



In the

RESERVE BANK OF INDIA  
Foreign Exchange Department  
Central Vista, Sector 17, P.B.No.2  
Chandigarh-160017

Present

**Smt. Rachna Dikshit**  
**Regional Director (Punjab ,Haryana and U.T. of Chandigarh)**  
**Chief General Manager, Chandigarh**

**Date: February 13, 2019**  
CA No CHA 29/2018

In the matter of

**M/s Finvasia Securities Pvt Ltd.**  
Plot No.10, Netsmartz House (Level 3)  
Rajiv Gandhi Tech 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 there under, I pass the following

### **Order**

The applicant has filed a compounding application dated January 16, 2019 (received at the Reserve Bank on January 16, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (The FEMA) and the regulations issued there under. The contravention sought to be compounded pertain to delay in submission of FC-GPR to the Reserve Bank after issue of shares which is in contravention of Para 9(1) (B) of Schedule I to Foreign Exchange Management (Transfer or issue of Security by a person Resident Outside India) Regulation, 2000 notified vide Notification No. 20/2000RB 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, M/s Finvasia Securities Pvt Ltd. is a private Limited company incorporated on February 01, 2011 under the Companies Act 1956. The applicant is



engaged in the business of Security and commodity contracts brokerage.

3. The applicant had received foreign inward remittance and corresponding Form FC-GPR was submitted for issue of shares to foreign investor, with delay as indicated below:-

<u>Sr</u>	<u>Date of inflow</u>	<u>Amount</u>	<u>Shares issued on</u>	<u>Share Amount</u>	<u>Date of reporting to RBI</u>	<u>Delay in submission of FC-GPR</u>
1	04.08.2016	7,31,62,753.44	04.08.2016	7,31,62,626.30	27.03.2017	205 Days

The applicant reported the allotment of shares to Reserve Bank with delay of **205 days**. The delay in reporting to Reserve Bank of India in form FCGPR, beyond the prescribed period in respect of allotment of the above shares is in contravention of paragraph 9(1) (B) of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000.

4. The applicant was given an opportunity for personal hearing vide letter No.CHD.FE.CG/FID/542/03.01.493/2018-19 dated January 22, 2019 for submission in person and/or producing documents, if any, in support of the application. Sh. Kanwal Inder Pal Singh, Chairman, Sh. Sarvjeet Singh, Sr V.P. and Ms Rashi Sehgal, Legal Consultant of the company appeared for the personal hearing on February 07, 2019. During the personal hearing, the representatives of the applicant admitted the contravention committed by them for which they have sought compounding. The representative submitted that the contraventions were due to lack of awareness of the procedural requirements and were not intentional and have requested for taking a lenient view in the matter. The application is, therefore, being considered on the basis of the averments made in the application, and documents produced.

5. 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 following FEMA provisions:

- a. Paragraph 9 (1) (B) of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FCGPR to Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **Rs 7,31,62,626.30 with delay of 205 days**.

6. It has been declared in the compounding application dated January 16, 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.

7. In terms of Section 13 of 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 contravention is to be compounded and I consider that an amount of **Rs. 39,150.00 (Rs Thirty Nine thousand One Hundred Fifty only)** will meet the ends of justice.

8. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant namely, Para 9(1) (B) of schedule I to Foreign Exchange Management (Transfer or issue of Security by a person Resident Outside India) Regulation, 2000 notified vide Notification No. 20/2000RB dated May 3, 2000 read with AP(Dir Series) Circular No 73 dated June 8, 2007 on the facts discussed above, on payment of an amount of **Rs. 39,150.00 (Rs Thirty Nine thousand One Hundred Fifty 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 this the 13<sup>th</sup> day of February 2019.

Rachna Dikshit  
Regional Director  
Chief General Manager