



In the  
Reserve Bank of India  
Foreign Exchange Department  
Ahmedabad-380009

Present  
Ashish Gogia  
Assistant General Manager

May 20, 2019  
CEFA.CO.ID.11677 / C.A. No. AHM - 133 / 2018-19  
Matter  
Mantra Softech (India) Pvt Ltd  
(CIN: U72200GJ2006PTC048092)

B-203, 2nd Floor, Shapath Hexa,  
Near Gujarat High Court, Opposite Kargil Petrol Pump,  
S.G. Highway, Sola, Ahmedabad - 380060

गुजरात / Gujarat

**(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:



## Order

The applicant has filed compounding application dated February 07, 2019 (received at Reserve Bank of India on March 18, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded is delay beyond 30 days in submission of form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India; in terms of paragraph 9 (1) (B), of 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 as then applicable 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 April 06, 2006 under the provisions of The Companies Act, 1956 (CIN: U72200GJ2006PTC048092). The company is engaged in the business of manufacture of printers, scanners, including bar code scanners, smart card readers, virtual reality helmets, computer projectors (video beamers) bearing NIC Code: 26204.

The applicant company allotted **1,99,272** bonus equity shares to Mrs. Lata B. Sanghvi and Mr. Bharat R. Sanghvi amounting to **₹19,92,720/-** during the period from October 19, 2015 to August 2, 2018.

The company has reported four Forms FC-GPR for the total amount of **₹19,92,720/-** with a delay beyond the stipulated timeline of 30 days as prescribed in Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000 as amended from time to time and as then applicable.



**3. Contravention under Paragraph 9 (1) (B) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000: (Table - A)**

Sl. No.	Investor	No. of shares issued	Amount of shares issued (₹)	Date of issue of shares	Date of submission of FC-GPR to RBI *	Days delay excluding prescribed time of 30 days
1.	Lata B. Sanghvi & Bharat R. Sanghvi	34,200	3,42,000	19-10-2015	11-09-2018	1028
2.	Lata B. Sanghvi & Bharat R. Sanghvi	4,560	45,600	25-03-2017	11-09-2018	505
3.	Lata B. Sanghvi & Bharat R. Sanghvi	20,064	2,00,640	22-09-2017	11-09-2018	324
	<b>Total (A)</b>	<b>58,824</b>	<b>5,88,240</b>			

\* For calculation of days of delay under 9(1) (B) date of reporting to AD bank is taken as reporting to RBI.

**4. Regulation 13.1(2) of Notification No. FEMA 20 (R)/2017-RB dated November 07, 2017: (Table - B)**

Sl. No.	Investor	No. of shares issued	Amount of shares issued (₹)	Date of issue of shares	Date of submission of FC-GPR to RBI *	Days delay excluding prescribed time of 30 days
4.	Lata B. Sanghvi & Bharat R. Sanghvi	1,40,448	14,04,480	02-08-2018	12-09-2018	11 (LSF Paid)
	<b>Total (B)</b>	<b>1,40,448</b>	<b>14,04,480</b>			
	<b>Total (A+B)</b>	<b>1,99,272</b>	<b>19,92,720</b>			

\* For calculation of days of delay under 9(1) (B) date of reporting to AD bank is taken as reporting to RBI.

5. As indicated in the Table A above, the company has issued 58,824 bonus shares amounting to ₹5,88,240/- and has reported in Form FC-GPR (Sr. No. 1 to 3) with a delay ranging from 324 to 1028 days from date of allotment of shares. Further, the company has issued 1,40,448 bonus shares amounting to ₹14,04,480/- and has



reported Form FC-GPR (Sr. No. 4) with a delay of 11 days. However this has been regularised and treated as regular, as the company has paid the Late Submission Fee (LSF). 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 the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to the foreign investor. Thus, the company stands to contravene the provisions stipulated in Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000.

6. The applicant was given an opportunity for personal hearing vide our letter FE.AH.No.1601/06.04.15/CEFA/2018-19 dated May 01, 2019 for further submission in person and/or producing documents, if any, in support of the application. Shri Hiren Bhandari, Director of the company, Shri Vipul Kothari, Chartered Accountant and Ms. Priyasha Dalwadi, Chartered Accountant of Vipul Kothari & Co. represented the applicant for the personal hearing on May 15, 2019. They admitted to the contraventions for which compounding has been sought and stated that the non-compliance was not intentional and was an inadvertent error on the part of the company. They also stated that they are willing to accept any direction/ order of the Compounding Authority in connection with their compounding application.

7. 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.

8. It has been declared in the compounding application dated February 07, 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 declaration 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.

9. I have given my careful consideration to the documents on record and submission made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

**A) Paragraph 9 (1) (B) of Schedule 1 to FEMA Notification No. FEMA 20/2000 – RB dated May 3, 2000:** Due to delay in reporting of Forms FC-GPR, after issue of shares to persons resident outside India as detailed in paragraph 5 above. The amount of contravention involved is ₹5,88,240/- and delay ranging from 324 to 1028 days.

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 therefore, I consider that amount of penalty of ₹22,755/- (Rupees Twenty Two Thousand Seven Hundred Fifty Five only) will meet the ends of justice.

11. Accordingly, I compound the admitted contraventions, namely contravention of paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000 by the applicant, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹22,755/-



(Rupees Twenty Two Thousand Seven Hundred Fifty Five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Ground Floor, Near Gandhi Bridge, Post Bag No. 1, Ahmedabad – 380014 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Ahmedabad 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 20<sup>th</sup> day of May 2019.

Sd/-

(Ashish Gogia)

Assistant General Manager