



In the

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

Present

R. Subramanian
Regional Director

Date: March 28, 2017
C.A. HYD 195

In the matter of

M/s. Jain Sons Finlease Limited
1002, 10th Floor
A Block, The Platina
Gachibowli
Hyderabad 500032.

(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 February 27, 2017 for compounding of contraventions of the provision 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 the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India in terms of Paragraph 9 (1) (A) and Paragraph 9 (1) (B) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management (Transfer or



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Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated 3rd May 2000 and as amended from time to time (hereinafter 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 a private limited company under the Companies Act, 1956 on 05.02.1998. The company is engaged in the business of other financial service activities, except insurance and pension funding activities.

b) The applicant had received following foreign inward remittances from overseas investors towards advance for subscription to equity shares/CCPS as indicated below:

Sl. No.	Name of Remitter	Total Amount (₹)	Date of Receipt	Date of Reporting
1	Michael and Susan Dell Foundation	3,00,00,000	12.02.2013	21.03.2013
2	Michael and Susan Dell Foundation	4,00,00,000	21.05.2013	28.06.2013
3	Michael and Susan Dell Foundation	3,00,00,000	05.03.2014	13.05.2014
4	ON Mauritius	25,00,00,000	13.03.2014	13.05.2014
5	ON Mauritius	25	23.05.2014	13.06.2014
6	ON Mauritius	14,99,99,990.04	21.04.2016	11.05.2016
7	Triodos SICAV II Tridos Microfinance Fund	9,00,00,011.46	22.04.2016	20.05.2016
8	Triodos Custody B.V INZ Triodos Fair Share Fund	9,00,00,011.46	22.04.2016	20.05.2016
9	DWM (International) Mauritius Limited	18,00,00,022.92	27.04.2016	13.06.2016
	Total	86,00,00,060.88		



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The applicant reported receipt of remittances towards share subscription amounting to ₹ 53,00,00,022.92 to the Regional Office of Reserve Bank of India on dates indicated with a delay ranging from 7 days to 1 month 8 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.

c) The company 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 (₹)	Date of reporting
1	Michael and Susan Dell Foundation	22.03.2013	17,21,722 (equity shares)	2,99,92,397.24	15.05.2013
2	Michael and Susan Dell Foundation	26.09.2013	20,00,000 (CCPS)	4,00,00,000.00	25.10.2013
3	Michael and Susan Dell Foundation		3,00,000 (CCPS)	3,00,00,000.00	
4	ON Mauritius	13.03.2014	99 (equity shares)	5,172.75	28.05.2014
	ON Mauritius		24,99,948 (CCPS)	24,99,94,800.00	
5	ON Mauritius	23.05.2014	1 (equity shares)	52.25	17.07.2014
6	ON Mauritius	06.05.2016	17,20,578 (CCPS)	14,99,99,990.04	28.06.2016



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	DWM (International) Mauritius Ltd		20,64,694 (CCPS)	18,00,00,022.92	
	Triodos SICAV II Triodos Microfinance Fund		10,32,347 (CCPS)	9,00,00,011.46	
	Triodos Custody B.V INZ Triodos Fair Share Fund		10,32,347 (CCPS)	9,00,00,011.46	
	Total			85,99,92,458.12	

The applicant filed Form FC-GPRs for the allotment of shares amounting to ₹ 81,99,92,458.12 as indicated above with a delay ranging from 23 days to 1 months 15 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 FC-GPR 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/1949/14.66.003/2016-17 dated March 23, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide letter dated March 23, 2017 stated that they are foregoing appearing for the optional personal hearing and requested the disposal of the compounding application based on the documents submitted alongwith the



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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 ₹ 53,00,00,022.92 with delays ranging from 7 days to 1 month 8 days approximately beyond the prescribed 30 days.

(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 after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 81,99,92,458.12 and the delay ranges from 23 days to 1 month 15 days approximately beyond the prescribed 30 days.

5. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty upto 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 Rs. 81,580/- (Rupees Eighty One Thousand Five Hundred Eighty Only) will meet the ends of justice.

6. 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 Rs. 81,580/- (Rupees Eighty One Thousand Five



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Hundred Eighty 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 28th day of March 2017

Sd/-

(R. Subramanian)
Regional Director