



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: February 25, 2019
C.A. 870/2018

In the matter of

M/s. Contracting Plus Solutions Pvt Ltd.,
No.IV/588 A-D, Cemetery Road,
Next to Indian Bank, Mahe
Pondicherry- 673 310

(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 December 6, 2018 (received at Reserve Bank on December 14, 2018) 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 reporting of inflow of funds received from a person resident outside India for allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares to



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Reserve Bank; (iii) taking on record the transfer of shares in the books of the company without certified FC-TRS in terms of Paragraph 9 (1) A and Paragraph 9 (1) B respectively of Schedule I and Regulation 4 of 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 Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on July 23, 2008 under the provisions of the Companies Act, 1956 (Registration No. U72900PY2008PTC002197) and is engaged in Business of other business support service activities n.e.c. The applicant received foreign inward remittances from i) Mr. Michael Brendan Dineen and ii) Mr. Fergal Seamus Lennon towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No	Amount of Foreign Inward Remittance ₹	Date of receipt	Reported to RBI on
1	2,62,414.00	21.11.2008	18.12.2008
2	2,62,414.00	28.11.2008	18.12.2008
3	36,84,800.00	26.04.2016	26.07.2016
4	37,77,836.00	22.06.2016	01.07.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay of two months approximately beyond the stipulated time of 30 days in respect of the remittances at Sl.No.3. Whereas, in terms of paragraph 9 (1) A of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration.

3. The company allotted equity shares and filed FC-GPRs as indicated below:



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Sl. No.	No. of share allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	5200	100	5,20,000.00	18.01.2009	13.02.2009
2	36848	100	36,84,800.00	30.05.2016	31.12.2016
3	37778	100	37,77,800.00	04.07.2016	31.12.2016

The applicant filed the form FC-GPRs as indicated above with delay ranging from four months 27 days to six months one day approximately beyond the stipulated time of 30 days in respect of the allotments at Sl. Nos. 2 & 3. 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 has taken the transfer of 2400 shares of ₹100/- each amounting to ₹2,40,000.00 on record on 01.11.2012 without certified FC TRS. The FC TRS was certified by the AD on 04.12.2018 as detailed below:

Seller (NRI)	No of Shares	Buyer (Non Resident)	Amount Involved (INR)	Date of taking on record transfer of shares in the books of the company	Date of certification of FCTRS by AD
Prateesh Kumar	2400	Fergal Seamus Lennon	2,40,000.00	01.11.2012	04.12.2018

The company has taken the transfer of shares on record without certified FC TRS. The FC TRS were submitted for certification with the AD with delay of six years one month three days. Whereas in terms of Regulation 4 of Notification No. FEMA 20/ 2000-RB read with A.P. (DIR Series) Circular No. 63 dated April 22, 2009, form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. Further save as otherwise provided in the Act, Rules or Regulations made there under, 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 issue any security to



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a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary.

5. The applicant was advised about the contraventions vide memorandum dated September 17, 2018. The applicant has filed a compounding application dated December 6, 2018 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 dated December 6, 2018 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 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. The applicant was given an opportunity for personal hearing for further submission in person and/or producing additional documents, if any, in support of the application. However, the applicant vide declaration dated December 06, 2018 has informed that they do not intend to attend the personal hearing. The applicant, in the compounding application, had admitted the contraventions as stated in paras 2 to 4 above for which compounding has been sought. It had been submitted that the delay 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.

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:



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- (a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 36,84,800.00 with duration of contravention being two months approximately;
- (b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India. The contravention relates to an amount of ₹ 74,62,600.00 with the duration of contravention ranging from four months 27 days to six months one day approximately; and
- (c) Regulation 4 of Notification No. FEMA 20/2000-RB for taking on record transfer of shares without certified FC TRS. The contravention relates to an amount of ₹2,40,000.00 with the duration of contravention being six years one month three days approximately.

8. 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 ₹39,095/- (Rupees Thirty nine thousand and ninety five only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 9 (1) B of Schedule 1 and Regulation 4 of Notification No. FEMA 20/2000-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 ₹ 39,095/- (Rupees Thirty nine thousand and ninety five 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



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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 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 this Twenty fifth day of February, 2019.

Sd/-

V R Venkatesh

General Manager