



In the

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

Present

Shri. Subrata Das  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)

Date: November 19, 2018  
C.A. HYD 328

In the matter of

M/s. BVS Overseas Private Limited  
15-15/31, Street No.2, Sudarshan Nagar  
Opposite GHMC Office Serilingampally  
Hyderabad – 500 019

**(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 16, 2018 received by us on August 23, 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



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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 Security by a person resident outside India) Regulations, 2000 notified vide Notification no. FEMA. 20/2000-RB dated 3<sup>rd</sup> May 2000 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 February 12, 2016 (CIN: U74120TG2016PTC103266). The company is engaged in “Wholesale of other basic/manufactured food stuffs 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            | Barbara L.Steinmann        | 9,89,25,000         | 21.03.2016      | 02.06.2016        |
| 2            | Barbara Steinman Rev Trust | 7,76,63,040         | 31.03.2017      | 26.09.2017        |
| <b>Total</b> |                            | <b>17,65,88,040</b> |                 |                   |

The applicant reported receipt of remittances towards share subscription amounting to ₹ 17,65,88,040/- which were reported with a delay ranging from 1 month 13 days to 4 months 27 days approximately beyond the prescribed limit. 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            | Barbara L.Steinmann          | 19.09.2016                  | 9,89,250                  | 9,89,25,000                            | 21.09.2016        |
| 2            | Barbara L Steinman Rev Trust | 31.03.2017                  | 7,76,630                  | 7,76,63,000                            | 05.06.2018        |
| <b>Total</b> |                              |                             |                           | <b>17,65,88,000</b>                    |                   |

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 17,65,88,000/- to the Regional Office of Reserve Bank of India out of which shares amounting to ₹ 7,76,63,000/- were reported with a delay of 1 year 1 month 6 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 applicant has delayed in allotment of shares amounting to ₹ 9,89,25,000/- to the foreign investor beyond the stipulated period of 180 days from the date of receipt of remittance. Here the period of contravention 2 days approximately.



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| Sl No        | Name of Remitter    | Amount (INR)       | Date of Receipt | Date of allotment of shares |
|--------------|---------------------|--------------------|-----------------|-----------------------------|
| 1            | Barbara L.Steinmann | 9,89,25,000        | 21.03.2016      | 19.09.2016                  |
| <b>Total</b> |                     | <b>9,89,25,000</b> |                 |                             |

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13<sup>th</sup> November 2007 in the official Gazette of the Govt. of India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/896/14.66.003/2018-19 dated November 06, 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 November 09, 2018 during which Shri. B. Vamsi Krishna, Chartered Accountant 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. In view of the foregoing, the



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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 ₹ 17,65,88,040/- and the delay ranges from 1 month 13 days to 4 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 ₹ 7,76,63,000/- with a delay of 1 year 1 month 6 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in allotment of shares to persons resident outside India and the contravention relates to an amount of ₹ 9,89,25,000/- with a delay of 2 days approximately.

5. It has been declared in the compounding application dated August 16, 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 16, 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



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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 **₹ 5,16,469/- (Rupees Five Lakh Sixteen Thousand Four Hundred Sixty Nine 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 **₹ 5,16,469/- (Rupees Five Lakh Sixteen Thousand Four Hundred Sixty Nine 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 19<sup>th</sup> day of November 2018

Sd/-

(Subrata Das)  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)