



FEMA

January 12, 2024

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**