



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

R Kesavan
Chief General Manager

Date : September 22, 2017
C.A.703/2017

In the matter of

M/s. International Waste Management Pvt Ltd.
Plot No.3, Madipakkam Main Road,
Velachery,
Chennai-600 042

(Applicant)

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

Order

The applicant has filed a compounding application dated August 07, 2017 (received at Reserve Bank on August 08, 2017) 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 of



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inflow of funds received from a person resident outside India for allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 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 3, 2000.

2. The relevant facts of the case are as follows: The applicant company was incorporated on August 25, 2014 under the provisions of the Companies Act, 1956 (Registration No. U74900TN2014FTC097074) and is engaged in business of treatment and disposal of non-hazardous waste. The applicant received foreign inward remittances from M/s National Cleaning Company, Kuwait towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	5,00,000.00	16.09.2014	24.06.2017
2	8,42,551.50	10.10.2014	29.12.2015
3	5,96,921.15	14.11.2014	29.12.2015
4	7,44,581.95	12.12.2014	29.12.2015
5	8,60,942.25	20.01.2015	29.12.2015
6	3,84,005.05	12.02.2015	29.12.2015
7	5,51,168.20	20.02.2015	29.12.2015
8	8,65,271.40	18.03.2015	29.12.2015
9	18,42,592.85	15.04.2015	29.12.2015
10	5,85,312.50	22.06.2015	03.02.2017
11	9,84,482.10	03.07.2015	03.02.2017
12	5,95,727.10	21.07.2015	03.02.2017
13	6,38,058.95	12.08.2015	10.03.2017
14	54,27,046.94	03.09.2015	03.02.2017
15	1,10,35,623.30	01.02.2016	03.02.2017
16	62,64,664.00	03.02.2016	03.02.2017
17	1,67,31,448.30	08.03.2016	03.11.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from six months 26 days to two years eight months eight days approximately beyond the prescribed period of 30 days in respect of remittances. Whereas, in terms of paragraph 9 (1) A of Schedule I to Notification No. FEMA 20/2000-



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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	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	50000	10	5,00,000	03.10.2014	20.06.2017
2	143947	10	14,39,470	05.12.2014	21.06.2017
3	160552	10	16,05,520	07.02.2015	21.06.2017
4	180044	10	18,00,440	30.03.2015	21.06.2017
5	184259	10	18,42,590	30.04.2015	22.06.2017
6	280358	10	28,03,580	17.08.2015	23.06.2017
7	542705	10	54,27,050	30.10.2015	23.06.2017
8	3403173	10	3,40,31,730	20.07.2016	24.06.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from 10 months four days to two years seven months 17 days approximately beyond the prescribed limit in respect of the allotments. 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 person resident outside India.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated September 16, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant did not appear for the personal hearing on September 21, 2017. 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.

5. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. 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 due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 4,94,50,397.54 with the duration of contravention ranging from six months 26 days to two years eight months eight days approximately; and

(b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 4,94,50,380/- with the duration of contravention ranging from 10 months four days to two years seven months 17 days approximately.

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 ₹ 2,18,840/- (Rupees two lakh eighteen thousand eight hundred and forty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 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 ₹ 2,18,840/- (Rupees two lakh eighteen thousand eight hundred and forty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai within a period of **15 days** from the date of this order. In case of failure to deposit the compounded



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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 Twenty Second day of September, 2017.

Sd/-

**R Kesavan
Chief General Manager**