



In the
Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present
Shri J.K. Pandey
Chief General Manager

January 24, 2019

CA No MUM 803/2018

In the matter of

M/s Sanctum Wealth Management Private Limited
Unit 1501, 15th Floor, Tower-2B,
One Indiabulls Center, Jupiter Mills, Lower Parel,
Mumbai - 400013

(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

- 1** The applicant has filed the compounding application dated November 5, 2018 received at the Reserve Bank on November 6, 2018 for compounding of contravention/s of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are in respect of the following paras under 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 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB); and/or Regulations under Notification No FEMA 20 (R)/2017- RB dated November 07, 2017 (as amended from time to time), hereinafter referred to as the Notification No FEMA 20 (R)-RB.



- i) Para 9 (1) (A): delay in reporting receipt of foreign inward remittance towards subscription to equity
- ii) Para 9 (1) (B): delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India

2 Brief details of the company are as follows:

Date of Incorporation	May 27, 2015
Its main activities are:	Security and commodity contracts brokerage, Also to act as financial and investment consultants.

3 The applicant received foreign inward remittances from non-resident investors towards equity / compulsorily convertible preference shares/ compulsorily convertible debentures and the company reported the same to the Reserve Bank on dates as indicated below.

Delay under 9(1)(A) &/or Para 8						
<u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, LSF stands for : Late Submission Fees</u>						
S No/ Isf	Date of inward remittance	amount received (in INR)	Date of reporting to RBI	Para 9 (1) (A) delay	date of allotment/ refund	Para 8 delay
1	24/11/15	15,000,000.00	18/12/15	0	02/12/15	0
2	02/12/15	20,650,400.00	30/12/15	0	02/12/15	0
3	17/03/16	15,000,000.00	09/04/16	0	21/03/16	0
4	18/03/16	20,257,200.00	28/03/16	0	21/03/16	0
5	22/04/16	260,520.00	04/05/16	0	29/05/16	0
6	30/09/16	13,000,000.00	28/10/16	0	14/10/16	0
7	17/11/16	2,218,430.00	22/03/17	0Y 3M 2D	10/12/16	0
8	25/11/16	12,116,040.00	23/12/16	0	10/12/16	0
9	10/03/17	5,647,917.75	20/03/17	0	29/03/17	0
10	15/03/17	2,999,952.00	05/04/17	0	29/03/17	0
11	21/06/17	54,023,505.00	18/07/17	0	23/06/17	0
12	04/07/17	10,005,368.00	29/08/17	0Y 0M 25D	07/07/17	0
13	18/08/17	27,312,000.00	08/09/17	0	13/09/17	0
14	29/09/17	2,763,360.00	25/10/17	0	30/09/17	0
15	03/10/17	2,275,000.00	06/02/18	0Y 3M 3D	01/12/17	0
16	30/11/17	9,878,938.20	18/12/17	0	01/12/17	0
LSF	19/01/18	6,446,529.90	22/02/18	LSF Paid	13/03/18	0
18	09/02/18	3,499,990.00	08/03/18	0	13/03/18	0
19	20/02/18	2,082,500.00	27/02/18	0	10/04/18	0
20	28/03/18	1,650.00	25/04/18	0	28/03/18	0



21	28/03/18	90,258,357.00	25/04/18	0	28/03/18	0
22	12/06/18	544,306,917.00	25/06/18	0	12/06/18	0
	TOTAL	860,004,575.00				

The applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above with a delay ranging from 0Y 0M 25D to 0Y 3M 3D further the applicant company delayed in reporting in 3 out of 22 total remittances beyond the stipulated time of 30 days. Whereas, in terms of Paragraph 9 (1) (A) of Schedule 1 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.

- 4 The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Contravention under Para 9(1)(B)						
(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, LSF stands for : Late Submission Fees and FV stands for Face Value)						
Sno / Isf	Date of allotment	number of shares	FV+ premium (in INR)	Amount (FV*no of shares) (in INR)	Date of reporting	Para 9 (1) (B) delay
1	02/12/15	410000	10	4,100,000.00	30/12/15	0
2	02/12/15	300000	10	3,000,000.00	30/12/15	0
3	02/12/15	1640000	10	16,400,000.00	30/12/15	0
4	02/12/15	1200000	10	12,000,000.00	30/12/15	0
5	21/03/16	1500000	10	15,000,000.00	18/04/16	0
6	21/03/16	2025720	10	20,257,200.00	18/04/16	0
7	29/05/16	24280	10	242,800.00	01/07/16	0Y 0M 2D
8	14/10/16	130000	10	1,300,000.00	12/11/16	0
9	14/10/16	1170000	10	11,700,000.00	12/11/16	0
10	10/12/16	1211604	10	12,116,040.00	18/05/17	0Y 4M 7D
11	10/12/16	221843	10	2,218,430.00	18/05/17	0Y 4M 7D
12	29/03/17	20833	144	2,999,952.00	17/05/17	0Y 0M 18D
13	29/03/17	38870	144	5,597,280.00	17/05/17	0Y 0M 18D
14	23/06/17	166438	144	23,967,072.00	21/07/17	0
15	23/06/17	1642428	18.3	30,056,432.40	21/07/17	0
16	07/07/17	30822	144	4,438,368.00	09/09/17	0Y 1M 2D
17	07/07/17	304153	18.3	5,565,999.90	09/09/17	0Y 1M 2D
18	13/09/17	84143	144	12,116,592.00	17/10/17	0Y 0M 3D
19	13/09/17	830344	18.3	15,195,295.20	17/10/17	0Y 0M 3D
20	30/09/17	19190	144	2,763,360.00	09/11/17	0Y 0M 9D
21	01/12/17	124297	18.3	2,274,635.10	28/12/17	0
22	01/12/17	539832	18.3	9,878,925.60	28/12/17	0
23	13/03/18	39069	165	6,446,385.00	28/03/18	0
24	13/03/18	164706	21	3,458,826.00	28/03/18	0



25	28/03/18	10	165	1,650.00	26/04/18	0
26	28/03/18	4298017	21	90,258,357.00	26/04/18	0
27	12/06/18	25919377	21	544,306,917.00	29/06/18	0
TOTAL				857,660,517.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 0Y 0M 2D to 0Y 4M 7D. 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 RBI a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to Non Resident.

- 5** The applicant was given an opportunity for personal hearing, for further submission in person and/or for producing documents, if any, in support of the application vide e-mail dated January 18, 2019 .The applicant appeared for personal hearing on January 22, 2019, during which Ms Shraddha Shah, Head Regulatory Affairs, Legal and Company Secretary of the applicant company represented the applicant in the cabin of Shri J.K. Pandey, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted to the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The representative of the applicant requested that in view of the foregoing a lenient view may be taken in disposal of the application. 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 during personal hearing and thereafter.
- 6** I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:
- a)** Paragraph 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription of shares as detailed above. The contravention relates to an amount of Rs.14,498,798 (Rupees One Crore Forty Four lacs Ninety Eight Thousand Seven Hundred Ninety Eight and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 25D to maximum 0Y 3M 3D approximately
- b)** Paragraph 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.63,254,117 (Rupees Six Crores Thirty Two lacs Fifty Four Thousand One Hundred Seventeen and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 2D to maximum 0Y 4M 7D approximately



- 7 It has been declared in the compounding application dated November 5, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has also been declared in a declaration attached to 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. 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.
- 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 Rs.59,458 (Rupees Fifty Nine Thousand Four Hundred Fifty Eight and Zero Paise Only) will meet the ends of justice.
- 9 Accordingly, I compound the admitted contravention/s namely, the contravention/s of Para 9 (1) (A) and Para 9 (1) (B) of Schedule 1 to 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 Rs. 59,458 (Rupees Fifty Nine Thousand Four Hundred Fifty Eight and Zero Paise Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai 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.
- 10 The above Order is passed only in respect of contraventions of Para 9 (1) (A) and Para 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.
- 11 The application is disposed of accordingly.
Dated: January 24, 2019

Compounding Authority

(J.K. Pandey)
Chief General Manager