



In the

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

Present

**N Mohana**  
**General Manager**

Date: January 4, 2019  
**C.A.857/2018**

In the matter of

**M/s. Sloan Management Advisory Services (India) Pvt Ltd.**  
No.27, Dr. Ambedkar Road  
Kodambakkam  
Chennai-600 024

**(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 November 05, 2018 (received at Reserve Bank on November 08, 2018) 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 of inflow of funds received from a person resident outside India for allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares to



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Reserve Bank and (iii) delay in allotment of shares in terms of Paragraph 9 (1) A, Paragraph 9 (1) B and Paragraph 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 3, 2000 and 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 July 1, 2008 under the provisions of the Companies Act, 2013 (Registration No. U74140TN2008PTC068416) and is engaged in business of management consultancy. The applicant received foreign inward remittances from i) M/s Emprio Inc., USA ii) M/s St Gallen Capital Ltd., UK towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

<b>Sl. No.</b>	<b>Amount of Inward Remittance in Rs.</b>	<b>Date of receipt</b>	<b>Reported to RBI on</b>
1	10,11,400.00	04.04.2012	28.04.2012
2	10,14,200.00	10.04.2012	28.04.2012
3	5,23,800.00	24.04.2012	28.04.2012
4	8,17,665.00	22.05.2012	08.06.2012
5	24,92,660.50	03.07.2012	26.06.2018

The applicant reported receipt of remittances to the Reserve Bank as indicated above with delay of five years 10 months 23 days approximately beyond the prescribed period of 30 days in respect of the remittance at Sl No.5. 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 allotted equity shares and filed the FC-GPR as indicated below:

<b>Sl. No</b>	<b>No. of shares allotted</b>	<b>Face Value (in Rs.)</b>	<b>Amount (INR)</b>	<b>Date of allotment of shares</b>	<b>Reported to RBI on</b>
1	585692	10	58,56,920.00	22.01.2015	27.06.2018



The applicant filed form FC-GPR as indicated above with delay of three years four months five days approximately beyond the prescribed limit in respect of the allotment. Whereas in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The company allotted 585692 shares on 22.01.2015 against the remittances received as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	04.04.2012	10,11,400.00	22.01.2015
2	10.04.2012	10,14,200.00	22.01.2015
3	24.04.2012	5,23,800.00	22.01.2015
4	22.05.2012	8,17,665.00	22.01.2015
5	03.07.2012	24,92,660.50	22.01.2015

The company allotted shares with delays ranging from two years 19 days to two years three months 18 days approximately without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007, the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was advised about the contraventions vide memorandum dated September 5, 2018. The applicant has filed a compounding application dated November 05, 2018 wherein it has been declared 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 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.

6. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated December 31, 2018 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 January 3, 2019 during which Shri V. Suresh, practising Company Secretary and Mr. Kondath Sasikumar represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in para 2 to 4 above for which compounding has been sought. During the personal hearing, it was submitted that the delays were 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.

7. 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 provisions issued in terms of:

(a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 24,92,660.50 with duration of contravention being five years 10 months 23 days approximately;

(b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India. The contravention relates to an amount of ₹ 58,56,920.00 with the duration of contravention being three years four months five days approximately; and



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(c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank. The contravention relates to an amount of ₹58,56,920.00 with the duration of contravention ranging from two years 19 days to two years three months 18 days approximately.

8. 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 **₹1,25,525/-** (Rupees one lakh twenty-five thousand five hundred and twenty-five only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B and 8 of Schedule 1 to 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 **₹1,25,525/-** (Rupees one lakh twenty-five thousand five hundred and twenty-five 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 of accordingly.

Dated this fourth day of January, 2019.

**Sd/-**  
**N Mohana**  
**General Manager**