31.12.2009	1,73,91,000.00	02.06.2010
	Total	2,35,57,315.06	

(c) The applicant had reported allotment of shares to its foreign investors on four occasions and reported three of them with delay ranging from 6 months and 28 days to 7 months and 6 days, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable. Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit to Reserve Bank, not later than 30 days from the date of issue of shares, a report in Form FC-GPR together with documents prescribed therein.

S. No.	Date of allotment	No. of shares allotted	Amount (₹)	Date of reporting in Form FC-GPR
1.	15.12.2009	5,000	50,000.00	20.08.2010
2.	15.12.2009	5,000	50,000.00	20.08.2010
3.	12.01.2010	23,45,689	2,34,56,890.00	08.09.2010
	Total		2,35,56,890.00	

(d) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, 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 Rakesh Kumar, Director and Shri Anuj Mahajan, Chartered Accountant, appeared for personal hearing on July 18, 2019 on behalf of the applicant. The representatives of the applicant admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, they submitted that contraventions were without any *malafide* or *wilful* intention but were mainly due to lack of awareness about reporting requirements under FEMA. 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 following FEMA provisions:

(a) Paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in reporting of foreign inward remittance received towards subscription of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹2,35,57,315.06 (Rupees Two Crore Thirty Five Lakh Fifty Seven Thousand Three Hundred Fifteen and Paise Six only) and the period of delay ranges from 4 months and 3 days to 11 months and 18 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in filing Form FC-GPR after issue of shares as detailed in paragraph 2(c) above. The contraventions relate to an amount of ₹2,35,56,890/- (Rupees Two Crore Thirty Five Lakh Fifty Six Thousand Eight Hundred and Ninety only) and the period of delay ranges from 6 months and 28 days to 7 months and 6 days.

5. It has been declared in the compounding application dated February 18, 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 also been declared in the declaration dated April 22, 2019 furnished as part of 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. 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 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. After considering the submissions made by the applicant and the facts and circumstances of the case, I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules, 2000. Accordingly, it stands to reason that payment of an amount of **₹80,010/- (Rupees Eighty Thousand and Ten only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contraventions of paragraphs 9(1)(A) and 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 **₹80,010/- (Rupees Eighty Thousand and Ten 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 18th day of July 2019.



Sd/-
(V.G. Sekar)
Chief General Manager