



In the

Reserve Bank of India  
Foreign Exchange Department  
Central Vista, Sector 17, P.B.No.2  
Chandigarh-160017

Present

Shri Vinod Kumar  
Deputy General Manager

Date: February 01, 2019

CA No. CHA 28/2018

In the matter of

M/s Gensol Engineering Pvt Ltd.  
SCO 156-157  
Sector 9 C Madhya Marg  
Chandigarh-160031

(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 01, 2019 (received at Reserve Bank of India on January 04, 2019) for compounding of contravention of the provision of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is the 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 I to the 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 September 25, 2012 under the Companies Act 1956. The applicant is engaged in the business of Architectural and engineering activities and related technical consultancy.

3. The applicant had received foreign inward remittance but filed the Form FC-GPR for issue of shares to the non-resident investor with delay as indicated below.

<u>Sr.No</u>	<u>Date of inflow</u>	<u>Amount</u>	<u>Share Amount</u>	<u>Shares issued on</u>	<u>Date of reporting to RBI</u>	<u>Delay beyond 30 days</u>
1	08.11.2012	14,33,700.00	14,32,647.00	20.01.2013	20.09.2018	2039 Days

The applicant reported the allotment of shares to the Reserve Bank with delay of **2039 days**. The delay in reporting to the Reserve Bank in form FC-GPR, beyond the prescribed period of 30 days in respect of allotment of the above shares, is in contravention of the provisions stipulated in the Paragraph 9(1) (B) of Schedule I to the Notification No. FEMA 20/2000-RB dated May 3, 2000.

4. The applicant was given an opportunity for personal hearing vide our letter No. CHD.FE.CG/FID/517/03.01.359/2018-19 dated January 14, 2019 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its e-mail dated January 31, 2019 had informed that it was opting out of personal hearing and requested to proceed with the compounding. The application for compounding is, therefore, being considered on the basis of the averments made in the application along with the documents produced.

5. It has been declared in the compounding application dated January 01, 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 contravention which is 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. 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 FEMA provision contained in Paragraph 9 (1) (B) of Schedule I of Notification No. FEMA 20/2000-RB dated May 3, 2000 due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **24,168/- with delay of 2039 days.**

7. 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 contravention is to be compounded and I consider that amount of penalty of ₹ **24,168/- (Rupees Twenty Four thousand One hundred Sixty Eight only)** will meet the ends of justice.

8. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contravention committed by the applicant, namely contravention 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 on the facts discussed above, on payment of an amount of ₹ **24,168/- (Rupees Twenty Four thousand One hundred Sixty Eight 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: the 01<sup>st</sup> day of February 2019.

Vinod Kumar  
Deputy General Manager