



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

N Sara Rajendra Kumar  
General Manager

Date: July 17, 2018  
C.A. HYD 299

In the matter of

M/s. TTJ Design & Engineering (India) Private Limited  
No.8-56 & 8-56/1, Isnapur Cross Roads, Isnapur Village, Patancheru Mandal  
Medak District, Telangana – 502 307

**(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 submitted the compounding application dated February 27, 2018 received by us on March 21, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity, (ii) delay in submission of Form FCGPR to the Reserve Bank after issue of shares and (iii) delay in receipt of consideration after allotment of shares towards subscription to MoA to a person resident outside India and (iv) delay in allotment of shares to a person resident outside India in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 of Schedule 1 to Foreign Exchange Management (Transfer



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or Issue of Security by a person resident outside India) Regulations, 2000 notified vide Notification no. FEMA. 20/2000-RB dated 3<sup>rd</sup> May 2000 and as then applicable (herein after referred to as Notification no. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows:

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on June 04, 2010 (CIN: U45200TG2010PTC068789). The company is engaged in the business of civil, electrical and mechanical contractors for repairs, reconstructions and renovation of commercial buildings, factories, shops etc. in India and/or outside India.
- b) The applicant had received foreign inward remittances from a single foreign investor as indicated below:

SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Reporting
1	TTJ Design & Engineering Pte Ltd	3459500	25-08-2010	31-01-2011
2	TTJ Design & Engineering Pte Ltd	5547167.80	12-07-2012	14-08-2012
3	TTJ Design & Engineering Pte Ltd	70000	13-07-2016	12-08-2016
<b>Total</b>		<b>90,76,667.80</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 90,76,667.80 to the Regional Office of Reserve Bank of India, out of which remittance amounting to ₹ 90,06,667.80 were reported with a delay ranging from 3 days to 4 months 7 days approximately as indicated above. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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



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procedure not later than 30 days from the date of receipt of the amount of consideration.

- c) The company allotted equity shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of Reporting
1	TTJ Design & Engineering Pte Ltd	04-06-2010	7000	70000	12-10-2017
2	TTJ Design & Engineering Pte Ltd	22-11-2011	119955	3459502.20	09-12-2011
3	TTJ Design & Engineering Pte Ltd	16-01-2013	277358	5547160	26-02-2013
<b>Total</b>			<b>4,04,313</b>	<b>90,76,662.20</b>	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 90,76,662.20 as indicated above, out of which ₹ 56,17,160/- were reported with a delay ranging from 11 days to 7 years 3 months 8 days approximately beyond the prescribed limit. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

- d) The applicant allotted shares to the foreign investor prior to the receipt of consideration of share application money as indicated below:



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SI No	Name of Remitter	Date of receipt of funds	Amount (INR)	Date of allotment
1	TTJ Design & Engineering Pte Ltd	13-07-2016	70000	04-06-2010
	<b>Total</b>		<b>70,000</b>	

The applicant received the inward remittance of ₹ 70,000/- towards Subscription to MoA after the allotment of shares, with a delay of 6 years 1 month 9 days approximately in contravention of Paragraph 8 of Schedule 1 to FEMA Notification No. 20/2000—RB dated May 03, 2000 as amended from time to time.

e) The applicant has allotted shares for ₹ 34,59,500/- & ₹ 55,47,167.80 to the foreign investor beyond the stipulated period of 180 days from the date of receipt of inward remittances as indicated below:

SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of allotment of shares
1	TTJ Design & Engineering Pte Ltd	3459500	25-08-2010	22-11-2011
2	TTJ Design & Engineering Pte Ltd	5547167.80	12-07-2012	16-01-2013
	<b>Total</b>	<b>90,06,667.80</b>		

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, the shares have to be issued within the stipulated period of 180 days from the date of receipt of the inward remittance. Here the amount of contravention is ₹ 90,06,667.80 and the period of contravention ranges from 8 days to 9 months 1 day approximately.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/043/14.66.003/2018-19 dated July 10, 2018 for further



submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on July 13, 2018 during which Shri. A. Nagaraj Kumar, Advocate, represented the applicant. The authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was purely unintentional and not malafide in nature but was on account of administrative reasons. In view of the foregoing, the representative of the applicant 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.

4. I have given my careful consideration to the documents on record. 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 for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ 90,06,667.80 and the delay ranges from 3 days to 4 months 7 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 56,17,160/- and the delay ranges from 11 days to 7 years 3 months 8 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in receipt of consideration from the foreign investor for the allotment of shares towards Subscription to MoA and the contravention relates to an amount of ₹ 70,000/- with a delay of 6 years 1 month 9 days approximately.

d) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in the allotment of shares to the foreign investor and the contravention relates to an



amount of ₹ **90,06,667.80** and the delay ranges from 8 days to 9 months 1 day approximately.

5. It has been declared in the compounding application dated February 27, 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 27, 2018 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. 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.

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. 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 contravention is to be compounded and I consider that an amount of ₹ **93,800/- (Rupees Ninety Three Thousand Eight Hundred Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 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 ₹ **93,800/- (Rupees Ninety Three Thousand Eight Hundred Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a



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demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 17<sup>th</sup> day of July 2018

Sd/-

**(N Sara Rajendra Kumar)**  
**General Manager**