



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

V R Venkatesh
General Manager

Date: August 27, 2019
C.A.921/2019

In the matter of

M/s. Uplus Technology India Pvt Ltd.
New No.59, Old No.109, Mannur village
Sriperumbudur - 602 105

(Applicant)

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

Order

The applicant has filed a compounding application dated May 24, 2019 (received at Reserve Bank on June 11, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in submission of Form FC-GPR to Reserve Bank on allotment of shares in terms of Paragraph 9(1)B of



Schedule I 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 (hereinafter referred to as Notification No. FEMA 20/2000-RB) and (ii) delay in allotment of shares in terms of Paragraph 2(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 07, 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 August 10, 2015 under the provisions of the Companies Act, 2013 (Registration No. U72900TN2015PTC101756) and is engaged in the business of manufacture of printer cables, monitor cables, USB cables, connectors etc. The applicant received four foreign inward remittances from M/s. Uren Tech Group (HK) Co. Limited, Hong Kong towards subscription to shares and reported the same to the Reserve Bank of India.

3. The company allotted shares against the remittances and filed FC-GPRs as indicated below:

| Sl. No. | No. of share allotted | Face Value ₹ | Amount ₹ | Date of allotment of shares | Reported to RBI on |
|---------|-----------------------|--------------|--------------|-----------------------------|--------------------|
| 1 | 9900 | 10.00 | 99,000.00 | 24.09.2016 | 23.06.2017 |
| 2 | 133195 | 10.00 | 13,31,950.00 | 28.11.2018 | 01.05.2019 |
| 3 | 466532 | 10.00 | 46,65,320.00 | 28.11.2018 | 13.02.2019 |
| 4 | 112243 | 10.00 | 11,22,430.00 | 25.01.2019 | 24.06.2019 |

The applicant filed the forms FC-GPR as indicated above with a delay of 8 months approximately in respect of Sl.No.1, beyond the stipulated time of 30 days. Whereas in terms of paragraph 9(1)B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.



4. The company allotted shares against the remittances received as detailed below:

| SI. No. | Date of receipt | Amount (₹) | Date of Allotment |
|---------|-----------------|--------------|-------------------|
| 1 | 04.05.2016 | 1,05,227.20 | 24.09.2016 |
| 2 | 29.05.2018 | 13,31,950.29 | 28.11.2018 |
| 3 | 29.05.2018 | 46,65,325.00 | 28.11.2018 |
| 4 | 17.12.2018 | 11,22,435.20 | 25.01.2019 |

The company allotted shares with a delay of 4 months approximately in respect of allotments at SI.No.2 & 3, beyond the stipulated time of 60 days from the date of receipt of the consideration. Whereas in terms of paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-RB, capital instruments shall be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration.

5. The applicant was advised about the contraventions vide memorandum dated May 08, 2019. The applicant has filed a compounding application dated May 24, 2019 wherein it has been declared in the compounding application 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/him/her thereafter. Accordingly, the above contraventions which are being compounded in 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. The applicant was given an opportunity for personal hearing vide Reserve Bank of India's mail dated August 19, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide mail opted out of personal hearing scheduled on August 21, 2019. 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.



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

- (a) Paragraph 9(1)B of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of ₹99,000.00 with the duration of contravention being 8 months approximately;
- (b) Paragraph 2(2) of Schedule I to Notification No. FEMA 20(R)/2017-RB due to delay in allotment of shares as detailed in paragraph 4 above. The contravention relates to an amount of ₹59,97,275.29 with the duration of contravention being 4 months approximately.

7. In terms of Section 13 of the FEMA, 1999, 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 **₹83,254/-** (Rupees eighty three thousand two hundred and fifty four only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraph 9(1)B of Schedule I to Notification No. FEMA 20/2000-RB and paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-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 **₹83,254/-** (Rupees eighty three thousand two hundred and fifty four only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Chennai within a period of **15 days** from the date of this order. In case of failure to deposit the



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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 accordingly.

Dated this twenty seventh day of August, 2019.

Sd/-
V R Venkatesh
General Manager