



In the

Reserve Bank of India
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

Shri Vikramjit Singh Randhawa
Assistant General Manager

Date: December 02, 2019

CA No. CHA 52/2019

In the matter of

M/s SGGG INDIA PRIVATE LIMITED
Plot No. 14 Rajiv Gandhi Chandigarh Technology Park,
Chandigarh-160101

(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

The applicant has filed a compounding application dated August 17, 2019 for compounding of contravention of the provision of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is the allotment of shares prior to the receipt of share application money; in terms of Paragraph 2 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20 (R)/ 2017-RB dated November 7, 2017, as amended from time to time (hereinafter referred to as Notification No. FEMA 20 (R)/2017-RB).

2. The relevant facts of the case are as follows:



The applicant company was incorporated on 09.02.2019 under the Companies Act 2013. The applicant is engaged in accounting, bookkeeping and auditing activities.

3. The applicant allotted shares to foreign investor prior to the receipt of inflow amount as per the details given below.

S. No	Date of inflow	Amount (₹)	Share amount (₹)	Date of issue of shares	Period of contravention (in days)
1	03.04.2019	99,900	99,900	01.03.2019	33 Days

As mentioned above, there was delay of **33 days** in receiving inflow amount. This is contravention of **para 2 of schedule 1 to FEMA 20(R)/ 2017-RB dated November 07, 2017**.

4. The applicant was given an opportunity for personal hearing vide our letter No. CHD.FE.CG/FID/601/03.01.590/2019-20 dated November 13, 2019 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its e-mail dated November 28, 2019 informed that it was opting out of personal hearing and requested to proceed with the compounding. The application for compounding is, therefore, being considered on the basis of the averments made in the application along with the documents produced.

5. 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 knowledge and belief. It has been declared in the undertaking furnished with 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 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.

6. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened the FEMA provisions issued in terms of **Paragraph 2 of schedule 1 to FEMA 20(R)/ 2017-RB dated November 07, 2017** as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **99,900/- with a delay of 33 days**.



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, a lenient view is taken on the amount for which the contravention is to be compounded and I consider that amount of penalty of ₹ **903 (Rs Nine Hundred Three only)** will meet the ends of justice.

8. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contravention committed by the applicant, namely contravention of 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20 (R)/ 2017-RB dated November 7, 2017 on the facts discussed above, on payment of an amount of ₹ **903 (Rs Nine Hundred Three only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at “Chandigarh” **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.

The application is disposed of accordingly.

Dated: the 02nd day of December 2019.

Sd/-

Vikramjit Singh Randhawa
Assistant General Manager