



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: September 09, 2019  
**C.A. BGL 444/2019**

In the matter of

**M/s Wire Developers Private Limited**  
The Planet, No 54, Sy No 14 Khata No 435  
Whitefield Main Road  
Bengaluru - 560066  
**(Applicant)**

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

### **ORDER**

The applicant has filed a compounding application dated June 18, 2019, received at this office of Reserve Bank of India, Bengaluru on June 24, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the regulations issued there under. The contraventions sought to be compounded are, (i) delay in reporting receipt of foreign inward remittances towards subscription to equity, (ii) allotment of shares beyond 180 days from the date of receipt of inward remittance, and (iii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A), 8 and 9(1)(B) respectively, of Schedule I 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, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: The applicant, M/s Wire Developers Private Limited, was incorporated on September 21, 2006, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana. Subsequently, the company has shifted its registered office from the State of Delhi to Karnataka with effect from April 30, 2014. The company is engaged in the business of providing management consultancy, sales and marketing services to real estate developers. The applicant had received funds towards share application money from the foreign investors, namely, M/s Wire Developers International Limited, Mauritius, and M/s Wire Commercial Partners Limited, Cayman Islands, as shown below:

**Table – 1**

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	01-12-2006	20,06,100.00	29-04-2009
2	21-12-2006	11,95,434.00	26-11-2008
3	02-01-2007	8,76,929.00	26-11-2008
4	22-01-2007	5,46,635.00	29-04-2009
5	02-02-2007	8,92,065.00	26-11-2008
6	28-02-2007	14,49,756.00	26-11-2008
7	13-03-2007	8,94,497.10	26-11-2008
8	23-03-2007	2,47,547.54	26-11-2008
9	10-04-2007	8,87,086.08	26-11-2008
10	27-04-2007	18,26,246.23	03-12-2008
11	11-05-2007	9,08,104.80	03-12-2008
12	13-06-2007	8,97,315.00	27-11-2008
13	02-07-2007	6,22,728.00	03-12-2008
14	16-07-2007	9,91,156.25	26-11-2008
15	20-07-2007	9,37,503.00	26-11-2008
16	22-08-2007	9,09,598.72	26-11-2008
17	24-08-2007	9,71,053.10	03-12-2008
18	20-09-2007	7,72,093.75	26-11-2008
19	12-10-2007	13,66,219.08	26-11-2008



20	13-11-2007	13,26,226.44	26-11-2008
21	17-12-2007	17,41,733.54	26-11-2008
22	08-01-2008	11,16,127.35	26-11-2008
23	06-02-2008	11,17,579.35	26-11-2008
24	13-03-2008	11,41,865.00	Not reported in form ARF
25	09-04-2008	18,50,432.06	26-11-2008
26	07-05-2008	10,90,039.31	26-11-2008
27	10-06-2008	11,20,469.90	17-03-2009
28	14-07-2008	10,77,135.55	17-03-2009
29	11-08-2008	8,31,766.54	03-12-2008
30	09-09-2008	8,60,222.69	17-03-2009
31	10-10-2008	11,19,477.61	17-03-2009
32	07-11-2008	9,42,538.43	17-03-2009
33	08-12-2008	9,77,456.66	17-03-2009
34	13-01-2009	11,47,828.16	17-03-2009
35	24-02-2009	9,90,221.21	17-03-2009
36	12-03-2009	7,52,231.80	29-04-2009
37	13-12-2010	10,16,357.00	26-03-2012
	<b>Total</b>	<b>3,94,17,776.25</b>	

The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from eighteen days to ten years four months and nineteen days, beyond the stipulated period of 30 days in respect of remittances as indicated at serial numbers 1 to 34, 36 and 37, in Table-1 above. Whereas, in terms of paragraph 9(1)(A) of Schedule I 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.

The company had not reported the inward remittance mentioned at serial number 24, in the Table – 1 above, to AD/RBI. Since, reporting in form ARF was



discontinued with effect from September 01, 2018, (date on which Single Master Form (SMF) reporting in FIRMS portal was implemented) the delay/contravention period for non-reporting of the said inward remittance has been considered till August 31, 2018.

3. The company had allotted shares to the non-resident investor beyond 180 days from the date of receipt of inward remittances without prior approval of Reserve Bank, in the below mentioned instances:

i) The company had received an inward remittance of ₹20,06,100.00 on December 01, 2006, from the foreign investor M/s WIRE Developers International Limited, Mauritius. The company had allotted 200600 equity shares worth ₹20,06,000.00 on March 30, 2008, with a delay, beyond 180 days from the date of receipt of remittance. The amount of contravention is **₹20,06,000.00**, and the period of delay is four months and one day;

ii) The company had received inward remittances amounting to ₹26,18,998.00, in three tranches, from December 21, 2006 to January 22, 2007, from the foreign investor M/s WIRE Commercial Partners Limited, Cayman Islands. The company had allotted 261900 equity shares worth ₹26,19,000.00, on March 30, 2008, with a delay, beyond 180 days from the date of receipt of remittance. The amount of contravention is **₹26,19,000.00**, and the period of delay is four months and one day;

iii) The company had received an inward remittance of ₹8,87,086.08 on April 10, 2007, from the non-resident remitter, M/s WIRE Commercial Partners Limited, Cayman Islands, on behalf of M/s WIRE Developers International Limited, Mauritius, a non-resident investor. The company had allotted 88708 equity shares worth ₹8,87,080.00, to non-resident investor, on February 15, 2009, with a delay, beyond 180 days from the date of receipt of remittance. The amount of contravention is **₹8,87,080.00**, and the period of delay is one year two months and seventeen days;



iv) The company had received inward remittances amounting to ₹2,59,88,428.20, in twenty four tranches from February 02, 2007 to September 09, 2008, from the non-resident investor M/s WIRE Commercial Partners Limited, Cayman Islands, and ₹9,71,053.10 from M/s WIRE Developers International Limited, Mauritius, non-resident remitter, on behalf of M/s WIRE Commercial Partners Limited, Cayman Islands, on August 24, 2007. The total inward remittances amounts to ₹2,69,59,481.30. The company had allotted 2695947 equity shares worth ₹2,69,59,470.00, to M/s WIRE Commercial Partners Limited, Cayman Islands, on February 15, 2009, with a delay, beyond 180 days from the date of receipt of inward remittances. The amount of contravention is **2,60,99,247.31**, and the period of delay ranges from eight days to one year two months and seventeen days;

v) The company had received inward remittances amounting to ₹59,29,753.87, in six tranches, from October 10, 2008 to March 12, 2009, from the non-resident investor M/s WIRE Commercial Partners Limited, Cayman Islands. The company had allotted 592975 equity shares worth ₹59,29,750.00, to the non-resident investor, on May 05, 2009, with a delay, of beyond 180 days from the date of receipt of remittance. The amount of contravention is **₹11,19,477.61**, and the period is twenty seven days; and

vi) The company had received an inward remittance of ₹10,16,357.00 on December 13, 2010, from the non-resident investor M/s WIRE Commercial Partners Limited, Cayman Islands. The company had allotted 101635 equity shares worth ₹10,16,350.00, to the non-resident investor, on June 11, 2011, with a delay, beyond 180 days from the date of receipt of remittance. The amount of contravention is **₹10,16,350.00**, and the period is seven months and nineteen days.

Whereas, in terms of Paragraph 8 of Schedule 1 to Notification no. FEMA 20/2000- RB, dated May 3, 2000 and as amended from time to time, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the



person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The total amount of contravention in the aforesaid instances is **₹3,37,47,154.92**, and the period of delay ranges from eight days to one year two months and seventeen days.

4. The applicant company had allotted equity shares and filed form FC-GPRs with Reserve Bank/AD as indicated below:

**Table – 2**

Sl. No.	Date of Allotment	Number of equity shares allotted	Amount (INR)	Date of reporting to RBI/AD
1	30-03-2008	462500	46,25,000.00	15-05-2009
2	15-02-2009	2784655	2,78,46,550.00	15-05-2009
3	05-05-2009	592975	59,29,750.00	15-05-2009
4	30-01-2012	101635	10,16,350.00	15-02-2012
	<b>Total</b>	<b>3941765</b>	<b>3,94,17,650.00</b>	

The applicant filed the form FC-GPRs on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank with a delay ranging from one month twenty eight days to one year and sixteen days, beyond the prescribed period of 30 days in respect of allotment of shares as indicated at serial numbers 1 and 2, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to person/s resident outside India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 667/22.07.013/2019-20, dated September 04, 2019, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representative Mr.



Prannoy Kumar, Director - Finance, who appeared for the personal hearing on September 09, 2019, admitted the contraventions as stated in paragraphs 2, 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, the authorized representative 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 as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

6. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹3,84,27,555.04**, and the period of delay ranges from eighteen days to ten years four months and nineteen days;

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to allotment of shares beyond 180 days from the date of receipt of inward remittances, as detailed in paragraph 3 above. The total amount of contravention is **₹3,37,47,154.92**, and the period of delay ranges from one month and five days to one year two months and seventeen days; and

(c) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPRs to the Reserve Bank after issue of shares to person/s resident outside India, as detailed in paragraph 4 above. The contravention relates to an amount of **₹3,24,71,550.00**, and the period of delay ranges from one month and twenty eight days to one year and sixteen days.



7. It has been declared in the compounding application dated June 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 been declared in the undertaking, 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. 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 is 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.

8. 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 contraventions are to be compounded, and I consider that an amount of **₹2,89,139.00, (Rupees Two Lakh Eighty Nine Thousand One Hundred and Thirty Nine only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 8 and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-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 **₹2,89,139.00, (Rupees Two Lakh Eighty Nine Thousand One Hundred and Thirty Nine only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, payable at Bengaluru, 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, the Ninth day of September 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**