



In the

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

Present

P. Ramesh
Assistant General Manager

Date : June 26, 2018
C.A.779/2018

In the matter of

M/s. Neohapsis Software Pvt Ltd.,
Unit No.511 & 512, 5th Floor,
Wing Alpha, Block A, Raheja Towers,
No.113-134, Anna Salai,
Chennai-600 002

(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 20, 2018 (received at Reserve Bank on March 27, 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 taking on record the



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transfer of shares in the books of the company without certified FC-TRS 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 3, 2000 and as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB) respectively.

2. The relevant facts of the case are as follows: The applicant company was incorporated on October 24, 2008 under the provisions of the Companies Act, 1956 (Registration No. U72200TN2008PTC069665) and is engaged in business of other information technology and computer service activities.

3. The company has taken on record the transfer of shares from Residents to Non Residents as detailed below:

| Seller (Resident) | No of Shares | Buyer (Non Resident) | Amount Involved (INR) | Date of taking on record transfer of shares in the books of the company | Date of certification of FCTRS by AD |
|--------------------------|---------------------|-----------------------------|------------------------------|--|---|
| Abdul Jabbar Anzer Ali | 9989 | Neohapsis International LLC | 1,29,857 | 22.08.2009 | 02.02.2010 |
| Abdul Jabbar Anzer Ali | 1 | Neohapsis Inc | 13 | 22.08.2009 | 02.02.2010 |
| M Rajagopal | 10 | Neohapsis International LLC | 130 | 22.08.2009 | 02.02.2010 |

The company has taken the transfer of shares on record without certified FC-TRS. The FC-TRS were certified by the Authorised Dealer with delay of five months 11 days. Whereas in terms of Regulation 4 of Notification No. FEMA 20/ 2000-RB read with A.P. (DIR Series) Circular No. 63 dated April 22, 2009, 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. Further save as otherwise provided in the Act, Rules or Regulations made there under, an Indian entity shall not record in its books any transfer of security from or to such 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.



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4. The applicant has filed a suo moto compounding application dated March 20, 2018 wherein it has been declared in the compounding application 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 20, 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated June 20, 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 June 25, 2018 during which Shri Dheeraj Mani, Kochchar & Co., Advocates and Legal Consultants represented the applicant. The authorized representative of the applicant admitted the contravention 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. 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

6. 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 FEMA provisions issued in terms of Regulation 4 of Notification No. FEMA 20/2000-RB due to taking on record transfer of shares without certified FC-TRS. The contravention relates to an amount of ₹ 1,30,000.00 with the duration of contravention being five months 11 days approximately.



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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 ₹ 11,500/- (Rupees Eleven Thousand and Five Hundred only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 4 of 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 ₹ 11,500/- (Rupees Eleven Thousand and Five Hundred 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 Twenty sixth day of June, 2018.

Sd/-

(P. Ramesh)
Assistant General Manager