



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

R Subramanian  
Regional Director

Date: February 16, 2018  
C.A. HYD 253

In the matter of

M/s. American Brew Crafts Private Limited  
H. No. 8-2-293/82/F/C-30  
Road No. 8, 1<sup>st</sup> Floor  
Film Nagar, Jubilee Hills  
Hyderabad-500033  
Telangana

**(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 October 10, 2017 received on October 12, 2017 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 3rd May 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, 2013 on 10.11.2016 (CIN: U15549TG2016PTC112886). The company is engaged in the business of manufacturing beer.
- b) The applicant had received foreign inward remittances from various foreign investors towards advance for subscription to equity shares as indicated below.

Sl No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Satya S Athi	3353375	24.01.2017	02.03.2017
2	Sri N Tayi Swetha G Acharya	6705140.38	24.01.2017	02.03.2017
3	Uma Kiran Buddha	333598.50	30.01.2017	02.03.2017
4	Uma Kiran Buddha	3350466	30.01.2017	02.03.2017
5	Ajay Kumar Sunkara	330595	15.02.2017	02.03.2017
6	Ajay Kumar Sunkara	1323310	17.02.2017	02.03.2017
7	Sri N Tayi Swetha G Acharya	6590650	23.02.2017	02.03.2017
8	Satya S Athi	3291000	10.03.2017	08.04.2017
9	Uma Kiran Buddha	6580670.26	10.03.2017	08.04.2017
10	Sri N Tayi Swetha G Acharya	6502189.10	14.03.2017	08.04.2017
11	Ajay Kumar Sunkara	645475	16.03.2017	08.04.2017
12	Sri N Tayi Swetha G Acharya	3225775.88	17.03.2017	08.04.2017
13	Tbull Corporation	633336.34	21.04.2017	16.05.2017
14	Satya S Athi	3158325	25.04.2017	16.05.2017



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15	Satya S Athi	3147700	26.04.2017	16.05.2017
16	Tbull Corporation	11366995.19	28.04.2017	16.05.2017
17	Sri N Tayi Swetha G Acharya	8838475.64	02.05.2017	16.05.2017
18	Tbull Corporation	10137218.92	25.05.2017	16.06.2017
19	Tbull Corporation	11073501.36	06.06.2017	03.07.2017
20	Tbull Corporation	6318483.20	09.06.2017	03.07.2017
21	Tbull Corporation	15860971.46	20.06.2017	03.07.2017
22	Satya S Athi	3180575	21.06.2017	11.07.2017
23	Tbull Corporation	11114356.86	28.06.2017	11.07.2017
24	Tbull Corporation	4762587.98	28.06.2017	11.07.2017
25	Sri N Tayi Swetha G Acharya	3169852.74	11.07.2017	02.08.2017
26	Tbull Corporation	5998874.11	19.09.2017	12.10.2017
27	Satya S Athi	2214502.50	21.09.2017	12.10.2017
28	Sri N Tayi Swetha G Acharya	2574854.16	26.09.2017	12.10.2017
29	IYAT Systems Inc	3232997.42	27.09.2017	12.10.2017
30	IYAT Systems Inc	31244.93	03.10.2017	12.10.2017
31	Tbull Corporation	3199788.36	05.10.2017	12.10.2017
32	Tbull Corporation	3210344	01.12.2017	08.12.2017
33	Tbull Corporation	62607	01.12.2017	08.12.2017
34	Sri N Tayi Swetha G Acharya	1900859	01.01.2018	04.01.2018
	<b>Total</b>	<b>15,74,20,696.29</b>		

The applicant received foreign inward remittances amounting to ₹15,74,20,696.29/- as indicated above out of which remittances amounting to ₹1,37,42,579.88/- were reported to Reserve Bank of India with delays ranging from 1 day to 7 days 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



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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:

Sl No	Name of investor	Date of allotment of shares	Number of shares/CCP S allotted	Amount for which shares allotted (INR)	Date of reporting
1	Satya S Athi	18.03.2017	664437	6644370	19.08.2017
2	Sri N Tayi Swetha G Acharya		2302374	23023740	
3	Uma Kiran Buddha		1026471	10264710	
4	Ajay Kumar Sunkara		229936	2299360	
5	Satya S Athi	10.06.2017	630602	6306020	19.08.2017
6	Sri N Tayi Swetha G Acharya		883847	8838470	
7	Tbull Corporation		3952954	39529540	
8	Satya S Athi	20.07.2017	318057	3180570	19.08.2017
9	Tbull Corporation		3173792	31737920	
10	Sri N Tayi Swetha G Acharya		316985	3169850	
11	Satya S Athi	06.10.2017	221450	2214500	18.10.2017
12	Tbull Corporation		919866	9198660	
13	Sri N Tayi Swetha G Acharya		257485	2574850	
14	IYAT Systems Inc		326424	3264240	
15	Tbull Corporation	10.01.2018	327295	3272950	11.01.2018
16	Sri N Tayi Swetha G Acharya		190085	1900850	
	<b>Total</b>		<b>15742060</b>	<b>15,74,20,600</b>	



The applicant filed form FCGPRs for issue of shares amounting to ₹15,74,20,600/- as indicated above out of which shares amounting to ₹9,69,06,210/- were reported with delays ranging from 1 month 10 days to 4 months 2 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/1394/14.66.003/2017-18 dated February 07, 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 February 14, 2018 during which Shri. K Ramesh Babu, Chartered Accountant represented the applicant. The authorized representative of the applicant 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 ignorance of FEMA provisions. 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 ₹1,37,42,579.88/- and the delay ranges from 1 day to 7 days.

(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 ₹9,69,06,210/- and the period of contravention ranges from 1 month 10 days to 4 months 2 days approximately.

5. It has been declared in the compounding application dated October 10, 2017 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 October 10, 2017 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. 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 Rs. **77,910/- (Rupees Seventy Seven Thousand Nine Hundred Ten Only)** will meet the ends of justice.



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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 **Rs. 77,910/- (Rupees Seventy Seven Thousand Nine Hundred Ten 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 16<sup>th</sup> day of February 2018

Sd/-

(R Subramanian)  
Regional Director