



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**Arundhati Mech**  
**Regional Director**

Date : March 08, 2018  
**C.A.766/2017**

In the matter of

**M/s. Lhotellier Ikos Environment India Pvt Ltd.,**  
Suit No.002, New No.4, (Old No. 59),  
Josier Street, Nungambakkam,  
Chennai- 600034

**(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 12, 2018 (received at Reserve Bank on February 13, 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 (i)



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delay in reporting of inflow of funds received from a person resident outside India for allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 9 (1) B respectively, of Schedule I 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 May 3, 2000.

2. The relevant facts of the case are as follows: The applicant company was incorporated on January 10, 2013 under the provisions of the Companies Act, 1956 (Registration No. U37200TN2013FTC089326) and is engaged in business of treatment and disposal of non-hazardous waste. The applicant received foreign inward remittances from M/s Lead SAS, France (formerly M/s Lead SARL.) towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

<b>Sl. No.</b>	<b>Amount of Inward Remittance in Rs.</b>	<b>Date of receipt</b>	<b>Reported to RBI on</b>
1	2,10,000.00	25.01.2013	23.02.2013
2	2,07,90,000.00	29.01.2013	25.02.2013
3	72,00,000.00	15.02.2013	15.04.2013
4	1,02,15,000.00	02.04.2013	19.04.2013
5	1,38,04,000.00	30.04.2013	22.05.2013
6	83,10,000.00	21.11.2013	27.12.2013
7	1,60,00,000.00	13.02.2014	03.03.2014
8	1,00,00,000.00	13.11.2014	08.12.2014
9	3,82,00,000.00	14.02.2015	07.03.2015
10	1,58,08,800.00	18.08.2016	15.09.2016
11	75,00,000.00	27.09.2016	26.10.2016
12	1,00,00,000.00	24.10.2016	04.11.2016
13	56,80,000.00	15.12.2016	31.12.2016
14	1,05,90,000.00	22.12.2016	31.12.2016
15	99,40,000.00	27.12.2016	31.12.2016
16	1,00,80,000.00	17.01.2017	20.01.2017
17	1,49,55,750.00	02.02.2017	13.02.2017
18	34,73,000.00	14.03.2017	21.03.2017
19	1,20,00,000.00	17.03.2017	01.06.2017
20	37,97,750.00	24.04.2017	02.05.2017
21	1,00,00,000.00	05.05.2017	01.06.2017



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22	38,16,000.00	22.05.2017	01.06.2017
23	31,99,500.00	20.06.2017	28.06.2017
24	37,88,200.00	05.07.2017	28.07.2017
25	38,09,700.00	03.08.2017	29.08.2017
26	40,93,200.00	12.09.2017	03.10.2017
27	36,75,490.00	10.10.2017	15.11.2017
28	7,50,800.00	09.11.2017	27.11.2017
29	36,07,680.00	11.12.2017	09.01.2018
30	42,59,960.00	05.01.2018	09.01.2018

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from six days to one month 14 days approximately beyond the prescribed period of 30 days in respect of the remittances at Sl. Nos. 3,6,19 and 27. Whereas, in terms of paragraph 9 (1) A of Schedule I 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.

3. The company allotted equity shares against remittances received up to 03.08.2017 on ten occasions and filed FC-GPRs as indicated below:

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	910000	10	91,00,000.00	29.01.2013	20.03.2013
2	382000	10	1,91,00,000.00	31.03.2013	29.04.2013
3	480380	10	2,40,19,000.00	23.05.2013	18.06.2013
4	486200	10	2,43,10,000.00	24.03.2014	23.04.2014
5	200000	10	1,00,00,000.00	19.01.2015	24.03.2015
6	764000	10	3,82,00,000.00	15.03.2015	15.04.2015
7	1110293	10	3,33,08,790.00	03.11.2016	19.12.2016
8	1209666	10	3,62,89,980.00	20.01.2017	08.02.2017
9	498525	10	1,49,55,750.00	15.07.2017	12.08.2017
10	1462805	10	4,38,84,150.00	25.08.2017	03.10.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from eight days to one month four days approximately beyond the prescribed limit in respect of the allotments at Sl. Nos.1,5,7 and 10. Whereas in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in



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accordance with these Regulations has to submit to Reserve Bank 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.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated March 06, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on March 08, 2018 during which Smt Parpia P K and Shri Sandeep Kumar represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in para 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during the personal hearing.

5. It has been declared in the compounding application dated January 12, 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 February 03, 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. 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. I have given my careful consideration to the documents on record and submissions made by the applicant in the compounding application and during the personal hearing.



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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 due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 3,11,85,490/- with the duration of contravention ranging from six days to one month 14 days approximately; and
- (b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 9,62,92,940/- with the duration of contravention ranging from eight days to one month four days approximately.

7. 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 contraventions are to be compounded and I consider that an amount of ₹ 39,570/- (Rupees thirty nine thousand five hundred and seventy only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 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 ₹ 39,570/- (Rupees thirty nine thousand five hundred and seventy only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft



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drawn in favour of the “Reserve Bank of India” and payable at Chennai 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 of accordingly.

Dated this Eighth day of March, 2018.

Sd/-

**Arundhati Mech**  
**Regional Director**