



In the

Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Smt K S Jyotsna
General Manager

Date: May 22, 2018
C.A. BGL 278/2018

In the matter of

M/s Jurimatrix Services India Private Limited
Manyata Tech Park, G4 Block, Aspen Building
Level 2, Rachenahalli, Nagawara, Outer Ring Road
Bengaluru - 560045
(Applicant)

In exercise of the powers under section 15(1) of the Foreign Exchange Management Act, 1999, and the Regulations / Rules / Notifications / Orders framed there under, I pass the following

ORDER

The applicant has filed a compounding application dated December 15, 2017, received at this office of Reserve Bank of India, Bengaluru on December 29, 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 in its books by the applicant without prior approval, the transfer of shares by Resident to Non-Resident, and (ii) delay in reporting the transfer of shares by Resident to Non-Resident in terms of Regulation 4 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 03, 2000, and Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB as amended vide AP (DIR Series) Circular No. 63 dated April 22, 2009, respectively.



2. The relevant facts of the case are as follows: The applicant, M/s Jurimatrix Services India Private Limited, was incorporated on December 06, 2005, under the Companies Act, 1956. The company is engaged in offering and undertaking professional services in India and abroad in the areas of legal compliances, statutory and regulatory compliances, etc.

3. The resident shareholders of the company, namely, M/s Jurimatrix Employee Benefit Trust, Bengaluru, had transferred their shares to the non-resident buyers (as mentioned in the Table-1) for the consideration received as stated below:

Table – 1

Sl. No	Name of the non-resident buyer	No. of shares transferred	Date of transfer of shares	Amount of consideration received in INR	Date on which transfers were taken on record in the company's account	Date on which approval was given by AD Bank/RBI
1	Abeer Othman Lughod, USA	39452	07-09-2011	1,97,280.00	15-09-2011	26-05-2016
2	Rene Hautle	180515	20-08-2011	9,02,575.00	30-08-2011	26-05-2016
3	Tarun Khanna	20042	07-09-2011	1,00,199.70	15-09-2011	26-05-2016
4	Cetus Investments Ltd	116879	14-07-2011	5,84,395.00	12-07-2011	26-05-2016
5	Rajesh Patil	20457	14-07-2011	1,02,285.00	12-07-2011	26-05-2016
6	David Buchen	58439	14-07-2011	2,92,195.00	12-07-2011	26-05-2016
7	Pradeep Kashyap	58439	14-07-2011	2,92,195.00	12-07-2011	26-05-2016
8	Sonali Johri, USA	7958	14-07-2011	39,790.00	12-07-2011	26-05-2016
9	Marble Bay Ltd	59002	30-08-2011	2,95,010.00	23-08-2011	26-05-2016
10	K Sethuraman & Susheela Sethuraman	98750	22-09-2011	4,93,750.00	15-09-2011	26-05-2016
11	Mr. R M Parakh, Sultanate of Oman	298367	13-04-2011	14,91,835.00	30-08-2011	23-11-2017



12	Mr.Michael A Ross & Mrs.Leslic G Ross, USA	28857	19-04-2011	1,44,285.00	30-08-2011	23-11-2017
13	Mr.Arthur Ralph Flew, USA	198243	04-05-2011	9,91,215.00	30-08-2011	23-11-2017
14	G Marmol Trust, USA	194817	11-04-2011	9,74,085.00	30-08-2011	23-11-2017
15	Mr.Ravi Pochiraju & Ms.Neela Mathias, USA	59407	05-05-2011	2,97,035.00	22-09-2011	23-11-2017
16	Mr. Ashish Nanda, USA	9916	02-07-2011	49,580.00	22-09-2011	23-11-2017
17	Mr.Steven Angelo Pinto & Ms.Asha Marie Pinto, UAE	98646	26-04-2011	4,93,230.00	22-09-2011	23-11-2017
	Total	1548186		77,40,939.70		

The applicant had taken on record, the transfer of shares, which are indicated in the Table 1 above, in the books of the company without obtaining Form FC-TRS duly acknowledged / certified by the Authorised Dealer Bank, whereas in terms of Regulation 4 of Notification No. FEMA 20/2000- RB dated May 3, 2000, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such a person, provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books, transfer of security from or to such person, subject to such conditions as may be considered necessary. The amount of contravention is Rs. 77,40,939.70, and the period of contravention ranges from four years eight months and eleven days to six years two months and twenty three days approximately.

4. A resident shareholder of the company, namely, M/s Jurimatrix Employee Benefit Trust, Bengaluru, had transferred their shares to the non-resident



investors and filed Form FC-TRS with Reserve Bank/AD Bank as indicated below:

Table – 2

Sl. No	Name of the non-resident/resident buyer	No. of shares transferred	Date of transfer of shares	Amount of consideration received in Rs.	Date of receipt of consideration	Date of filing Form FCTRS
1	Mr. R M Parakh, Sultanate of Oman	298367	13-04-2011	14,91,835.00	13-04-2011	28-09-2011
2	Mr. Michael A Ross & Mrs. Leslic G Ross, USA	28857	19-04-2011	1,44,285.00	19-04-2011	28-09-2011
3	Mr. Arthur Ralph Flew, USA	198243	04-05-2011	9,91,215.00	04-05-2011	10-10-2011
4	G Marmol Trust, USA	194817	11-04-2011	9,74,085.00	11-04-2011	28-09-2011
5	Mr. Ravi Pochiraju & Ms. Neela Mathias, USA	59407	05-05-2011	2,97,035.00	24-04-2011	02-12-2011
6	Mr. Ashish Nanda, USA	9916	02-07-2011	49,580.00	02-07-2011	15-11-2011
7	Mr. Steven Angelo Pinto & Ms. Asha Marie Pinto, UAE	98646	26-04-2011	4,93,230.00	26-04-2011	14-10-2011
	Total			44,41,265.00		

The applicant had filed Form FC-TRS with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from two months and fifteen days to five months and nine days approximately, beyond the prescribed period of 60 days from the date of receipt of amount of consideration as indicated in the Table - 2 above. As per Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB and AP (DIR Series) Circular No. 63 dated April 22, 2009, the Form FC-TRS should be



submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the Form FC-TRS within the given timeframe would be on the transferor / transferee, resident in India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 4286/22.06.636/2017-18 dated May 08, 2018, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Debasish Roy Chowdhury, Company Secretary, Mr. Harshal Kamdar, Consultant, and Ms. Tripti Zaware, Consultant, who appeared for the personal hearing on May 10, 2018, admitted the contraventions as stated in paragraphs 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay in seeking approval or reporting was not wilful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, they requested to take a lenient view in disposal of the application. 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 personal hearing and thereafter.

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

(a) Regulation 4 of Notification No. FEMA 20/2000-RB, as the applicant had taken on record in its books, without approval, the transfer of shares by Resident to Non-Resident as detailed in Paragraph 3 above. The contravention relates to an amount of **Rs.77,40,939.70**, and the period of delay ranges from four years eight months and eleven days to six years two months and twenty three days approximately; and



(b) Regulation 10A (b)(i) read with Paragraph 10 of Schedule I to FEMA 20/2000-RB, due to delay in reporting of transfer of shares as detailed in Paragraph 4 above. The amount of contravention is **Rs.44,41,265.00**, and the period of delay ranges from two months and fifteen days to five months and nine days approximately.

7. It has been declared in the compounding application dated December 15, 2017, 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 undertaking dated May 03, 2018, furnished as part of 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 thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. 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.

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 **Rs.1,24,450.00 (Rupees One Lakh Twenty Four Thousand Four Hundred and Fifty only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Regulation 4 and Regulation 10A (b)(i) read with para 10 of Schedule I of the



Notification No. FEMA 20/2000RB by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs.1,24,450.00 (Rupees One Lakh Twenty Four Thousand Four Hundred and Fifty only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru 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, the Twenty Second day of May, 2018.

Sd/-

(K S Jyotsna)
General Manager