



In the

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

Present

P Ramesh
Assistant General Manager

Date : October 10, 2018
C.A.819/2018

In the matter of

M/s. D.P.New Life Healthcare Pvt Ltd.,
No.14, Ground Floor, Madaji Building,
Waller's Lane, Mount Road,
Chennai – 600002
(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 August 06, 2018 (received at Reserve Bank on August 06, 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) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares, and ii) delay in refund of inward remittance in terms of Paragraph 9(1)A and Paragraph



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8 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 and as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on October 22, 2010 under the provisions of the Companies Act, 1956 (Registration No. U85190TN2010PTC077794) and is engaged in business of purchase and sale of Healthcare products. The applicant received foreign inward remittances from M/s Medi Globe Inc., USA towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	49,300.00	16.11.2016	15.03.2017
2	55,918.00	03.02.2017	21.03.2017

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from 18 days to two months 29 days approximately beyond the prescribed period of 30 days in respect of the remittances. 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 failed to allot shares against the inward remittances and refunded the same as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1	16.11.2016	49,300.00	27.08.2018
2	03.02.2017	55,918.00	27.08.2018

The company refunded the amount as indicated above with delay ranging from one year 24 days to one year three months 11 days approximately beyond the stipulated time of 180 days with prior approval of Reserve Bank. Whereas in terms of paragraph 8 of



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Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007, the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

4. The applicant was advised about the contraventions vide memorandum dated July 11, 2018. The applicant has filed a compounding application dated August 06, 2018 wherein it has been declared 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 August 06, 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated October 05, 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 October 10, 2018 during which Shri Karthickeyan G, Operation Manager represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in paras 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, he requested Reserve Bank 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.



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6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. 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 ₹ 1,05,218.00 with duration of contravention ranging from 18 days to two months 29 days approximately; and
- (b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of inward remittances received with prior approval of Reserve Bank. The contravention relates to an amount of ₹1,05,218.00 with the duration of contravention ranging from one year 24 days to one year three months 11 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 **₹55,884/-** (Rupees fifty five thousand eight hundred and eighty four only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1)A and 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 **₹55,884/-** (Rupees fifty five thousand eight hundred and eighty four only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort



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Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft 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 Tenth day of October, 2018.

Sd/-
P Ramesh
Assistant General Manager