



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

Present

G.Jeyakumar
Deputy General Manager

Date: June 14, 2017
C.A. BGL204/2017

In the matter of

M/s. Carbon Reduction Technology Innovations Private Limited
No.54, Near Airforce Gate
M.S.Palya, Jalahalli East
Bengaluru – 560 097
(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 February 13, 2017, received on February 13, 2017 (Addendum dated May 16, 2017, received on May 19, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in reporting receipt of foreign inward remittances towards subscription to equity in terms of paragraph 9(1) (A) 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, M/s. Carbon Reduction Technology Innovations Private Limited, was incorporated on September 15, 2009, under the Companies Act, 1956. The activity undertaken by the company is “To manufacture of electronic items, etc.” The applicant had received funds towards share application money from foreign



investors viz., M/s Carbon Innovation Technology Limited, UK and M/s Carbon Reduction Technology Limited, UK., as shown below:

Sl. No	Date of Receipt	Total Amount (INR)	Date of Reporting
1	03-05-2010	65,273.17	29-11-2010
2	30-07-2010	1,58,487.87	20-04-2011
3	30-07-2010	3,53,669.98	20-04-2011
4	02-08-2010	6,99,971.04	20-04-2011
5	18-08-2010	3,52,748.06	20-04-2011
6	19-08-2010	2,84,570.93	20-04-2011
7	01-10-2010	1,70,254.46	20-04-2011
8	04-10-2010	1,36,946.76	20-04-2011
9	08-10-2010	2,73,563.63	20-04-2011
10	21-10-2010	2,71,981.71	20-04-2011
11	09-06-2010	3,32,409.31	15-04-2015
12	21-04-2010	2,53,128.98	15-04-2015
	Total	33,53,005.90	

The applicant reported receipt of remittances to the Authorized Dealer Bank with a delay ranging from 5 months to 4 years 10 months and 25 days approximately, beyond the stipulated time of 30 days in respect of all remittances indicated above. 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 applicant was given an opportunity for personal hearing, vide the Reserve Bank's letter No.FE.BG.FID (CEFA) No.6493/22.09.668/2016-17 dated May 29, 2017, for further submission in person and/or producing documents, if



any, in support of the application. The applicant appeared for the personal hearing on May 29, 2017, Shri. Rajshekhar M, Director and Shri. Ganesh P, Practicing Chartered Accountant represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in paragraph 2 above committed by the applicant, for which compounding has been sought. The representative of the applicant requested that as the contraventions were not intentional and were beyond the control of the applicant, a lenient view may be taken 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 as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

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 I to Notification No. FEMA 20/2000-RB due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs. 33,53,005.90** and the period of delay ranges from 5 months to 4 years 10 months and 25 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 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 are to be compounded and I consider that an amount of **Rs. 25,600/- (Rupees Twenty Five Thousand and Six Hundred only)** will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, contraventions of Paragraph 9(1) (A) 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. 25,600/- (Rupees Twenty Five Thousand and Six Hundred only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd 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 Fourteenth day of June 2017.

Sd/-

(G.Jeyakumar)
Deputy General Manager