



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: August 09, 2019  
**C.A. BGL 422/2019**

In the matter of

**M/s TRS-Rentelco India Private Limited**  
No 41, Patalamma Temple Street,  
Basavanagudi, Near South End Circle  
Bengaluru – 560004  
**(Applicant)**

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

### **ORDER**

The applicant has filed a compounding application dated April 12, 2019, received at this office of Reserve Bank of India, Bengaluru on May 06, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the regulations issued there under. The contraventions sought to be compounded are, (i) delay in reporting receipt of foreign inward remittances towards subscription to equity, and (ii) delay in allotment of shares, beyond 180 days from the date of receipt of inward remittance, in terms of Paragraphs 9(1)(A) and 8, respectively, 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 03, 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, M/s TRS-Rentelco India Private Limited, was incorporated on March 22, 2013, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company acts as business to business rental service providers, suppliers, exporters, importers, distributors, agents and dealers of electronic, electrical and mechanical equipments. The applicant had received funds towards share application money from the foreign investors, namely, McGrath Rentcorp, USA and McGrath Rentcorp Asia Pte Ltd, Singapore, as shown below:

**Table – 1**

<b>Sl. No.</b>	<b>Date of Receipt</b>	<b>Amount (INR)</b>	<b>Date of reporting to RBI/AD</b>
1	09-05-2013	10.00	12-06-2013
2	14-05-2013	99,990.00	12-06-2013
3	30-10-2014	4,49,95,500.00	03-12-2014
4	30-10-2014	4,500.00	02-12-2014
5	05-09-2013	213,47,286.40	06-03-2014
6	02-12-2013	121,18,215.00	30-12-2013
7	02-12-2013	484,72,860.00	30-12-2013
	<b>Total</b>	<b>12,70,38,361.40</b>	

The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from three days to five months and one day, beyond the stipulated period of 30 days in respect of the remittances indicated at serial numbers 1, 3, 4 and 5, in the Table-1 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule I 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.



3. The company had received inward remittances in three tranches amounting to ₹8,19,38,361.40, during the period September 05, 2013, to December 02, 2013, from the non-resident investor McGrath Rentcorp Asia Pte Ltd, Singapore. The company allotted 249742 equity shares and 4847286 Compulsorily Convertible Debentures (CCDs) amounting to ₹8,19,38,288.00 to the non-resident investor on February 10, 2015, with a delay beyond 180 days from the date of receipt of remittances, with prior approval from Reserve Bank of India. The company was given approval vide Reserve Bank's letter Ref No.FE.BG.FID.No.5617/21.08.643/2014-15, dated January 01, 2015. The amount of contravention is **₹8,19,38,288.00**, and the period of delay ranging from eight months and ten days to eleven months and six days.

Whereas, in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000 and as amended from time to time, read with AP (Dir series) Circular No. 20, dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons, permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 454/22.08.643/2019-20, dated August 07, 2019, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives Mr. Ajay G Prasad, and Ms. Malini Satheese, who appeared for the personal hearing on August 09, 2019, admitted the contraventions as stated in paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, the representatives requested to take a lenient view 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.

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

(a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹6,63,47,296.40**, and the period of delay ranges from three days to five months and one day; and

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to delay in allotment of shares to the non-resident investor, beyond 180 days from the date of receipt of inward remittances, as detailed in paragraph 3 above. The amount of contravention is **₹8,19,38,288.00**, and the period of delay ranges from eight months and ten days to eleven months and six days.

6. It has been declared in the compounding application dated April 12, 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 is 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 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 **₹3,14,975.00, (Rupees Three Lakh Fourteen Thousand Nine Hundred and Seventy Five only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 8 of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹3,14,975.00, (Rupees Three Lakh Fourteen Thousand Nine Hundred and Seventy Five only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, payable at Bengaluru 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 Ninth day of August 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**