



In the
Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present
Shri J.K. Pandey
Chief General Manager

February 15, 2019

CA No. MUM 814/2018

In the matter of

M/s Cook Consulting and Communication Services (India) Private Limited
B-1/402, DSK Madhuban,
Andheri Kurla Road, Mehra Industrial Estate,
Mumbai - 400 072

(Applicant)

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

Order

- 1** The applicant has filed the compounding application dated December 18, 2018, received at the Reserve Bank on December 18, 2018, for compounding of contravention/s of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are in respect of the following paras under Schedule 1 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 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB):



- a) Para 9 (1) (A): delay in reporting receipt of foreign inward remittance towards subscription to equity
- b) Para 9 (1) (B): delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India
- c) Para 8: neither the equity instruments were issued, nor the money refunded to the foreign investor, a person resident outside India within 180 days of the receipt of the inward remittance
- d) Para 9 (2): delay in filing 'Annual Return on Foreign Liabilities and Assets' (FLA Returns) and/or Regulation 13.1 (3) of FEMA Notification No. 20(R)/2017-RB.

- 2 Brief details of the company M/s Cook Consulting and Communication Services (India) Private Limited are as follows:

Date of Incorporation	March 25, 2014
Its main activities are:	Publishing of books, brochures, leaflets and similar publications, including publishing encyclopedias (including on CD-ROM)

- 3 The applicant received foreign inward remittances from non-resident investors towards equity / compulsorily convertible preference shares/ compulsorily convertible debentures and the company reported the same to the Reserve Bank on dates as indicated below.

Delay under 9(1)(A) &/or Para 8						
(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, LSF stands for : Late Submission Fees						
S No/ LSF	Date of inward remittance	Amount received (in INR)	Date of reporting to RBI	Para 9 (1) (A) delay	Date of allotment/ refund	Para 8 delay
1A	04/08/14	100,000.00	31/07/17	2Y 10M 26D	05/08/14	0
1B	04/08/14	400,000.00	31/07/17	2Y 10M 26D	19/12/17	2Y 10M 18D
2	13/08/14	500,000.00	01/08/17	2Y 10M 18D	19/12/17	2Y 10M 9D
3	02/09/14	500,000.00	01/08/17	2Y 9M 29D	19/12/17	2Y 9M 20D
4	08/09/14	400,000.00	01/08/17	2Y 9M 23D	19/12/17	2Y 9M 14D
5	09/10/14	600,000.00	01/08/17	2Y 8M 22D	19/12/17	2Y 8M 13D
6	30/10/14	1,000,000.00	01/08/17	2Y 8M 1D	19/12/17	2Y 7M 23D
7	24/11/14	800,000.00	01/08/17	2Y 7M 7D	19/12/17	2Y 6M 29D
8	16/12/14	800,000.00	01/08/17	2Y 6M 15D	19/12/17	2Y 6M 6D
9	28/01/15	800,000.00	01/08/17	2Y 5M 3D	19/12/17	2Y 4M 25D
10	17/03/15	800,000.00	01/08/17	2Y 3M 14D	19/12/17	2Y 3M 5D
11	27/04/15	800,000.00	08/08/17	2Y 2M 11D	19/12/17	2Y 1M 26D



12	10/06/15	800,000.00	01/08/17	2Y 0M 21D	19/12/17	2Y 0M 12D
13	02/07/15	800,000.00	01/08/17	1Y 11M 29D	19/12/17	1Y 11M 20D
14	05/08/15	800,000.00	01/08/17	1Y 10M 26D	19/12/17	1Y 10M 17D
15	30/09/15	800,000.00	01/08/17	1Y 9M 1D	19/12/17	1Y 8M 23D
16	29/10/15	800,000.00	01/08/17	1Y 8M 2D	19/12/17	1Y 7M 24D
17	04/12/15	800,000.00	01/08/17	1Y 6M 27D	19/12/17	1Y 6M 18D
18	04/01/16	800,000.00	01/08/17	1Y 5M 27D	19/12/17	1Y 5M 18D
19	22/01/16	800,000.00	01/08/17	1Y 5M 9D	19/12/17	1Y 5M 0D
20	22/02/16	1,000,000.00	01/08/17	1Y 4M 9D	19/12/17	1Y 4M 0D
21	22/04/16	2,800,000.00	01/08/17	1Y 2M 9D	19/12/17	1Y 2M 0D
22	27/05/16	800,000.00	01/08/17	1Y 1M 4D	19/12/17	1Y 0M 26D
23	08/06/16	800,000.00	01/08/17	1Y 0M 23D	19/12/17	1Y 0M 14D
24	04/07/16	1,000,000.00	01/08/17	0Y 11M 27D	19/12/17	0Y 11M 18D
25	18/07/16	800,000.00	01/08/17	0Y 11M 13D	19/12/17	0Y 11M 4D
26	29/07/16	800,000.00	01/08/17	0Y 11M 2D	19/12/17	0Y 10M 24D
27	31/08/16	500,000.00	11/04/17	0Y 6M 8D	19/12/17	0Y 9M 22D
28	29/09/16	2,700,000.00	23/11/16	0Y 0M 24D	10/03/17	0
29	28/12/16	2,400,000.00	09/03/17	0Y 1M 9D	21/06/17	0
30	31/03/17	50,000.00	06/07/17	0Y 2M 5D	18/09/17	0
31	27/09/17	1,600,000.00	27/12/17	0Y 1M 30D	19/12/17	0
32	05/01/18	1,500,000.00	23/01/18	0	15/02/18	0
	TOTAL	30,650,000.00				

The applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above with a delay ranging from 0Y 0M 24D to 2Y 10M 26D. Further, the applicant company delayed in reporting in 31 out of 32 total remittances beyond the stipulated time of 30 days. 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.

- 4 In respect of remittances amounting to Rs.22,300,000 (Rupees Two Crore Twenty Three Lakh and Zero Paise Only), indicated in the table above, the company allotted shares/ refunded the amount after 180 days from the date of receipt of investment, with a delay ranging from 0Y 9M 22D to 2Y 10M 18D. Whereas in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of security by A person resident outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RR dated 13th November 2007 in the official Gazette of the Government of



- 5 The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Contravention under Para 9(1)(B)						
(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, LSF stands for : Late Submission Fees and FV stands for Face Value)						
Sno / LSF	Date of allotment	Number of shares	FV+ premium (in INR)	Amount (FV*no of shares) (in INR)	Date of reporting	Para 9 (1) (B) delay
1	05/08/14	10000	10	100,000.00	30/10/17	3Y 1M 24D
2	10/03/17	270000	10	2,700,000.00	08/04/17	0
3	21/06/17	240000	10	2,400,000.00	06/07/17	0
4	18/09/17	5000	10	50,000.00	10/10/17	0
5	19/12/17	160000	10	1,600,000.00	30/01/18	0Y 0M 11D
6	19/12/17	2230000	10	22,300,000.00	30/01/18	0Y 0M 11D
7	15/02/18	150000	10	1,500,000.00	21/02/18	0
TOTAL				30,650,000.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 0Y 0M 11D to 3Y 1M 24D. 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 RBI a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to Non Resident.

- 6 The company has not filed/delayed in filing the Annual Return on Foreign Liabilities and Assets (FLA return) to the Reserve Bank of India for the Financial Years 2014-15, 2015-16, 2016-17 and 2017-18 . Whereas, in terms of Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB read with A. P. (DIR Series) Circular No. 29 dated February 02, 2017, and/or Regulation 13.1 (3) of FEMA Notification No. 20(R)/2017-RB, all Indian companies which have received Foreign Direct Investment in the previous years including the current year, shall submit to the Reserve Bank of India, on or before the 15th day of July each year, a report titled 'Annual Return on Foreign Liabilities and Assets' as specified by the Reserve Bank from time to time.
- 7 The applicant was given an opportunity for personal hearing, for further submission in person and/or for producing documents, if any, in support of the application vide e-mail dated February 11, 2019. The applicant appeared for personal hearing on February 14, 2019. During which Shri Vikrant Anand, Company Secretary (Consultant), represented the applicant in the cabin of Shri J.K. Pandey, Chief General Manager, Mumbai Regional Office. The representative of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The representative of the applicant requested that in view of the foregoing 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.



- 8** I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:
- a)** Paragraph 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription of shares as detailed above. The contravention relates to total amount of Rs.29,150,000 (Rupees Two Crore Ninety One Lakh Fifty Thousand and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 24D to maximum 2Y 10M 26D approximately
 - b)** Paragraph 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the 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 total amount of Rs.24,000,000 (Rupees Two Crore Forty Lakh and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 11D to maximum 3Y 1M 24D approximately
 - c)** Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were neither issued nor the amount was refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance. The contravention relates to total amount of Rs.22,300,000 (Rupees Two Crore Twenty Three Lakh and Zero Paise Only) and with a delay ranging from minimum 0Y 9M 22D to maximum 2Y 10M 18D approximately
 - d)** Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB; and/or Regulation 13.1 (3) of FEMA Notification No. 20(R)/2017-RB, due to non-filing/delay in filing of Annual Return on Foreign Liabilities and Assets for the Financial Years 2014-15, 2015-16, 2016-17 and 2017-18
- 9** It has been declared in the compounding application dated December 18, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has also been declared in a declaration attached to the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it/him/her thereafter. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 of FEMA, 1999. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.
- 10** 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 Rs.236,225 (Rupees Two Lakh Thirty Six Thousand Two Hundred Twenty Five and Zero Paise Only) will meet the ends of justice.



- 11 Accordingly, I compound the admitted contravention/s namely, the contravention/s of Para 9 (1) (A), Para 9 (1) (B), Para 8 and Para 9(2) 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. 236,225 (Rupees Two Lakh Thirty Six Thousand Two Hundred Twenty Five and Zero Paise Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai 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.
- 12 The above order is passed only in respect of contraventions of Para 9 (1) (A), Para 9 (1) (B), Para 8 and Para 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.
- 13 The application is disposed of accordingly.
Dated: February 15, 2019

Compounding Authority

(J.K. Pandey)
Chief General Manager

