



In the  
**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5th floor, Amar Building  
P M Road  
Mumbai - 400 001

Present  
**Sharmila Thakur**  
**General Manager**

Date: November 26, 2019  
CA No 4968 / 2019

In the matter of  
**Oremus Corporate Services Pvt Ltd**  
**3<sup>rd</sup> floor, 6-3-249/3 Abhinandan Tower**  
**Road No 1**  
**Banjara Hills**  
**Hyderabad - 500034**  
**(Applicant)**

In exercise of the powers conferred under section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made there under, I pass the following

### **Order**

The applicant has filed the application dated June 26, 2019 (received in the Reserve Bank on July 8, 2019), for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are delayed submission of share certificate or other evidence of investment and delay in reporting of change in capital structure in respect of one overseas joint venture, delayed submission of Annual Performance Reports (APRs) in respect of two overseas joint ventures. The above are in contravention of Regulations 15 (i), 13, and 15(iii) respectively of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004, notified vide Notification No 120/2004-RB dated July 7, 2004, as amended from time to time (hereinafter referred to as Notification No FEMA 120-RB 2004).



2. The relevant facts of the case are follows:

The applicant company was incorporated as Oremus Corporate Services Pvt Ltd on July 23, 2002 (CIN U74140TG2002PTC039358). It is engaged in the business of providing back office services in accounting, secretarial compliance, payroll services etc.

The applicant set up two overseas entities. One, a joint venture (JV) in USA viz. Oremus Corporation N.A in November 2012 and another wholly owned subsidiary (WOS) in UK, viz, Oremus UK Ltd in September, 2016.

APRs for the US JV for the years 2013 to 2018 were reported with delay on different dates between 2015 and 2019, thereby contravening Regulation 15(iii) of Notification No FEMA 120/ 2000-RB dated July 4, 2004.

In respect of the UK WOS, three remittances of GBP 25,000, 50,000 and 43,000 were made in 2016 and 2017 towards equity infusion in the entity against which, the applicant received share certificates for the remittances with delay, beyond the stipulated time limit, ranging from 1 to 241 days. The above is in contravention of Regulation 15(i) of Notification No FEMA 120/ 2000-RB dated July 4, 2004. In September 2016 there was a change in capital structure of the overseas WOS as a result of which the status of the overseas entity changed to JV from WOS. This transaction was reported to Reserve Bank with delay on January 3, 2018 thereby contravening Regulation 13 *ibid*. Further, the applicant submitted APRs for the years 2017 and 2018 with delay in March 2018 and May 2019 respectively thereby contravening Regulation 15 (iii) *ibid*.

3.(a) Regulation 15(i) of Notification No FEMA 120-RB, 2004, obliges an Indian Party, which has acquired foreign security in terms of the Regulations to receive share certificates or any other document as an evidence of investment in the foreign entity to the satisfaction of the Reserve Bank within six months.

(b) According to Regulation 15(iii) *ibid*, an Indian Party, which has acquired foreign security in terms of the Regulations in Part- I, shall “submit to the Reserve Bank every year within 60 days from the date of expiry of the statutory period as prescribed by the respective laws of the host country for finalisation of the audited accounts of the Joint



Venture/Wholly Owned Subsidiary outside India or such further period as may be allowed by Reserve Bank, an annual performance report in form APR ...”.

(c) According to Regulation 13 *ibid*, A JV/WOS set up by the Indian party may alter the shareholding pattern in the overseas entity provided the Indian party reports to the Reserve Bank, the details of such decisions taken by the JV/WOS within 30 days of the approval of those decisions by the competent authority concerned of such JV/WOS in terms of local laws of the host country.

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/2141/15.20.67/2019-20 dated October 25, 2019. The meeting was held on November 15, 2019 in which the company was represented by Mr Are Narasimhan. The representative explained the reasons for filing delays and accepted the contraventions.

5. It has been declared in the compounding application dated June 26, 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 also been declared in the declaration furnished along 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 been informed of initiation of any such enquiry/investigation/adjudication proceedings against it 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. I have carefully considered the documents on record and submission made by the applicant in his application and during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 15(i), 15(iii) and 13 of Notification No FEMA 120-RB 2004 as amended from time to time in respect of Oremus UK Ltd and of Regulation 15(iii) *ibid* in respect of Oremus Corporation NA. The amount and period of contravention for Oremus UK Ltd is as follows: The delay in submission of share certificates for three equity remittances were for periods of less than a year beyond the stipulated due dates. APRs for two years viz. 2017 and 2018



were submitted with delay. Foreign partner investments totalling GBP 32,571 (approximately equivalent to INR 28 lakh) that took place in September 2016 were reported to RBI only in January 2018 with a delay of 2 years 3 months. In regards to Oremus Corporation NA, APRs for six years from 2013 to 2018 were submitted with delays.

7. In terms of provisions of section 13 of FEMA, any person contravening any provision of the Act shall be liable to pay up to three times the sum involved in the contravention upon adjudication. However, taking into account the relevant facts and circumstance 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.1,05,625/- (Rupees One Lakh Five Thousand Six Hundred and Twenty Five only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contravention of Regulations 15(i), 15(iii) and 13 of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 4, 2004, as amended from time to time, by the applicant, based on the facts discussed above in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of Rs. 1,05,625/- (Rupees One Lakh Five Thousand Six Hundred and Twenty Five only) which shall be deposited by the applicant with the Reserve Bank of India, 5<sup>th</sup> Floor, Amar Building, Sir P M Road, Mumbai-400001 by a Demand Draft drawn in favour of "Reserve Bank of India" and payable at "Mumbai" within a period of 15 days from the date of the 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 shall apply. The application is disposed accordingly.

Dated this the 26th day of November 2019.

**Sd/-**  
**(Sharmila Thakur)**  
**General Manager**