



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500004

Present

P Kalyan Chakravarthy
Assistant General Manager

Date: January 05, 2018
C.A. HYD 246

In the matter of

M/s. Impacts Renewable Solutions (India) Pvt Ltd
8-3-311/32/33, Flat No.103
Sai Ram Residency Yellareddyguda
J.P.Nagar, Hyderabad - 500073
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 September 12, 2017 received on September 20, 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 the Reserve Bank of India after issue of shares to a person resident outside India 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 3rd May 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:

- a. The applicant is a resident company incorporated as a Private Limited Company under the Companies Act, 2013 on 30th December 2015 (CIN: U40300TG2015FTC102453). The company is engaged in the business of other non-specialised wholesale trade n.e.c.
- b. The applicant had received foreign inward remittances from two 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	AVJ Holdings	32,500	23.03.2016	06.01.2017
2	Impact Building Systems Pty Limited	1,75,000	05.01.2017	14.02.2017
	TOTAL	2,07,500/-		

The applicant reported receipt of remittances towards share subscription amounting to ₹2,07,500/- to the Regional Office of Reserve Bank of India on dates indicated as above and were reported with a delay ranging from 10 days to 8 months 14 days approximately. 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.

- c. The company allotted equity 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	AVJ Holdings	23.03.2016	1000	10000	20.02.2017
2	AVJ Holdings	17.05.2016	2250	22500	20.02.2017
3	Impact Building Systems Pty Ltd	05.01.2017	7000	70000	20.02.2017
4	Impact Building Systems Pty Ltd	06.02.2017	10500	105000	20.02.2017
	TOTAL		20750	2,07,500/-	

The applicant filed form FC-GPRs for the allotment of shares amounting to ₹2,07,500/- as indicated above out of which shares amounting to ₹1,02,500/- were reported with delays ranging from 16 days to 9 months 29 days approximately beyond the prescribed limit. 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 FC-GPR 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/1165/14.66.003/2017-18 dated December 29, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b). The applicant appeared for personal hearing on January 04, 2018 during which Shri Kodhanda Ram Reddy Ojili, Director 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 due to their administrative delays but was not wilful or with malafide intention. 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 as 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 submission of Advance Reporting Form to Reserve Bank of India after receipt of inward remittance from a person resident outside India and the contravention relates to an amount of ₹2,07,500/- with delays ranging from 10 days to 8 months 14 days approximately.

(b) Paragraph 9 (1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of equity shares to persons resident outside India and the contravention relates to an amount of ₹1,02,500/- with delays ranging from 16 days to 9 months 29 days approximately.

5. It has been declared in the compounding application dated 12.09.2017 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 18.09.2017 furnished with the compounding application that the applicant was not under any investigation 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 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 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 ₹22,490/- (Rupees Twenty Two Thousand Four Hundred and Ninety Only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions 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 ₹22,490/- (Rupees Twenty Two Thousand Four Hundred and Ninety 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, Rule10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 05th day of January 2018

Sd/-

(P Kalyan Chakravarthy)
Assistant General Manager