



In the

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

Present

N Sara Rajendra Kumar  
General Manager

Date: September 11, 2018  
C.A. HYD 318

In the matter of

M/s. Sunyang Cold Storage and Warehousing Private Limited  
(formerly known as M/s. Sunyang Impex (India) Private Limited)  
D. No. 3-6-666, Barwale Chambers  
Street No. 10, Himayat Nagar  
Hyderabad – 500 029

**(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 June 11, 2018 received on June 15, 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) delay in receipt of foreign inward remittance after allotment of shares 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



Compounding of contraventions under FEMA 1999  
M/s Sunyang Cold Storage and Warehousing Private Limited  
CA No. HYD 318

Outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 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 originally incorporated as M/s. Sunyang Impex (India) Private Limited under the Companies Act, 1956 on 04.01.2011 and later changed its name to M/s. Sunyang Cold Storage and Warehousing Private Limited (CIN: U51101TG2011PTC072043). The applicant is engaged in the business of warehousing of refrigerated (cold storage).
- 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	Sun Fangzheng	119322.29	21.02.2011	05.05.2011
2	Sun Fangzheng	1325976.17	26.05.2016	24.06.2016
3	Zhu Yi	1260699	22.07.2016	23.08.2016
4	Zhu Yi	7040779.68	22.07.2016	23.08.2016
5	Zhu Yi	4388.3	03.08.2017	07.09.2017
	<b>Total</b>	<b>97,51,165.44</b>		

The applicant received the foreign inward remittances amounting to ₹ 97,51,165.44/- as indicated above out of which remittances amounting to ₹ 84,25,189.27/- were reported to Reserve Bank of India with delays ranging from 2 days to 1 month 12 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



Compounding of contraventions under FEMA 1999  
M/s Sunyang Cold Storage and Warehousing Private Limited  
CA No. HYD 318

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:

SI No	Name of the investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Sun Fangzheng	04.01.2011	12250	122500	10.11.2017
2	Sun Fangzheng	26.05.2016	132597	1325970	18.07.2016
3	Sun Fangzheng	26.07.2016	830147	8301470	12.09.2016
	<b>Total</b>			<b>97,49,940</b>	

Remittances for the allotment of 830147 shares are remitted by Zhu Yi on behalf of Sun Fangzheng and No-Objection Certificate from Zhu Yi towards allotment of shares to Sun Fangzheng was provided along with the said FC-GPR. The applicant filed form FCGPRs for issue of shares amounting to **₹97,49,940/-** as indicated above with delays ranging from 18 days to 6 years 9 months 7 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 received the foreign inward remittance amounting to **₹4,388.30/-** after allotment of shares to the foreign investor with a delay of 6 years 6 months 30 days approximately. The company has thus contravened



Compounding of contraventions under FEMA 1999  
M/s Sunyang Cold Storage and Warehousing Private Limited  
CA No. HYD 318

the provisions of Paragraph 8 of Schedule 1 to FEMA Notification No. 20 dated May 03, 2000 as the applicable. Details of the said transaction are tabulated as below:

SI No	Name of the investor	Date of allotment of shares	Amount (INR)	Date of receipt of remittance
1	Sun Fangzheng	04.01.2011	4388.30	03.08.2017
	<b>Total</b>		<b>4,388.30</b>	

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/320/14.66.003/2018-19 dated August 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 September 06, 2018 during which Shri. Nitin Karwa, 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 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



Compounding of contraventions under FEMA 1999  
M/s Sunyang Cold Storage and Warehousing Private Limited  
CA No. HYD 318

₹84,25,189.27/- and the delay ranges from 2 days to 1 months 12 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 ₹ 97,49,940/- and the period of contravention ranges from 18 days to 6 years 9 months 7 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB for delay in receipt of foreign inward remittance after allotment of shares to the foreign investor and the contravention relates to an amount of ₹ 4,388.30 and the delay is 6 years 6 months 30 days approximately.

5. It has been declared in the compounding application dated June 11, 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 June 13, 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



Compounding of contraventions under FEMA 1999  
M/s Sunyang Cold Storage and Warehousing Private Limited  
CA No. HYD 318

and I consider that an amount of ₹ 31,412/- (**Rupees Thirty One Thousand Four Hundred Twelve 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 ₹ 31,412/- (**Rupees Thirty One Thousand Four Hundred Twelve 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 11<sup>th</sup> day of September 2018

Sd/-

(N Sara Rajendra Kumar)  
General Manager