



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: April 12, 2019
C.A. HYD 380

In the matter of
M/s PIIIP E-Services Private Limited
Plot No. 28, Ashwini Layout Road No. 70,
Jubilee Hills, 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 December 18, 2018 received on December 18, 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 after issue of shares towards subscription to



Compounding of contraventions under FEMA 1999
M/s PIPIP E-Services Private Limited
CA No. HYD 380

equity (iii) delay in filing of FLA returns in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 9(2) respectively of Schedule 1 to Foreign Exchange Management 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 FEMA 20(R) dated November 7, 2017(hereinafter referred to as Notification No. FEMA 20R/2017-RB) as amended from time to time.

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 12.01.2015 (CIN: U72200TG2015PTC097229). The company is engaged in other land transport services n.e.c.
- b) The applicant had received foreign inward remittances for subscription to equity shares as indicated below:

| SNo | Name of Remitter | Total Amount (INR) | Date of Receipt | Date of Reporting |
|-----|------------------|--------------------|-----------------|-------------------|
| 1 | Srihari Kumar | 1,60,00,000 | 23.09.2015 | 25.11.2015 |
| 2 | MNI Ventures | 1,00,00,000 | 29.09.2015 | 25.11.2015 |
| | Total | 2,60,00,000 | | |

The applicant reported receipt of remittances towards share subscription amounting to **Rs.2,60,00,000/-** to the Regional Office of Reserve Bank of India on dates as indicated above with delays ranging from 27 days to 1 month 2 days approximately. 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-GPRs as indicated below.



Compounding of contraventions under FEMA 1999
M/s PIPIP E-Services Private Limited
CA No. HYD 380

| SI No | Name of investor | Date of allotment of shares | Number of shares | Amount for which CCDs allotted (INR) | Date of reporting |
|-------|------------------|-----------------------------|--------------------|--------------------------------------|-------------------|
| 1 | Srihari Kumar | 23.09.2015 | 16000000 | 16000000 | 25.11.2015 |
| 2 | MNI Ventures | 29.09.2015 | 10000000 | 10000000 | 03.05.2016 |
| | | Total | 2,60,00,000 | 2,60,00,000 | |

The applicant filed form FCGPRs for the allotment of shares amounting to **Rs.2,60,00,000/-** to the Regional Office of Reserve Bank of India with delays ranging from 1 month 2 days to 6 months 4 days approximately. 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) for 3 years as shown below:

| SI No | Particulars | Financial year | Due date of filing | Date of actual filing |
|-------|-------------|----------------|--------------------|-----------------------|
| 1 | FLA Return | 2015-16 | 15/07/2016 | 18/02/2019 |
| 2 | FLA Return | 2016-17 | 15/07/2017 | 18/02/2019 |
| 3 | FLA Return | 2017-18 | 15/07/2018 | 18/02/2019 |

The company had filed FLA returns for 3 years with delays ranging from 7 months 3 days to 2 years 7 months 3 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 as amended and Regulation 13.1(3) of Schedule I to FEMA 20(R)



Compounding of contraventions under FEMA 1999
M/s PIPIP E-Services Private Limited
CA No. HYD 380

dated November 7, 2017 , 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/2070/14.66.003/2018-19 dated April 1, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The Director of the company, Shri Arun V.Rao appeared for personal hearing on April 4, 2019 along with Shri Vikas Kumar, Company Secretary and Shri Tarun Shetty, authorized representative. They admitted the contravention 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 on account of lack of awareness of filing procedure for ARF. In view of the above, 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 as well the submissions made in this context by the applicant during the personal hearing.

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 reporting the receipt of consideration towards issue of shares amounting to ₹ **2,60,00,000/-** and the delay ranges from 27 days to 1 month 2 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



Compounding of contraventions under FEMA 1999
M/s PIPIP E-Services Private Limited
CA No. HYD 380

persons resident outside India and the contravention relates to an amount of ₹ **2,60,00,000/-** and the period of contravention ranges from 1 month 2 days to 6 months 4 days approximately.

(c) Paragraph 9(2) of Schedule 1 to Notification No. 20/2000-RB and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20R/2017-RB for delay in filing of FLA returns and the period of contravention ranges from 7 months 3 days to 2 years 7 months 3 days approximately.

5. It has been declared in the compounding application dated December 18, 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 March 2, 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 ₹ **1,04,000/- (Rupees One Lakh Four Thousand 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) and Paragraph 9(2) respectively of



Compounding of contraventions under FEMA 1999
M/s PIPIP E-Services Private Limited
CA No. HYD 380

Schedule 1 to FEMA.20/2000-RB and Regulation 13.1(3) of Schedule 1 to Notification no. FEMA 20R/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **1,04,000/- (Rupees One Lakh Four Thousand 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 12th day of April 2019

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and

Chief General Manager (Hyderabad)