



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: December 21, 2018
C.A. HYD 337

In the matter of

M/s. Vasudeva Dall Products Private Limited
R.S No-33/1 & 33/1A, Surya Palem
Desu Subbarao Nagar, Vijayawada Rural
Krishna Dist, Andhra Pradesh - 521225

(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 September 26, 2018 received on October 08, 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 equity in terms of Paragraph 9(1)(A) and Paragraph 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.



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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 are as follows:

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on 31.12.2010 (CIN: U15313AP2010PTC071985). The company is engaged in the activity of processing of pulses (dal) and other grains.
- b) The applicant had received foreign inward remittance from the following foreign investors towards advance for subscription to equity shares as indicated below.

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Sapan K Polepalle	5560000	14-06-2012	05-07-2012
2	Pramila K Kolisetty	5580000	03-08-2012	12-02-2013
3	Sapan K Polepalle	10900000	07-03-2013	16-04-2013
4	Satheesh E Bandaram	6026250	02-09-2014	25-04-2018
	Total	2,80,66,250		

The applicant reported receipt of remittances towards share subscription amounting to **₹2,80,66,250/-** to the Regional Office of Reserve Bank of India out of which remittances amounting to **₹2,25,06,250/-** were reported with a delay ranging from 10 days to 3 years 6 months 23 days approximately beyond the prescribed period of 30 days. 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.



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c) The company allotted shares and filed form FC-GPRs as indicated below:

SI No	Name of investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Pramila K Kolisetty	01-11-2012	558000	5580000	06-06-2013
2	Sapan K Polepalle		556000	5560000	
3	Sapan K Polepalle	02-09-2013	1090000	10900000	19-07-2014
4	Satheesh E Bandaram	06-10-2014	463558	6026254	08-09-2018
		Total	2667558	2,80,66,254	

The applicant filed form FCGPR for issue of shares amounting to ₹2,80,66,254/- as indicated above and the same were reported with delays ranging from 6 months 5 days to 3 years 10 months 3 days approximately beyond the stipulated period of 30 days. 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/1166/14.66.003/2018-19 dated December 13, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on December 18, 2018 during which Mr. T. Sriram, Practicing Company Secretary represented the applicant. The authorized representative of the company admitted the contraventions 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



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professional guidance on the compliance matters during their initial stages. In view of the foregoing, the representative of 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 ₹2,25,06,250/- with delays ranging from 10 days to 3 years 6 months 23 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 ₹2,80,66,254/- with delays ranging from 6 months 5 days to 3 years 10 months 3 days approximately.

5. It has been declared in the compounding application dated September 26, 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 13, 2018 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.



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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 **₹1,50,500/- (Rupees One Lakh Fifty Thousand Five Hundred 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 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹1,50,500/- (Rupees One Lakh Fifty Thousand Five Hundred 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 accordingly.

Dated this 21st day of December 2018

Sd/-

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