



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
3rd Floor, Main Building
Ram Bagh Circle, Tonk Road
Jaipur-302 004

Present

Lamneichong Chongloi
General Manager

Date: December 20, 2018

C.A. JAI 11/2018

In the matter of

M/s. Karma Primary Healthcare Services Private Limited
670, Sector 11, Hiran Magri
Udaipur - 313001 (Rajasthan)

(APPLICANT)

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

ORDER

The applicant has filed a compounding application dated September 20, 2018 (received at Reserve Bank of India, Jaipur on October 5, 2018) 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 of inflow of funds received from person resident outside India for allotment of shares; (ii) delay in submission of form FC-GPR on allotment of shares with Reserve Bank and (iii) delay in refund of excess share application money beyond the prescribed period of 180 days from the date of receipt of inflow of funds in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 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 3, 2000, as then applicable. (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: The applicant was incorporated on August 11, 2014 under the provisions of the Companies Act, 2013 (Registration Number U85100RJ2014PTC046047) and is engaged in the business of Healthcare and related services. The applicant received foreign inward remittances from M/s Ennovent Mauritius, M/s Beyond Capital and M/s Eckenstein Geigy Stiftung during 26-05-2015 to 15-09-2017 towards subscription to equity shares /CCDs and same were reported to the Reserve Bank of India as below:

S.no	Amount of Inward Remittance in ₹	Date of Receipt	Date of Reporting
1	15,00,000.00	26-05-2015	23-06-2015
2	12,50,000.00	13-08-2015	23-09-2015
3	20,00,000.00	23-02-2016	22-03-2016
4	15,00,000.00	20-03-2017	04-10-2017
5	12,50,000.09	21-03-2017	04-10-2017
6	10,00,000.00	09-08-2017	14-10-2017
7	7,00,000.00	22-08-2017	04-10-2017
8	7,09,458.75	15-09-2017	25-11-2017

The applicant reported receipt of remittances to the Reserve Bank of India, Jaipur on the dates indicated above and with a delay ranging from 11 days to five months and 15 days approximately beyond the stipulated time of 30 days. Whereas, in terms of Paragraph 9(1) (A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, 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.

3. The company allotted equity shares/CCDs and filed FCGPR as indicated below:

S.no	Date of Allotment	Amount (INR)	Date of Reporting
1	25-06-2015	14,99,960.00	02-12-2015
2	10-10-2015	12,50,000.00	18-02-2016
3	08-03-2016	19,99,992.12	25-10-2016
4	10-05-2017	27,49,835.76	03-01-2018
5	01-09-2017	16,99,996.94	09-01-2018
6	16-10-2017	7,00,000.00	03-01-2018



The applicant filed the form FC-GPR on allotment of shares with Reserve Bank of India, Jaipur with a delay of one month and 19 days to six months and 25 days approximately beyond the stipulated time of 30 days in respect of abovementioned allotments. 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 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 issue of shares to person resident outside India.

4. It is observed that the company allotted shares on 16-10-2017 amounting to ₹ 7, 00, 000. 00 (Rupees seven lakh only) against the FDI of ₹ 7, 09, 458. 75 received on 15-09-2017. The balance amount of ₹ 9,458.75 (Rupees nine thousand four hundred fifty eight and paisa seventy five only) was refunded to the investor on 21-03-2018 with a delay of seven days beyond the prescribed period of 180 days from receipt of the amount of consideration. This delay in refund of balance amount is in contravention of Paragraph 8 of Schedule I to FEMA 20/2000-RB dated May 3, 2000.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FED.JP.No.448/06.10.411/2018-19 dated December 10, 2018 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA, 1999. Shri Jagdeep Singh Gambhir, Co-founder and CEO and Shri Mayank Bansal, Manager appeared on behalf of the applicant company on December 14, 2018 for personal hearing. During the personal hearing, it was submitted that the delay was not willful or with a malafide intention. They requested to take a lenient view in the matter. 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. It has been declared in the compounding application dated September 20, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated September 20, 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. 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.

7. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:

- a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in Paragraph 2 above. The contravention relates to an amount of ₹ 64, 09, 458. 84 with duration of contravention ranging from 11 days to five months and 15 days approximately;
- b) Paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India. The contravention relates to an amount of ₹ 98, 99, 784. 82 with the duration of contravention ranging from one month and 19 days to six months and 25 days approximately; and
- c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of balance amount with the approval of Reserve Bank of India. The contravention relates to an amount of ₹ 9,458.75 with the duration of contravention seven days approximately;

8. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to a penalty upto 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 that an amount of ₹ 28,966.00 (Rupees twenty eight thousand nine hundred and sixty six only) will meet the ends of justice.



9. Accordingly, I compound the admitted contraventions namely contravention of Paragraphs 9(1)(A), 9(1)(B) and 8 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 ₹ 28,966.00 (Rupees twenty eight thousand nine hundred and sixty six only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur 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 20th day of December 2018.

Sd/-

(Lamneichong Chongloi)
General Manager, Jaipur