



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: June 20, 2019  
**C.A.900/2019**

In the matter of

**M/s. Sacra Systems Pvt Ltd.,**  
C-408, Vijayahyde park Apartment  
Duraismy Layout, Peelamedu  
Coimbatore - 641 004

**(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 April 2, 2019 (received at Reserve Bank on April 5, 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 delay in allotment of shares in terms of Paragraph 2(2) of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017



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notified vide Notification No. FEMA 20R/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20R/2017-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on July 23, 2018 under the provisions of the Companies Act, 2013 (Registration No. U72900TZ2018FTC030750) and is engaged in the business of computer consultancy and computer facilities management activities. The applicant received three foreign inward remittances between 24.08.2018 and 18.09.2018 amounting to ₹14,94,761.40 from M/s Sacra Systems Pte Ltd., Singapore towards subscription to equity shares. Against the above remittances the company allotted shares on three occasions from 24.09.2018 to 04.01.2019 and filed the FC GPRs with Reserve Bank.

3. The company allotted 9900 shares of ₹10/- each on 04.01.2019 against the remittance received on 24.08.2018 as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of Allotment
1	24.08.2018	99,000.00	04.01.2019

The company allotted shares with a delay of two months 12 days approximately beyond the stipulated time of 60 days from the date of receipt of the consideration. Whereas in terms of paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-RB, capital instruments shall be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration.

4. The applicant was advised about the contravention vide memorandum dated February 5, 2019. The applicant has filed a compounding application dated April 2, 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 undated declaration 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



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enquiry/investigation/ adjudication proceedings against it/him/her thereafter. 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated June 18, 2019 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant vide mail dated June 18, 2019 chose not to appear for the personal hearing scheduled on June 19, 2019. The applicant, in the compounding application, had admitted to the contravention as stated in para 3 above committed by the applicant for which compounding has been sought. It had been submitted that the delay was unintentional. In view of the above, the applicant requested to take a lenient view in the matter. 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.

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

- a) Paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-RB due to delay in allotment of shares. The contravention relates to an amount of ₹99,000.00 with the duration of contravention being two months 12 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



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the amount for which the contravention is to be compounded and I consider that an amount

of ₹1980/- (Rupees one thousand nine hundred and eighty only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-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 ₹1980/- (Rupees one thousand nine hundred and eighty 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 twentieth day of June, 2019.

**Sd/-**  
**K Dhamodhiran**  
**Assistant General Manager**