



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: February 04, 2020

CA No. CHA 59/2020

In the matter of

**M/s TOWNLABOUR TECHNOLOGIES PRIVATE LIMITED**

House No. 671, Sector-4  
Panchkula, Haryana-134112

(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 January 06, 2020 for compounding of contravention of the provision of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded pertain to delay in issuance of shares which are in contravention of Para 8 of Schedule 1 to Foreign Exchange Management (Transfer or issue of Security by a person Resident outside India) Regulation, 2000 notified vide Notification No. 20/ 2000 RB dated May 3, 2000 and as amended from time to time(hereinafter referred to as Notification No. FEMA 20/2000-RB).

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

The applicant company was incorporated on 05.02.2016 under the Companies Act



2013. The applicant is engaged in computer services and information technology activities.

3. The applicant company issued shares for the undermentioned remittances with delay as under:

S. No	Date of Inflow	Amount	Share issue date	Period of contravention
1	21.09.2016	3,28,366	18.09.2019	910 Days
2	09.01.2017	3,25,000		800 Days

The applicant issued the shares after receipt of the inflows with delay of **910 and 800 days** respectively. The delay in issuance of shares, beyond the prescribed period is in contravention of paragraph 8 of Schedule 1 to FEMA Notification No. 20/ 2000RB dated May 3, 2000, in terms of which an Indian company in accordance with these regulations has to issue the shares within 180 days from the date of receipt of the amount of consideration.

4. The applicant was given an opportunity for personal hearing vide our letter No. CHD.FE.CG/FID/912/03.01.512/2019-20 dated January 21, 2020 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its e-mail dated February 03, 2020 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 January 06, 2020 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 FEMA provisions under Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in



issuance of shares as detailed in paragraph 3 above. The contravention relates to an amount of **Rs. 6,55,366.00** with delay ranging from **800 to 910 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 ₹ **40,766.00 (Rs Forty Thousand Seven Hundred Sixty Six 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 Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB on the facts discussed above, on payment of an amount of ₹ **40,766.00 (Rs Forty Thousand Seven Hundred Sixty Six 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 04<sup>th</sup> day of February 2020.

Sd/-

Vikramjit Singh Randhawa  
Assistant General Manager