



In the
RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present
Md. Shakir Hasan
Assistant General Manager

Date: January 17, 2020
C.A.NDL 535/2019

In the matter of
Cayam Water And Sanitation Private Limited
119-120, Model Basti, New Delhi 110005
(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 August 16, 2019 (received at Reserve Bank of India, New Delhi on August 30, 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 then applicable.

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

(a) The company, incorporated on March 23, 2016, is engaged in promoting, owning, acquiring, constructing, erecting, maintaining, improving, managing, operating,



altering, carrying on, controlling, taking on lease, advising and rendering assistance in the improvement or working of any industry, company, venture and system or scheme in the area of collection, transportation, processing and disposal of municipal waste, electronic waste, bio medical waste, hazardous waste, sewage and waste water by processes such as composting, bio-methanation, aerobic/anaerobic treatment, waste to energy process including producing of refuse derived fuel and any other processes/ technologies available and also take advantage of the benefits available under the Swachh Bharat Abhiyan.

(b) The company had received the inward remittance of ₹1,00,000.00 on June 28, 2016 from its foreign investor M/s Russetts Developments Limited, United Kingdom and reported the same on April 17, 2017 with a delay of 8 months and 20 days beyond the prescribed period, in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB dated May 3, 2000, 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 or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by Indian company for issue of shares or convertible debentures or warrants, a report in Advance Reporting Form as specified by Reserve Bank from time to time along with documents prescribed therein.

c) The applicant had issued 10000 equity shares for a consideration of ₹1,00,000.00 to its foreign investor M/s Russetts Developments Limited, United Kingdom on June 30, 2016 and reported the same in Form FC-GPR on May 24, 2017 with a delay of 9 months and 24 days 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 or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of issue of shares or convertible debentures or warrants, a report in Form FC-GPR as specified by the Reserve Bank from time to time together with documents prescribed therein.

(d) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 of



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. Ms. Mudita Dhek and Shri Sameer Rehman Khan, both consultant, appeared for personal hearing on January 16, 2020 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 delays were without any *malafide* or wilful intention but were mainly due to inadvertent error. They requested for a lenient view in the matter. 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 dated May 3, 2000, as then applicable, due to delay in reporting foreign inward remittance received for issue of shares as detailed in paragraph 2(b) above. The contravention relates to an amount of ₹1,00,000.00 (Rupees One Lakh only) and the period of delay is 8 months and 20 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB dated May 3, 2000, as then applicable, on account of delay in filing Form FC-GPR after issue of shares as detailed in paragraph 2(c) above. The contravention relates to an amount of ₹1,00,000.00 (Rupees One Lakh only) and the period of delay is 9 months and 24 days.

5. It has been declared in the compounding application dated August 16, 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 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 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 entire 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 **₹21,580.00 (Rupees Twenty One Thousand Five Hundred and Eighty 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 **₹21,580.00 (Rupees Twenty One Thousand Five Hundred and Eighty 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 17th day of January 2020.

Sd/-
(Md. Shakir Hasan)
Assistant General Manager