



In the

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

Present

C. Nageswara Rao  
Deputy General Manager

Date: February 14, 2018  
C.A. HYD 271

In the matter of

M/s. Reitz United Technologies Private Limited  
7<sup>th</sup> Floor, Block A  
Q City, Gachibowli, Nanakramguda  
Hyderabad-500 046  
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 December 05, 2017 received on December 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; (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity and (iii) neither the equity instruments were issued nor amount refunded to the foreign investor, a person resident outside India within 180 days from the date receipt of foreign inward remittance in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 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 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 02.06.1999 (CIN: U29219TG1999PTC031821). The company is engaged in the business of supporting services for special purpose machinery.
- b) The applicant had received foreign inward remittances from single foreign investor 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	Reitz Holdings GMBH	3459000	14.02.2008	07.06.2012
2	Reitz Holdings GMBH	312300	25.04.2008	07.06.2012
	<b>Total</b>	<b>3771300</b>		

The applicant received foreign inward remittances amounting to ₹ 37,71,300/- as indicated above and reported to Reserve Bank of India with delays ranging from 4 years 13 days to 4 year 2 months 24 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.

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



Compounding of contraventions under FEMA 1999  
M/s Reitz United Technologies Private Limited  
CA No. HYD 271

Sl No	Name of investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Reitz Holdings GMBH	26.05.2008	375000	3750000	05.11.2012
	<b>Total</b>		<b>375000</b>	<b>3750000</b>	

The applicant filed form FCGPRs for issue of shares amounting to ₹ 37,50,000/- as indicated above with a delay of 4 years 4 months 10 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.

e. The company has delayed in refund of excess share application money beyond the stipulated period of 180 days in respect of remittance amounting to ₹21,300/- and the period of contravention is 9 years 1 month 16 days approximately.

Sl No	Name of Remitter	Total Amount (INR)	Date of receipt	Excess share application money (INR)	Date of seeking RBI approval for refund
1	Reitz Holdings GMBH	312300	25.04.2008	21300	08.12.2017
	<b>Total</b>	<b>312300</b>		<b>21300</b>	



Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13<sup>th</sup> November, 2007 in the official Gazette of the Govt. of India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1341/14.66.003/2017-18 dated January 30, 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 07, 2018 during which Shri. TSN Murthy, General Manager- Finance & Accounts and Shri. T Kishore, Assistant Manager (Finance) represented the applicant. The authorized representatives 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. 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 ₹ 37,71,300/- and the delay ranges from 4 years 13 days to 4 years 2 months 24 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 ₹ 37,50,000/- and the period of contravention is 4 years 4 months 10 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB for delay in refund of excess share application money to the foreign investor and the contravention relates to an amount of ₹ 21,300/- and the period of contravention is 9 years 1 month 14 days approximately.

5. It has been declared in the compounding application dated December 05, 2017 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated December 05, 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. 65,181/- (Rupees Sixty Five Thousand One Hundred Eighty One Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 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. 65,181/- (Rupees Sixty Five Thousand One Hundred Eighty One 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 14<sup>th</sup> day of February 2018



Compounding of contraventions under FEMA 1999  
M/s Reitz United Technologies Private Limited  
CA No. HYD 271

Sd/-

(C. Nageswara Rao)  
Deputy General Manager