



In the

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

Present

R. Subramanian
Regional Director

Date: May 11, 2017
C.A. HYD 202

In the matter of

M/s. Insight Medical Diagnostics Hyderabad Pvt. Ltd.
Insight Tower
MIG 1-167
Road # 1, KPHB Colony
Hyderabad 500072

(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 April 03, 2017 received on April 11, 2017 for compounding of contraventions of the provisions 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 Issue of Security by a Person Resident Outside India) Regulations, 2000



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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 Private Limited company under the Companies Act, 1956 on 13.09.2005. The company is engaged in the business of providing whole spectrum of radiological reporting services to hospitals and diagnostic centres located in India and outside India through international technology.
- b) The applicant had received foreign inward remittances from foreign companies towards advance for subscription to equity shares as indicated below.

Sl No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Dr. Sridhar Redla	15,00,000	26.02.2016	04.05.2016
2	Dr. Sridhar Redla	5,00,000	29.02.2016	04.05.2016
3	Dr. Sridhar Redla	15,00,000	01.03.2016	04.05.2016
4	Dr. Sridhar Redla	15,00,000	05.03.2016	04.05.2016
5	Dr. Sridhar Redla	15,00,000	18.03.2016	04.05.2016
6	Dr. Sridhar Redla	15,00,000	19.03.2016	04.05.2016
7	Dr. Sridhar Redla	10,00,000	04.04.2016	04.05.2016
8	Dr. Sridhar Redla	10,00,000	05.04.2016	04.05.2016
9	Dr. Sridhar Redla	10,00,000	20.05.2016	31.05.2016
10	Dr. Sridhar Redla	10,00,000	21.05.2016	31.05.2016
	TOTAL	1,20,00,000		



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The applicant reported receipt of remittances towards share subscription amounting to **Rs. 1,20,00,000 /-** to the Regional Office of Reserve Bank of India out of which remittance amounting to **Rs. 80,00,000/-** was reported with a delay ranging from 16 days to 1 month 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.

- c) The company allotted equity shares and filed form FC-GPRs as indicated below.

Sl No	Name of investor	Date allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Dr. Sridhar Redla	29.02.2016	67340	2000000	03.11.2016
2	Dr. Sridhar Redla	02.03.2016	50505	1500000	03.11.2016
3	Dr. Sridhar Redla	05.03.2016	50505	1500000	03.11.2016
4	Dr. Sridhar Redla	19.03.2016	101010	3000000	03.11.2016
5	Dr. Sridhar Redla	05.04.2016	67340	2000000	05.11.2016
6	Dr. Sridhar Redla	21.05.2016	67300	2000000	09.11.2016
	TOTAL		4,04,000	120,00,000	



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The applicant filed form FCGPRs for the allotment of shares amounting to **Rs. 1,20,00,000 /-** as indicated above with a delay ranging from 4 months 20 days to 7 months 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No.HY.FE.FID/2306/14.66.003/2016-17 dated April 24, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on April 28, 2017 during which Shri N.S Babu, Accounts Manager of the company and Shri D.V.M Gopal, Company Secretary, Dvmgopal & associates 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 willful or with a malafide intention and the delay in filing FC-GPRs was on account of there being no technical person in the company to understand and execute the compliances. 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 as well the submissions made in this context by the applicant during the personal hearing.

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:-



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(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 Rs. 80, 00,000/- and the delay ranges from 16 days to 1 month 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 after issue of shares to persons resident outside India and the contravention relates to an amount of Rs. 1,20,00,000/- and the period of contravention ranges from 4 months 20 days to 7 months 6 days approximately.

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. 30,370/- (Rupees Thirty Thousand Three Hundred Seventy 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. 30,370/- (Rupees Thirty Thousand Three Hundred Seventy 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.



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Dated this 11th day of May 2017

Sd/-

(R. Subramanian)
Regional Director