



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road,  
Bengaluru-560001

Present

**Eugene E Karthak**  
**Regional Director**

Date: March 31, 2017  
**C.A. BGL196/2016**

In the matter of

**M/s Chaitanya Rural Intermediation Development Services Pvt. Ltd.**  
No.312, 14-P, Skyline Surabhi Apartments,  
Vidyapeeta Main Road, BSK 3<sup>rd</sup> Stage,  
Bengaluru - 560085  
**(Applicant)**

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders framed there under, I pass the following

**ORDER**

The applicant has filed a compounding application dated November 28, 2016 (received at the Reserve Bank on December 2, 2016), 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 receipt of foreign inward remittances towards subscription to equity and (ii) delay in submission of Form FC-GPRs to the Reserve Bank after issue of shares to a person resident outside India in terms of paragraphs 9(1) (A) and 9(1) (B) respectively, 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 03, 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: The applicant was incorporated on February 14, 2012, under the Companies Act, 1956. The company is engaged in the business of NBFC Micro Credit – Rural Credit and related services. The applicant received funds towards share application money from nineteen foreign investors viz. Mr. Srinivasan Venkita Padmanabhan, Mr. Anand Subbaraman, Mr. Rishi Kalra, Mr. Arun Kumar Sharma, Mr. Subramanya Karthikeyan, Mr. Bhuwan Saurav, Mr. Praveen Singhavi, Mr. Sathyamurthy Mayilswamy, Mr. Niraj Mohinder Ghai, Mr. Partheeban Vibin Christin Theodore, Mr. Deepak Kaul, Mr. Manish Dhawan, Mr. Ashok Som, Mr. Prakash Chandra Jhanwer, Mr. Ramnarayan Mahadevan, Mr. Shyam Kishor Bhar, Ms. Priya Balasubramaniam, Ms. Neelmani Muthukumar and Mr. Prashant George as shown below:

Sl. No	Date of Receipt	Total Amount	Date of reporting
1	31-10-2014	1000000.00	27-11-2014
2	31-10-2014	1250000.00	10-12-2014
3	07-11-2014	694925.00	11-05-2015
4	11-11-2014	1007329.00	16-12-2014
5	13-11-2014	8025810.00	16-12-2014
6	13-11-2014	752457.00	16-12-2014
7	14-11-2014	2500000.00	18-12-2014
8	14-11-2014	1250000.00	18-12-2014
9	20-11-2014	196000.00	29-01-2015
10	20-11-2014	575028.09	06-01-2015
11	20-11-2014	6868909.00	08-12-2014
12	26-11-2014	756254.00	24-12-2014
13	27-11-2014	307838.00	13-02-2015
14	01-12-2014	617253.00	11-12-2014
15	03-12-2014	1203000.00	07-05-2015
16	09-12-2014	3750000.00	19-03-2015



17	07-02-2015	2800000.00	20-02-2015
18	11-02-2015	504000.00	04-04-2015
19	05-03-2015	2501700.00	31-08-2015
20	09-03-2015	10027080.00	07-07-2015
<b>Total</b>		<b>4,65,87,583.09</b>	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer bank with delay ranging from three days to five months four days approximately, beyond the stipulated time of 30 days in respect of remittances indicated at Sr Nos. 2-10, 13, 15-16 and 18-20. 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 allotted equity shares and filed FC-GPRs as indicated below:

Sl. No.	Date of Allotment	Amount (INR)	Date of reporting to AD bank
1	12.11.2014	4,16,39,967.20	02.01.2015
2	01.01.2015	3,07,54,750.00	19.06.2015
3	19.03.2015	1,58,31,088.00	11.09.2015
<b>Total</b>		<b>8,82,25,805.20</b>	

The applicant filed all the Form FC-GPRs with a delay ranging from twenty one days to four months and twenty three days approximately beyond the prescribed period. Whereas in terms of Paragraph 9(1) (B) of Schedule I 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 persons resident outside India.





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 contraventions are to be compounded and I consider that an amount of **Rs. 83,700/- (Rupees Eighty Three Thousand Seven Hundred only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1) (A) and 9(1) (B) of Schedule I 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. 83,700/- (Rupees Eighty Three Thousand Seven Hundred only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru - 560001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Bengaluru 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 the thirty first day of March 2017.

Sd/-

(Eugene E Karthak)  
**Regional Director**