



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 Sandeep Kulkarni**  
**Assistant General Manager**

**October 31, 2019**

**CA No. MUM 950/2019**

In the matter of  
**M/s Rialto Consultant and Developers Private Limited**

142, Janki Devi School Road,  
S V Patel Nagar, 4 Bungalows,  
Andheri (W), Mumbai - 400053

**(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 August 17, 2019, received at the Reserve Bank on August 27, 2019, 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 Regulations/ 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 FEMA 20):

Para 9 (1) (A) of FEMA 20: Delay in reporting receipt of foreign inward remittance towards subscription to equity



- I Para 9 (1) (B) of FEMA 20: Delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India

Para 8 of FEMA 20: Neither the equity instruments were issued, nor the money refunded to the foreign investor within 180 days from the receipt of the inward remittance

Para 9 (2) of FEMA 20 and Regulation 13.1 (3) of FEMA 20R: Delay in filing 'Annual Return on Foreign Liabilities and Assets' (FLA Returns).

Regulation 4 of FEMA 20: Taking on record by the applicant, the transfer of shares from a person resident outside India to a person resident in India or the transfer of shares from a person resident in India to a person resident outside India, without obtaining certified copies of form FC-TRS

Para 3 under Schedule 1/ -----: failure to obtain specific and prior Government approval for issue of shares to person resident outside India in certain prescribed cases.

Para 5 of FEMA 20: issuance of shares without adherence to the Pricing Guidelines

- 2 Brief facts of the applicant company are as follows:

<b>Date of Incorporation</b>	June 04, 2013
<b>Its main activities are:</b>	Construction of buildings carried out on own-account basis or on a fee or contract basis

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

<b><u>Delay in reporting Foreign Direct Investment &amp;/or Delay in allotting the shares/ refunding the amount</u></b>						
<b><u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, and LSF stands for : Late Submission Fees</u></b>						
<b>S No/ LSF</b>	<b>Date of inward remittance (DD-MM-YY)</b>	<b>amount received (in INR)</b>	<b>Date of reporting to RBI (DD-MM-YY)</b>	<b>Para 9 (1) A/ Regulation 13.1 (1) delay</b>	<b>date of allotment / refund (DD-MM-YY)</b>	<b>Para 8 delay</b>
1	27-09-13	9,17,219.00	11-10-13	0	19-12-13	0
				0		0
				0		0
				0		0
				0		0
				0		0
				0		0









					0
					0
					0
					0
					0
					0
					0
					0
TOTAL		-			

The company took on record the transfer of shares without obtaining certified copies of Form FC-TRS from the AD Bank. Whereas as per Regulation 4 of FEMA 20, an Indian entity shall not record in its books any transfer of security from or to such person provided that the Reserve Bank may, on an application made to it, and for sufficient reasons, permit an entity to record in its books any transfer of security from or to such person, subject to conditions as may be considered necessary. The contravention relates to amount of Rs. 000 (Rupees and Zero Paise Only) with a delay of NA approximately.

- 3 The applicant company failed to obtain prior approval of Government of India for bringing FDI, it was granted post facto approval on the dates mentioned in the table below/ it was further denied post facto approval by the government on \_\_\_\_ (to be linked from white sheet). Further, it unwound the transaction by refunding the money

3 Para 5

- 4 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 October 22, 2019. The applicant applied for waiver of personal hearing vide e mail dated October 29, 2019. The applicant, in the compounding application, had admitted the contravention as stated above for which compounding has been sought. It had been submitted that the contravention was not wilful and was unintentional. 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 thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:



Para 9 (1) (A) of FEMA 20, due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed above. The contravention relates to total amount of Rs.000 (Rupees and Zero Paise Only) with a delay of NA approximately.

- I Para 9 (1) (B) of FEMA 20, 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.9,00,000 (Rupees Nine Lakh and Zero Paise Only) with a delay of 0Y 2M 3D approximately.

Para 8 of FEMA 20, since the shares were neither issued nor the amount was refunded to the person resident outside India within the prescribed time from the date of receipt of the inward remittance. The contravention relates to total amount of Rs.000 (Rupees and Zero Paise Only) with a delay of NA approximately.

Para 9 (2) of FEMA 20 and Regulation 13.1 (3) of FEMA 20R, due to non-filing/delay in filing of Annual Return on Foreign Liabilities and Assets for the Financial Years .

Regulation 4 of FEMA 20, for recording in its books a transfer of security from or to such person without ensuring that the Form FC TRS has been filed to the Reserve Bank.

Para 3

Para 5



- 6 It has been declared in the compounding application dated August 17, 2019 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.
- 7 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.10,250 (Rupees Ten Thousand Two Hundred Fifty and Zero Paise Only) will meet the ends of justice.
- 8 Accordingly, I compound the admitted contravention/s namely, the contravention/s of Para 9 (1) (B) of FEMA 20, 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. 10,250 (Rupees Ten Thousand Two Hundred Fifty 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.
- 9 The above order is passed only in respect of contraventions of Para 9 (1) (B) of FEMA 20 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.
- 10 The application is disposed of accordingly.  
dated: October 31, 2019

### **Compounding Authority**

**(Sandeep Kulkarni)**  
**Assistant General Manager**