



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: March 01, 2019  
C.A. HYD 351

In the matter of

M/s. ZTT India Pvt Ltd  
No. 956, Jeddi Drive, Sector-28  
Sri City, Satyavedu Mandal, Chittor Dist.Cuddapah  
Andhra Pradesh- 517588.

**(Applicant)**

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

**Order**

The applicant has filed the compounding application dated November 05, 2018 received on November 14, 2018 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 in terms of Paragraph 9(1) (A) and Paragraph 9(1) (B) of Schedule 1 respectively to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified



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vide Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on 01.05.2012 (CIN: U74999AP2012PTC090800). The company is engaged in the business of Manufacture of printer cables, monitor cables, USB cables, connectors etc.
- b) The applicant had received foreign inward remittance from foreign investors towards allotment of equity shares as indicated below.

SI No	Name of the Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Jiangsu Zhongtian Technology Co., Ltd	1,62,32,458.90	23-05-2012	12-06-2012
2		8,37,67,541.10	05-07-2012	03-08-2012
3		1,09,39,562.40	27-12-2012	31-01-2013
4		19,86,89,570.40	23-01-2013	23-01-2013
5		2,15,97,882.90	01-11-2013	22-11-2013
6		3,73,25,377.90	20-02-2014	20-03-2014
7		32,70,80,000	02-03-2017	25-03-2017
8		43,24,00,000	21-06-2017	13-07-2017
9		10,05,00,000	31-01-2018	19-08-2018
10		22,92,99,200	17-05-2018	27-06-2018
11		30,78,31,595*	12-10-2018	02-01-2019
	<b>Total</b>	<b>176,56,63,188.60</b>		

**For SI Nos. 9 & 10, Late Submission Fee levied for the transactions made after November 07, 2017.**



**\* Reporting of inward remittance is not required for the remittances received after September 01, 2018.**

The applicant received the foreign inward remittance of ₹ 176,56,63,188.60 as indicated above and out of which remittances amounting to ₹ 1,09,39,562.40 with a delay of 4 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 shares and filed form FC-GPR as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting to AD or RBI
1	Jiangsu	01-10-2012	50,00,000	50,00,000	22-10-2012
2	Zhongtian	08-11-2012	4,75,00,000	9,50,00,000	15-11-2012
3	Technology	16-02-2013	16,25,03,203	20,96,29,132.80	14-03-2013
4	Co., Ltd	28-02-2013	8,60,01,281*	8,60,01,281	22-03-2013
5		28-04-2014	5,89,23,261	5,89,23,261	07-05-2015
6		07-03-2017	32,70,80,000	32,70,80,000	11-04-2017
7		05-07-2017	43,24,00,000	43,24,00,000	31-08-2017
8		20-02-2018	10,05,00,000	10,05,00,000	09-11-2018
9		25-05-2018	22,92,99,200	22,92,99,200	28-06-2018
10		05-12-2018	30,78,31,595	30,78,31,595	11-01-2019
		<b>Total</b>	<b>175,70,38,540</b>	<b>185,16,64,469.80</b>	

\* Bonus shares.



**For SI Nos. 8,9 & 10, Late Submission Fee levied for the transactions made after November 07, 2017.**

The applicant filed form FCGPRs for issue of shares amounting to ₹ 1,85,16,64,469.80 as indicated above, out of which FCGPRs amounting to ₹ 81,84,03,261/- were reported with the delays ranging from 4 days to 11 months 08 days approximately as indicated above. 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 of India 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1677/14.66.003/2018-19 dated February 14, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated February 19, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed off on the basis of merits in terms of the facts/submission made therein along with the compounding 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. 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares to Reserve Bank of India and the contravention relates to an amount of ₹ 1,09,39,562.40 with a delay of 4 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

**₹ 81,84,03,261/-** with the delays ranging from 4 days to 11 months 08 days approximately.

5. It has been declared in the compounding application dated November 05, 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 declaration dated November 05, 2018 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. 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 **₹ 90,000/- (Rupees Ninety Thousand 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 Notification No. FEMA-20/2000-RB, 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 **₹ 90,000/- (Rupees Ninety Thousand Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign



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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 1<sup>st</sup> day of March 2019

(Sd/-)

(Subrata Das)

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