



In the

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

Present

N Sara Rajendra Kumar  
General Manager

Date: April 19, 2018  
C.A. HYD 282

In the matter of

M/s. Chigurupati Technologies Private Limited  
Plot No. 512/M  
Road No. 31, 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 February 09, 2018 received on February 14, 2018 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) taking on company's record, the transfer of shares between non-resident Indian to non-resident company without prior permission of Reserve Bank of India in terms of Paragraph 9(1)(A) and Paragraph 9(1)(B) of Schedule 1 and Regulation 4 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 3rd May 2000 and as amended from time to time (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, 1956 on 25.04.2013 (CIN: U74900AP2013PTC087262). The company is engaged in the business of research and development, selling, dealing in all types of technologies related to processing of food products, beverages and obtaining intellectual property rights thereon.
- b) The applicant had received foreign inward remittances from the 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	Chigurupati Technologies FZE, Dubai, UAE	2027611	08.02.2016	26.07.2016
2	Chigurupati Technologies FZE, Dubai, UAE	3329368	10.06.2016	29.07.2016
3	Chigurupati Technologies FZE, Dubai, UAE	1015936.76	19.01.2017	18.04.2017
4	Chigurupati Technologies FZE, Dubai, UAE	664630.63	15.02.2017	18.04.2017
	<b>Total</b>	<b>70,37,546.39</b>		

The applicant received foreign inward remittances amounting to Rs. **70,37,546.39/-** and reported to Reserve Bank of India as indicated above with delays ranging from 1 month 4 days to 4 months 18 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:

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	Chigurupati Technologies FZE, Dubai, UAE	05.04.2016	202760	2027600	26.09.2016
2	Chigurupati Technologies FZE, Dubai, UAE	19.07.2016	332930	3329300	26.09.2016
3	Chigurupati Technologies FZE, Dubai, UAE	13.03.2017	101590	1015900	20.06.2017
4	Chigurupati Technologies FZE, Dubai, UAE	31.03.2017	66460	664600	17.05.2017
	<b>Total</b>		<b>703740</b>	<b>70,37,400</b>	

The applicant filed form FCGPRs for issue of shares amounting to **Rs.70,37,400/-** as indicated above with delays ranging from 17 days to 4 months 22 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.



d) The company has taken on their record the transfer of 9999 equity shares from Mr. Harsha Chigurupati, NRI to M/s. Chigurupati Technologies FZE, Dubai on 07.12.2015 without prior permission of Reserve Bank of India in contravention to Regulation 4 of Notification No. FEMA 20/2000- RB dated May 03, 2000. Details of the said transaction are tabulated below:

Sl No	Date of transfer of shares	Number of shares	Amount	Date of taking on record	Date of seeking post facto approval from RBI
1	07.12.2015	9999	99990	08.12.2015	02.11.2017
		<b>Total</b>	<b>99,990</b>		

Whereas in terms of Regulation 4 of Notification No. FEMA 20/2000-RB, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such person, provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary. Here the amount of contravention is **Rs. 99,990/-** and the period of contravention is 1 year 10 months 26 days approximately.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1748/14.66.003/2017-18 dated April 11, 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 April 16, 2018 during which Shri. J Sathyanarayana 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 lack of unawareness on compliance requirements in the beginning. 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 Rs. 70,37,546.39/- and the delay ranges from 1 month 4 days to 4 months 18 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 Rs. 70,37,400/- and the delay ranges from 17 days to 4 months 22 days approximately.

(c) Regulation 4 of Notification No.20/2000-RB for taking on record transfer of shares from non-resident Indian to non-resident company without prior permission of Reserve Bank of India and the contravention relates to an amount of ₹ 99,990/- and the period of contravention is 1 year 10 months 26 days approximately.

5. It has been declared in the compounding application dated February 09, 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 09, 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 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. 35,945/- (Rupees Thirty Five Thousand Nine Hundred Forty Five Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 9(1)(B) of Schedule 1 and Regulation 4 of 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. 35,945/- (Rupees Thirty Five Thousand Nine Hundred Forty Five 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.



Compounding of contraventions under FEMA 1999  
M/s Chigurupati Technologies Private Limited  
CA No. HYD 282

Dated this 19<sup>th</sup> day of April 2018

Sd/-

(N Sara Rajendra Kumar)  
General Manager