



In the

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

Present

**Dr. K Balu**  
**Chief General Manager**

Date: December 06, 2018  
**C.A.826/2017**

In the matter of

**M/s. VMAX IQ Study Techniques Pvt Ltd.**  
1st Floor, Old No.9A, New No.15A,  
Ram Pratap Apartments, Poes Garden,  
Chennai-600 086

**(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 September 07, 2018 (received at Reserve Bank on September 12, 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 with



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Reserve Bank and (iii) allotment of shares prior to receipt of full consideration, in terms of Paragraphs 9 (1) A, 9 (1) B 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 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 October 06, 2016 under the provisions of the Companies Act, 2013 (Registration No: U80210TN2016PTC112856) and is engaged in the business of educational support services. The applicant received foreign inward remittances from Mr.Nandakumar Nirmal Thamootheram, Australia towards subscription to equity shares and reported to Reserve Bank as detailed below:

<b>Sl. No</b>	<b>Amount of Foreign Inward Remittance ₹</b>	<b>Date of receipt</b>	<b>Reported to RBI on</b>
1	4,90,000.00	18.11.2016	03.01.2017
2	64,62,300.00	29.11.2016	03.01.2017
3	14,37,000.00	21.12.2016	02.02.2017
4	14,43,000.00	04.01.2017	20.02.2017
5	4,90,000.00	11.01.2017	20.02.2017
6	5,03,000.00	20.01.2017	20.02.2017
7	2,98,200.00	02.03.2017	21.11.2017

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one day to seven months 19 days approximately beyond the stipulated time of 30 days in respect of the remittances. 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.



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3. The company allotted equity shares and filed FC-GPRs as indicated below:

Sl. No.	No. of shares	Face Value (in Rs.)	Amount (INR)	Date of allotment	Reported to RBI on
1	4995	100	4,99,500.00	18.11.2016	24.05.2018
2	106240	100	1,06,24,000.00	18.03.2017	24.05.2018

The applicant filed form FC-GPRs as indicated above with delay ranging from one year one month six days to one year five months six days approximately beyond the prescribed limit in respect of allotments. 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 4995 shares of ₹100/- each on 18.11.2016. A part of the consideration towards the above allotment was received by way of inward remittance as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of Allotment
1	02.03.2017	9,500.00	18.11.2016

The company received the consideration by way of inward remittance with delay of three months 14 days approximately. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, a company issuing the shares or convertible debentures under this Schedule to a person resident outside India shall receive the amount of consideration for such shares by way of inward remittance through normal banking channels or by debit to NRE/FCNR account of the person concerned maintained with an authorized dealer/authorized bank.

5. The applicant was advised about the contraventions vide memorandum dated August 07, 2018. The applicant has filed a compounding application dated September 07, 2018. It has been declared in the compounding application that the particulars given by



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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.

6. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated December 03, 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 December 06, 2018 during which Shri Nandakumar Nirmal Thamotheram, Managing Director represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 to 4 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested Reserve Bank 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 during the personal hearing.

7. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and 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 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity



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shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 1,11,23,500.00 with duration of contravention ranging from one day to seven months 19 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 and the contravention relates to an amount of ₹1,11,23,500.00 with duration of contravention ranging from one year one month six days to one year five months six days approximately; and

(c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to allotment of shares prior to receipt of full consideration. The contravention relates to an amount of ₹9,500.00 with the duration of contravention being three months 14 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 ₹ 82,820/- (Rupees eighty two thousand eight hundred and twenty 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 ₹82,820/- (Rupees eighty two thousand eight hundred and twenty 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.



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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 Sixth day of December, 2018.

**-Sd/-**

**Dr. K Balu**

**Chief General Manager**