



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
11th floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400 001

Present

Pawanjeet Kaur Rishi
Assistant General Manager

Date: March 22, 2018
CA No 4513 / 2017

In the matter of

Source Pundit Info Systems Pvt Ltd
1 Commercial Complex, Pocket H & J
Sarita Vihar
New Delhi - 110076

(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 August 23, 2017 (received in the Reserve Bank on October 9, 2017), 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) taking on record the transfer of shares by way of gift from R to NR without RBI approval and non-filing of annual return on Foreign Liabilities and Assets. The above amount to the contravention of Regulation 4 of FEMA 20 and Para 9 (2) of Schedule 1 of 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 amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB.

2. The relevant facts are as under: The applicant Source Pundit Info Systems Pvt Ltd is a pvt limited company incorporated under the provisions of the Companies Act 1956 on February 8, 2008. The applicant is engaged in the business of providing recruitment solutions for domestic and international operators. Ms.Kiran Sethi and Mr.Ravinder Singh Sethi were the initial shareholders of the company holding 5000 shares each. Both the shareholders Ms.Kiran Sethi and Mr.Ravinder Singh Sethi gifted 2500 shares and 2000 shares respectively to Mr.Rajiv Singh Chhatwal (non-resident) without prior approval of RBI. The company took this transfer of shares on record which is a contravention of Regulation 4 of FEMA 20. The transaction has been reversed and Mr.Rajiv Singh Chhatwal (non-resident) has re-gifted 4500 equity shares to Mr.Ravinder Singh Sethi. Further, Annual Returns of Foreign Liabilities and Assets (FLA) for the financial years 2012-13, 2013-14, 2014-15 and 2015-16 were not submitted / submitted with delay by the company which is a contravention of Para 9(2) of Schedule 1 of FEMA 20.

3. Regulation 10.A (a) of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that “A person resident in India who proposes to transfer to a person resident outside India [not being erstwhile OCBs]

(a) (i) any security, by way of gift, shall make an application to the Reserve Bank for its approval “.

Further, according to Para 9(2) of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time, “All Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled ‘Annual Return on Foreign Liabilities and Assets’ as specified by the Reserve Bank from time to time].



4. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA No./5893/15.20.67/2017-18 dated January 10, 2018 for further submission in person and/or producing documents, if any, in support of the application. Mr.Vishwas Panjiar, authorized representative of the company attended the personal hearing on January 22, 2018. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record. It was observed that the applicant has contravened the provisions of Regulation 10(A)(a) and Paragraph 9(2) of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time. The amount and period of contravention is as follows:

(i) Regulation 10(A)(a) of Notification No.FEMA.20/2000-RB – Amount of contravention– Rs. 603230/- and period of contravention – 5 years approximately.

(iii) Paragraph 9(2) of Schedule 1 of Notification No.FEMA.20/2000-RB – Non-submission / delayed submission of four FLA returns

6. 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 55000/- (Rupees fifty five thousand only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Regulation 10 and Paragraph 9 of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as



amended from time to time, on payment of a sum of Rs. 55000/- (Rupees fifty five thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 the twenty second day of March, 2018

Sd/-

(Pawanjeet Kaur Rishi)
Assistant General Manager