



In the

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

Present

Arundhati Mech
Regional Director

Date: April 13, 2018
C.A.769/2018

In the matter of

M/s. Serviont Global Solutions Ltd.
No.4/600 & 4/197, 7th Street,
Dr. VSI Estate Phase II,
Thiruvanmiyur, Chennai- 600 041

(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 March 05, 2018 (received at Reserve Bank on March 05, 2018) 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 submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) B



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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.

2. The relevant facts of the case are as follows: The applicant company was incorporated on May 14, 1991 under the provisions of the Companies Act, 1956 (Registration No. U29309TN1991PLC020805) and is engaged in business of writing, modifying, testing of computer program to meet the needs of a particular client excluding web-page designing. The applicant received 14 foreign inward remittances between 11.01.2001 and 24.08.2017 amounting to ₹ 112,60,26,970.77 from (i) M/s.Flordia Properties Ltd., Cyprus (ii) GMG Capital Partners III LP, USA (iii) Athenian Venture Partners II LP, USA (iv) Mr. Christopher J Mills, USA (v) Sansar Capital Master Fund LP, USA (vi) Sansar Capital Special Opportunities Master Fund LP, USA (vii) M/s CSI BD (Mauritius), Mauritius (viii) Agas Basil Technology Fund, Mauritius ix)M/s Evertch Holdings Pte Ltd., Singapore x) Mr. Shriram Srivatsa Rajamani, USA xii) Mr. Hamid Akhavan Malayeri, USA towards subscription to equity shares and reported the same to the Reserve Bank.

3. Against eight of the inflows received between 11.01.2001 and 28.02.2007, the company allotted shares on five occasions between 13.02.2001 and 28.02.2007 and also allotted shares under Employees' Stock Option Plan (ESOP) on 17.03.2007. The six form FC-GPRs amounting to ₹ 62,34,03,338.10 were filed with Reserve Bank and taken on record. Subsequently the company allotted shares on six occasions and filed FC-GPRs as indicated below:

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	699	10	26,630.00	14.03.2008	08.05.2008
2	701	10	26,705.00	31.03.2009	27.01.2010
3	350162	10	3,12,76,469.84	15.04.2011	25.07.2011
4	549356	10	26,91,84,440.00	29.03.2017	09.05.2017
5	330905	10	16,21,43,450.00	31.03.2017	09.05.2017
6	65122	10	3,19,09,780.00	20.10.2017	06.12.2017



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The applicant filed form FC-GPRs as indicated above with delay ranging from nine days to eight months 27 days approximately beyond the prescribed limit in respect of the 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 applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated April 09, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on April 13, 2018 during which Shri Sainathan K, Company Secretary represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 3 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 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.

5. It has been declared in the compounding application dated March 05, 2018 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 dated March 05, 2018 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.



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6. I have given my careful consideration to the documents on record and submissions 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) 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 ₹ 49,45,67,474.84 with the duration of contravention ranging from nine days to eight months 27 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 the amount for which the contraventions are to be compounded and I consider that an amount of ₹ 43,330/- (Rupees forty three thousand three hundred and thirty only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraphs 9 (1) B 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 ₹ 43,330/- (Rupees forty three thousand three hundred and thirty 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 Thirteenth day of April, 2018.

Sd/-

Arundhati Mech
Regional Director