



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 : June 01, 2018
C.A.763/2018

In the matter of

M/s. Texelq Engineering India Pvt Ltd.,
(formerly M/s Chakkaram Engineering India Pvt Ltd.)
Plot No.20 & 27, VGP Industrial Estate
Chettipedu, Sriperumbudur Taluk,
Chennai-602 105

(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 February 05, 2018 (received at Reserve Bank on February 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 contraventions sought to be compounded are (i) delay in reporting of inflow of funds received from a person resident outside India for



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allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares to Reserve Bank and (iii) delay in allotment of shares in terms of Paragraph 9 (1) A, Paragraph 9 (1) B and Paragraph 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 and as amended from time to time (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 January 23, 2006 under the provisions of the Companies Act, 1956 (Registration No. U27310TN2006PTC058616) and is engaged in business of Architectural and engineering and other technical consultancy activities. The National Company Law Tribunal, Chennai has vide order dated 30.08.2017 approved a Scheme of Amalgamation of Rass Manufacturing India Pvt Ltd. (transferor company) with Texelq Engineering India Pvt Ltd.(transferee company). The applicant received foreign inward remittances from i) Mr. Pandurangan Thukkaram, USA ii) M/s Texelq Engineering LLC, USA iii) M/s Chakkaram Engineering LLC, USA towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No	Amount of Foreign Inward Remittance ₹	Date of receipt	Reported to RBI on
1	4,47,200.00	16.03.2011	31.03.2011
2	4,37,000.00	08.04.2011	27.04.2011
3	4,43,334.00	06.05.2011	12.05.2011
4	47,83,584.00	27.12.2011	27.01.2012
5	12,34,141.65	09.11.2012	07.12.2012
6	10,75,531.05	02.01.2013	29.01.2013
7	14,50,711.30	25.02.2013	15.03.2013
8	6,72,106.05	26.03.2013	07.05.2013
9	13,52,500.00	17.05.2013	31.08.2013
10	13,27,205.00	24.06.2013	31.08.2013
11	12,04,298.85	05.08.2013	27.09.2013
12	10,26,498.00	11.10.2013	09.11.2013
13	3,05,694.00	22.10.2013	09.11.2013
14	3,06,693.00	19.11.2013	18.12.2013



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15	5,48,695.00	05.12.2013	20.12.2013
16	6,12,693.50	24.12.2013	20.01.2014
17	3,05,993.70	30.12.2013	20.01.2014
18	3,67,493.50	24.01.2014	07.02.2014
19	6,10,694.50	26.02.2014	26.03.2014
20	5,91,004.35	27.03.2014	02.04.2014
21	11,84,503.80	05.05.2014	17.05.2014
22	5,89,705.00	19.06.2014	09.07.2014
23	53,27,526.40	02.07.2014	27.08.2014
24	9,06,747.65	07.08.2014	27.08.2014
25	35,99,520.00	22.09.2014	20.10.2014
26	42,34,516.00	07.10.2014	05.11.2014
27	9,22,192.50	12.12.2014	07.01.2015
28	12,29,892.45	09.01.2015	30.01.2015
29	6,04,797.45	23.01.2015	14.02.2015
30	12,31,891.95	13.03.2015	27.03.2015
31	6,19,290.00	22.04.2015	15.05.2015
32	6,25,087.00	15.05.2015	29.05.2015
33	22,00,836.00	10.06.2015	06.07.2015
34	32,47,675.00	21.08.2015	19.09.2015
35	32,88,671.00	04.09.2015	11.10.2015

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one day to two months 14 days approximately beyond the stipulated time of 30 days in respect of the remittances at Sl. Nos. 4, 8 to 11, 23 and 35.

M/s Rass Manufacturing India Pvt Ltd. (transferor company) received foreign inward remittances from Mr. Ravikulam Ramanujam, USA towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No	Amount of Foreign Inward Remittance ₹	Date of receipt	Reported to RBI on
1	12,975.00	06.02.2007	20.05.2008
2	3,91,500.00	06.02.2007	20.05.2008
3	19,13,223.00	15.02.2007	20.05.2008
4	11,52,893.00	05.06.2007	20.05.2008
5	1,99,496.00	04.08.2007	20.05.2008
6	8,37,238.00	13.08.2007	20.05.2008
7	99,409.00	11.09.2007	20.05.2008



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8	4,63,758.00	10.10.2007	20.05.2008
9	7,87,817.00	24.10.2007	20.05.2008
10	2,74,200.00	26.11.2007	20.05.2008
11	2,33,964.00	05.12.2007	20.05.2008
12	5,29,371.00	27.12.2007	20.05.2008
13	3,34,840.00	13.05.2008	21.05.2018
14	4,49,590.00	03.12.2010	21.05.2018
15	10,22,980.00	22.12.2011	21.05.2018
16	11,82,574.00	27.12.2011	21.05.2018
17	17,99,140.00	22.01.2012	21.05.2018
18	10,07,452.00	06.12.2013	02.05.2014

The company reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from three months, 26 days to nine years 11 months eight days beyond the prescribed period 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.

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

Sl. No.	No. of share allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	13275	100	13,27,500.00	05.09.2011	20.10.2011
2	47836	100	47,83,600.00	29.02.2012	31.03.2012
3	12341	100	12,34,100.00	12.12.2012	08.01.2013
4	10755	100	10,75,500.00	21.02.2013	15.03.2013
5	21228	100	21,22,800.00	16.08.2013	25.11.2013
6	38840	100	38,84,000.00	11.11.2013	10.12.2013
7	46754	100	46,75,400.00	04.04.2014	16.08.2014
8	57971	100	57,97,100.00	16.10.2014	18.11.2014
9	100454	100	1,00,45,400.00	15.12.2014	03.02.2015
10	504	100	50,400.00	15.10.2017	17.01.2018
11	139703	100	1,39,70,300.00	15.10.2017	11.01.2018
12	5843	100	5,84,300.00	15.10.2017	23.05.2018



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The applicant filed the form FC-GPRs as indicated above with delay ranging from one day to six months eight days approximately beyond the stipulated time of 30 days in respect of the allotments at Sl. Nos. 1,2,5, 7 to 12.

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

Sl. No.	No. of share allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	9999	100	9,99,900.00	16.02.2007	12.05.2008
2	58960	100	58,96,000.00	31.03.2008	17.05.2018
3	47891	100	47,89,100.00	20.03.2012	17.05.2018
4	10074	100	10,07,400.00	18.03.2014	02.05.2014

The company filed the form FC-GPRs as indicated above with delay ranging from 14 days to ten years 16 days approximately beyond the stipulated time of 30 days 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 company allotted 139703 shares of ₹ 100/- each on 15.10.2017 against nine remittances as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	12.12.2014	9,22,192.50	15.10.2017
2	09.01.2015	12,29,892.45	15.10.2017
3	23.01.2015	6,04,797.45	15.10.2017
4	13.03.2015	12,31,891.95	15.10.2017
5	22.04.2015	6,19,290.00	15.10.2017
6	15.05.2015	6,25,087.00	15.10.2017
7	10.06.2015	22,00,836.00	15.10.2017
8	21.08.2015	32,47,675.00	15.10.2017
9	04.09.2015	32,88,637.65	15.10.2017

The company allotted shares with delay ranging from one year seven months 11 days to two years four months three days approximately with prior approval of Reserve Bank.



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The transferor company allotted shares on 31.03.2008 and 20.03.2012 against remittances as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	15.02.2007	13,17,798.00	31.03.2008
2	05.06.2007	11,52,893.00	31.03.2008
3	04.08.2007	1,99,496.00	31.03.2008
4	13.08.2007	8,37,238.00	31.03.2008
5	11.09.2007	99,409.00	31.03.2008
6	13.05.2008	3,34,840.00	20.03.2012
7	03.12.2010	4,49,590.00	20.03.2012

The company allotted shares with delay ranging 20 days to three years four months seven days approximately without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was advised about the contraventions vide memorandum dated July 11, 2017. The applicant filed a compounding application dated August 03, 2017 which was returned as administrative action could not be completed by the applicant. The applicant has again filed a compounding application dated February 05, 2018 wherein it has been declared in the compounding application dated February 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 February 05, 2018 furnished with the compounding application that the applicant was under investigation by Directorate of Enforcement (DoE) as on the date of the application. Accordingly, Reserve Bank vide letter Che.FED.FID/485/25.27.999/2017-18 dated August 08, 2017 had sought comments from DoE to be furnished within 30 days as to whether it had objection, if any, in terms of the proviso to Rule 8(2) to Compounding Rules to compounding the contraventions sought to be compounded by the applicant. DoE has vide its letters T3/77/CEZO/2016 dated August 16, 2017 and T3/77/CEZO/2016 dated April 24,



2018 has confirmed its “no objection” to compounding by Reserve Bank in the matter.

6. The applicant was given an opportunity for personal hearing vide Reserve Bank’s mail dated May 28, 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 May 31, 2018 during which Shri Venkatesan Sundaram, Director represented the applicant. The authorized representative of the applicant admitted the contravention 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 shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 3,06,48,311.30 with duration of contravention ranging from one day to nine years 11 months eight 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. The contravention relates to an amount of ₹ 5,60,49,200.00 with the duration of contravention ranging from one day to 10 years 16 days approximately;



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(c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares with prior approval of Reserve Bank. The contravention relates to an amount of ₹ 1,39,70,300.00 with the duration of contravention ranging from one year seven months 11 days to two years four months three days approximately; and

(d) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank. The contravention relates to an amount of ₹ 43,91,264.00 with the duration of contravention ranging from 20 days to three years four months seven 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 ₹ 3,67,717/- (Rupees three lakh sixty seven thousand seven hundred and seventeen 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 ₹ 3,67,717/- (Rupees three lakh sixty seven thousand seven hundred and seventeen 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.



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Dated this First day of June, 2018.

Sd/-

Dr. K Balu
Chief General Manager