



In the

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

Present

K Dhamodhiran
Assistant General Manager

Date: May 10, 2019
C.A. 877/2018

In the matter of

M/s. FM Global Logistics (India) Pvt Ltd.
No.23, 2nd floor, Velgapudi Ramakrishna Building
3rd cross street, West CIT Nagar, Nandanam
Chennai - 600 035

(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 January 21, 2019 (received at Reserve Bank on January 22, 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 is taking on record the transfer of shares which had no prior approval of Reserve Bank in terms of Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a



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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).

2. The relevant facts of the case are as follows: The applicant company was incorporated on May 28, 2013 under the provisions of the Companies Act, 1956 (Registration No. U61200TN2013FTC091403) and is engaged in business of service activities incidental to water transportation.

3. An investor, Ms. Sanila Jayaprakash, Non-Resident Indian residing in Singapore transferred 4900 shares of ₹10/- each amounting to ₹49,000.00 to non-resident company without prior approval of Reserve Bank. The company has taken the transfer of these shares on record in the books of the company on September 19, 2013 as mentioned in the table 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 up to which contravention continued
Ms. Sanila Jayaprakash, Singapore	4900	M/s 1 Global Enterprises Pte. Ltd., Singapore	49,000.00	19.09.2013	06.11.2017

Whereas in terms of Regulation 4 of Notification No. FEMA 20/ 2000-RB, an Indian entity shall not issue any security to a person resident outside India or 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 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. The contravention continued for four years one month 19 days approximately up to November 06, 2017 the date till which, transfer of shares from Non-Resident Indian (NRI) to Non-resident (NR) required the prior approval of the Reserve Bank in terms of Notification No. FEMA 20/2000-RB.



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4. The applicant was advised about the contraventions vide memorandum dated July 11, 2018. The applicant has filed a compounding application dated January 21, 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 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated May 07, 2019 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant appeared for the personal hearing on May 10, 2019 during which Shri Mukundan K, Director and Shri Ramkumar C, Chartered Accountant, represented the applicant. The applicant, in the compounding application, had admitted the contravention as stated in para 3 above for which compounding has been sought. It had been submitted that the contravention 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 during the personal hearing.

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



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(a) Regulation 4 of Notification No. FEMA 20/2000-RB for taking on record transfer of the shares which had no prior approval of Reserve Bank as detailed in paragraph 3 above. The contravention relates to an amount of ₹49,000.00 with the duration of contravention being four years one month 19 days approximately.

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 contraventions are to be compounded and I consider that an amount

of ₹14,170/- (Rupees fourteen thousand one hundred and seventy only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of 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 ₹ 14,170/- (Rupees fourteen thousand one hundred and seventy 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 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 tenth day of May, 2019.

Sd/-
K Dhamodhiran



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Assistant General Manager