



In the

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

Present

R Subramanian
Regional Director

Date: July 19, 2018
C.A. HYD 303

In the matter of

M/s. Lincoln & Lyndon Enterprises Private Limited
13-6-434/B/2, Plot No. 2
Om Nagar, Golkonda
Langar House
Hyderabad – 500 008

(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 April 18, 2018 received on April 23, 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 and (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity in terms of Paragraph 9(1)(A) and Paragraph 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 May



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03, 2000 (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, 2013 on 11.08.2015 (CIN: U74900TG2015PTC100170). The company is engaged in the business of other business support service activities n.e.c.
- b) The applicant had received foreign inward remittances from the foreign investors towards advance for subscription to equity shares as indicated below.

SI No	Name of the Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Ms. Rita Campbell, USA	18646838	19-11-2015	18-12-2015
2	Ms. Rita Campbell, USA	654275	19-11-2015	18-12-2015
3	Ms. Rita Campbell, USA	6601000	29-03-2016	18-04-2016
4	Ms. Rita Campbell, USA	4634875	22-09-2016	20-10-2016
5	The Kingdom Trust Company, USA	7345051	14-10-2016	11-11-2016
6	Ms. Rita Campbell, USA	2558200	18-04-2017	03-06-2017
7	Ms. Rita Campbell, USA	6368500	11-05-2017	06-09-2017
8	Ms. Rita Campbell, USA	1606563	13-10-2017	02-02-2018
	Total	4,84,15,302		

The applicant received the foreign inward remittances amounting to ₹4,84,15,302/- as indicated above out of which remittances amounting to ₹1,05,33,263/- were reported to Reserve Bank of India with delays ranging from



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16 days to 2 months 27 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 the Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Ms. Rita Campbell, USA	23-11-2015	193011	19301100	16-09-2016
2	Ms. Rita Campbell, USA	10-04-2016	66010	6601000	25-09-2016
3	Ms. Rita Campbell, USA	17-01-2017	46348	4634800	13-02-2017
4	The Kingdom Trust Company, USA	17-01-2017	73450	7345000	13-02-2017
5	Ms. Rita Campbell, USA	26-05-2017	85270	2558200	05-04-2018
6	Ms. Rita	09-07-2017	212280	6368500	04-05-2018



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	Campbell, USA				
7	Ms. Rita Campbell, USA	11-12-2017	53552	1606563	23-05-2018
		Total	729921	4,84,15,163	

The applicant filed form FCGPRs for issue of shares amounting to ₹4,84,15,163/- as indicated above out of which shares amounting to ₹3,64,35,363/- were reported with delays ranging from 4 months 12 days to 9 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2307/14.66.003/2017-18 dated June 29, 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 July 03, 2018 during which Shri. Humayun Shaik, Chartered Accountant represented the applicant. The authorized representative of the company 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 administrative reasons. In view of the foregoing, the representative of the applicant requested to take a lenient view in disposal of the application. The application for



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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 ₹1,05,33,263/- and the delay ranges from 16 days to 2 months 27 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 ₹ 3,64,35,363/- and the period of contravention ranges from 4 months 12 days to 9 months 10 days approximately.

5. It has been declared in the compounding application dated April 18, 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 May 29, 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.



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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 **₹ 71,390/- (Rupees Seventy One Thousand Three Hundred Ninety 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 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 **₹ 71,390/- (Rupees Seventy One Thousand Three Hundred 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, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 19th day of July 2018

Sd/-

(R Subramanian)
Regional Director