



In the

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

Present

P Kalyan Chakravarthy  
Assistant General Manager

Date: October 24, 2018  
C.A. HYD 326

In the matter of

M/s. Management Health Solutions India Pvt Ltd  
6-3-1192/1/1 to 20, Kundanbagh, Begumpet  
Hyderabad – 500 016

**(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 submitted the compounding application dated August 17, 2018 received by us on August 21, 2018 for compounding of contraventions of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity, (ii) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India and (iii) delay in allotment of shares to a person resident outside India, in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of



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Security by a person resident outside India) Regulations, 2000 notified vide Notification no. FEMA. 20/2000-RB dated 3<sup>rd</sup> May 2000 and as then applicable (herein after referred to as Notification no. FEMA 20/2000-RB).

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 December 24, 2014 (CIN: U74900TG2014FTC096967). The company is engaged in “Other information technology and computer service activities n.e.c”.
- b) The applicant had received foreign inward remittances from the following investors as indicated below:

SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Reporting
1	Management Health Solutions Inc	100000	10.02.2015	27.04.2015
2	Management Health Solutions Inc	1900	05.05.2015	13.01.2016
3	MHS Holding Company Inc	10	08.12.2015	16.01.2016
<b>Total</b>		<b>1,01,910</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 1,01,910/- which were reported with a delay ranging from 9 days to 7 months 9 days approximately as indicated above. 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.



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- c) The applicant allotted equity shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Management Health Solutions Inc	24.12.2014	9999	99990	18.04.2016
2	MHS Holding Company Inc	24.12.2014	1	10	
3	MHS Holding Company Inc	10.05.2016	1	10	04.05.2017
4	Management Health Solutions Inc	10.05.2016	190	1900	
<b>Total</b>				<b>1,01,910</b>	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 1,01,910/- to the Regional Office of Reserve Bank of India, as indicated above and are reported with delays ranging from 10 months 25 days to 1 year 2 months 26 days approximately beyond the prescribed limit. 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 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 delayed in allotment of shares to the non-resident investors beyond 180 days from the date of receipt of remittance as shown below.



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SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of allotment of shares
1	Management Health Solutions Inc	100000	10.02.2015	24.12.2014
2	Management Health Solutions Inc	1900	05.05.2015	10.05.2016
3	MHS Holding Company Inc	10	08.12.2015	10.05.2016
<b>Total</b>		<b>1,01,910</b>		

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, the shares have to be issued within the stipulated period of 180 days from the date of receipt of the inward remittance. Here the amount of contravention is ₹ 1,900/- and the period of contravention is 6 months 9 days approximately.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 706 /14.66.003/2018-19 dated October 12, 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 October 22, 2018 during which Shri. Mitil Chokshi, Chartered Accountant and Smt. Aravinda Nistala, Chartered Accountant represented the applicant. The authorized representatives 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 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.

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 ₹ 1,01,910/- and the delay ranges from 9 days to 7 months 9 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 ₹ 1,01,910/- and the delay ranges from 10 months 25 days to 1 year 2 months 26 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in allotment of shares to the non-resident investor and the contravention relates to an amount of ₹ 1,900/- and the period of contravention is 6 months 9 days approximately.

5. It has been declared in the compounding application dated August 17, 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 August 17, 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 ₹ **21,664/- (Rupees Twenty One Thousand Six Hundred Sixty Four 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 ₹ **21,664/- (Rupees Twenty One Thousand Six Hundred Sixty Four 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 24<sup>th</sup> day of October 2018

Sd/-

(P Kalyan Chakravarthy)  
Assistant General Manager