



In the  
**Reserve Bank of India**  
Foreign Exchange Department  
3<sup>rd</sup> Floor  
15, Netaji Subhash Road  
Kolkata-700001

Present

**A K Choudhary**  
**Chief General Manager**

Date: - February 23, 2018  
C.A 064/2018

In the matter of

**M/s SVR Retail Pvt Ltd**  
Shree Manjari 1/1, Camac Street 3<sup>rd</sup> Floor, Room#304, Suite 4, Kolkata-700016  
West Bengal, India  
**(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 January 8, 2018 (received at Reserve Bank of India on January 11, 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 (1) delay in reporting of receipt of foreign inward remittances to the Reserve Bank of India within the stipulated period of 30 days of such receipt in terms of paragraph 9(1) A to Schedule I of 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 amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB) and, (2) delay in submission of form FC-GPR to the Reserve Bank of India after issue of shares to a company/entity/person resident outside India within the stipulated period of 30 days of such issue in terms of paragraph 9(1) B to schedule 1 of FEMA 20/2000-RB.



2. The relevant facts of the case are as follows:The applicant,M/s SVR Retail Pvt Ltd (CIN:- U51109WB2007PTC115710) was incorporated under the Companies Act, 1956 on May 11, 2007. The applicant is engaged in the business of wholesale trade via e-commerce excluding activities of commission agents. The applicant had received inward foreign remittances for subscription to equity shares under the Automatic Route from M/s Money on Mobile Inc.(erstwhile Calpian Inc.) incorporated in Dallas, Texas, USA for subscription to its equity shares on the following dates as tabulated below in Table 1:-

**Table 1: Inflow of foreign remittance**

*(amount in Indian Rupees)*

<b>S. No.</b>	<b>Amount</b>	<b>Date of inflow</b>	<b>Date of reporting to RBI</b>	<b>Delay under para 9(1) A</b>
1	16,67,500	12.07.16	14.10.16	63 days
2	3,16,82,500	12.07.16	29.09.16	48 days
3	65,93,000	09.08.16	28.09.16	19 days
4	1,32,38,000	25.08.16	29.09.16	4 days
5	1,31,62,000	30.09.16	24.10.16	No delay
6	16,50,000	18.10.16	24.10.16	No delay
7	1,14,80,400	19.04.17	21.04.17	No delay
8	1,27,40,000	29.06.17	15.07.17	No delay
9	82,61,500	31.08.17	14.09.17	No delay
10	12,80,000	01.11.17	07.11.17	No delay
<b>Total</b>	<b>10,17,54,900</b>			

3. The applicant reported the receipt of advance remittances amounting to ₹10,17,54,900 to the Reserve Bank of India on the above mentioned dates. Of the ten remittances, there were delays, in reporting of four remittances, from 4 days to 63 days. Whereas in terms of paragraph 9(1) A of Schedule I of Notification FEMA 20/2000, an Indian company receiving foreign direct investment from overseas investor for issue of shares should report the receipt of consideration of amount not later than 30 days of receipt of such amount.



4. The applicant allotted equity shares against the above receipt for a face value of Rs.1000/- per share and filed FC-GPRs on dates indicated in Table 2.

**Table 2: Utilization of foreign inward remittance and allocation of shares**

*(amount in Indian Rupees)*

S. No.	Amount	Number of equity shares allotted <sup>&amp;</sup>	Amount for which shares were allocated	Date of allocation of shares	Date of reporting to RBI (form FC-GPR)	Delay under para 9(1) B
1	16,67,500	53,181	5,31,81,000	02.09.16	13.04.17	192 days
2	3,16,82,500					
3	65,93,000					
4	1,32,38,000					
5	1,31,62,000	14,812	1,48,12,000	25.10.16	19.04.17	145 days
6	16,50,000					
7	1,14,80,400	11,480	1,14,80,000	19.04.17	28.07.17	69 days
8	1,27,40,000	12,740	1,27,40,000	03.07.17	28.07.17	No delay
9	82,61,500	8,261	82,61,000	31.08.17	29.09.17	No delay
10	12,80,000	1,280	12,80,000	01.11.17	30.11.17	No delay
Total	10,17,54,900	1,01,754	10,17,54,000			

{&: ₹ 1000 per share}

Out of six allocation of shares, delay of 69 days to 192 days has been observed in filing of 3 FC-GPRs. Whereas in terms of para 9(1) B of schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares in accordance with these regulations has to submit to the 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.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.Kol.FED.FID.1299/03.40.256/2017-18 dated January 29, 2018, for further submission in person and/or producing documents, if, any, in support of the application. The applicants Shri Padmanabhan Nair, authorized person of the company and Shri Aviroop Roy, Director of the company, appeared for personal



hearing on February 19, 2018. The applicant admitted the contravention as stated in paragraphs 3 and 4 of this order above for which compounding was sought. During the personal hearing, the applicant submitted that the delay had happened inadvertently due to a change in personnel and lack of information of the extant provisions of FEMA. The applicant further submitted that the contravention was not on account of wilful or with mala fide intent. In view of this, the applicant requested to take a lenient view in the matter.

6. It has been declared in the compounding application dated January 8, 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 January 19, 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/him/her thereafter. It has further been declared that the applicant has not filed any appeal under either 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. The contraventions have taken place before November 7, 2017 and hence the application for compounding has been considered as per provisions of erstwhile FEMA Notification No 20/2000-RB.

7. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following provisions of FEMA issued in terms of:-

a) Paragraph 9(1) A of schedule 1 of Notification No. FEMA 20/2000-RB due to delay in reporting of foreign inward remittance received towards subscription to equity to the Reserve Bank of India as detailed in paragraph 3 above. The



contravention relates to an amount of ₹ 5,31,81,000 and the period of delay ranges from 1 month to 3 months approximately; and

b) Paragraph 9(1) B of schedule 1 of 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/company/entities resident outside India as detailed in paragraph 4 above. The contravention relates to an amount of ₹ 7,94,73,000 and the period of delay ranges from 3 months to 7 months approximately.

8. In terms of section 13 of the FEMA, any person contravening any provision of the act shall be liable for a penalty up to thrice the sum of the contravention upon adjudication. Considering the circumstances leading to the delay and other relevant facts of the case, I am, however, inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of ₹ 96,211 (Rupees Ninety Six Thousand Two Hundred and Eleven only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely the contraventions of paragraph 9(1) A of Schedule 1 to Notification No. FEMA 20/2000 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 Proceeding) Rules, 2000 on payment of an amount of Rs.96,211 (Rupees Ninety Six Thousand Two Hundred and Eleven only) which is to be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Third Floor, 15 N.S. Road, Kolkata-700001 by a demand draft drawn in favour of "Reserve Bank of India" and payable at "Kolkata" 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 Proceeding) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed of accordingly.

Dated this Twenty-Third day of February 2018.

Sd/-



**M/s SVR Retail Pvt Ltd(CA. No Kol 64/2018)**

(A K Choudhary)

Chief General Manager