

Applicable FEMA Provisions

Foreign Exchange Management (Overseas Investment) Rules, 2022 & Foreign Exchange Management (Overseas Investment) Regulations, 2022 read along with Master Direction on ODI.

Reporting Compliance

- Submission of share certificates to AD Bank within 6 months.
- Annual Performance Report (APR) on or before December 31.

Type of Contravention

- Investment in overseas entities other than through permitted modes.
- Delay in submission of Annual Performance Report (APR).

Penal Action

- Late submission Fees (LSF) based on value of transaction.
- Compounding.
- Enquiry by Directorate of Enforcement.

Compounding Order

Endurance Technologies Ltd ("The Company") & Reserve Bank of India, Mumbai vide compounding order no. C. A. no. 4632/2018 Dt. June 21, 2018.

The company had set up a SPV in Italy for making strategic investments in Europe. The remittance of initial share capital & incorporation expenses was made by company's German subsidiary on its behalf.

Contravention of Regulations 6(2)(vi), 6(3) and 15(iii) of Notification No. FEMA 120/2004-RB dated July 7, 2004, as amended from time to time.

RBI's stance was that funding of the overseas investment should be by permitted mode as per regulation 6(3).

**Compounding Penalty levied for
₹ 6,74,942**

This document is prepared exclusively for the benefit and use of member firms of KCM Network and their clients. For further analysis and discussion, you may please reach out to our regulatory experts, Ms. Darshana Mankad at darshana.mankad@kcmehta.com and Mr. Nitin Dingankar at nitin.dingankar@kcmehta.com.

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FEMA

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