



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
3rd Floor, Main Building
Ram Bagh Circle, Tonk Road
Jaipur-302 004

Present

Lamneichong Chongloi

Date: October 16, 2018
C.A. JAI 9/2018

In the matter of

M/s. Telegnosis Private Limited
A-100, Kamla Nehru Nagar Extension – 1st
Jodhpur – 342001 (Rajasthan)

(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 July 2, 2018 (received at Reserve Bank of India, Jaipur on July 9, 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 allotment of shares; (ii) Delay in submission of form FC-GPR on allotment of shares with Reserve Bank and (iii) Allotment of shares after 180 days from the date of receipt of inflow of funds 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, as then applicable. (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant was incorporated on January 21, 2011 under the provisions of the Companies Act, 1956 (Registration Number U33112RJ2011PTC033930) and is engaged in the business of Medical



Science related services. The applicant received foreign inward remittance of Rs.61,12,000.00 on March 05, 2014 from Mr. Babu Sivadasan of U.S.A. and reported the same to the Reserve Bank of India as indicated below:

S.no	Amount of inward remittance	Date of receipt	Date of Reporting
1	61,12,000.00	05/03/2014	07/04/2014

The applicant reported receipt of remittance to the Reserve Bank of India, Jaipur with a delay of 3 days beyond the stipulated time of 30 days. 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 company allotted 152 equity shares to the non-resident investor on September 30, 2014 and filed FCGPR as indicated below:

S.no	Date of Allotment	Amount (INR)	Date of Reporting
1	30-09-2014	61,11,920.00	15-09-2017

The applicant filed the form FC-GPR on allotment of shares with Reserve Bank of India, Jaipur with a delay of two years 10 months and 16 days in respect of abovementioned allotment. Whereas, in terms of paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000, 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 issue of shares to person resident outside India.

4. The applicant allotted 152 equity shares to the non-resident investor on September 30, 2014 for an amount of Rs.61,11,920.00 as indicated below

S.no	Date of receipt of funds	Amount (INR)	Date of issue of shares
1	05-03-2014	61,11,920.00	30-09-2014

The company allotted shares with a delay of 29 days approximately beyond the



prescribed period of 180 days without taking prior approval of RBI. Whereas, in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, shares should be allotted within 180 days from the date of receipt of inward remittance.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FE.JP.No.256/06.10.376/2018-19 dated September 28, 2018 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA, 1999. Shri Anup Kumar Sethi, Group CFO and Shri Amit Garg, Manager – Finance & Accounts, appeared on behalf of the applicant for the personal hearing on October 08, 2018. They admitted the contraventions as stated in para 2, 3 and 4 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with a malafide intention. 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 personal hearing and thereafter.

6. It has been declared in the compounding application dated July 2, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated Nil 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 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.

7. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:

(a) Paragraph 9 (1)(A) of Schedule I to Notification No. FEMA 20/2000-RB due to



delay in reporting of receipt of inward remittance towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 61,12,000.00 with duration of contravention three days approximately;

(b) Paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to person resident outside India. The contravention relates to an amount of ₹ 61,11,920.00 with the duration of contravention two years ten months and sixteen days approximately; and

(c) 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 of India. The contravention relates to an amount of ₹ 61,11,920.00 with the duration of contravention being twenty nine days approximately;

8. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to a penalty upto 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 that an amount of ₹ 1,01,420.00 (Rupees One Lakh One Thousand Four Hundred and Twenty only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely contravention of paragraphs 9(1)(A), 9(1)(B) and 8 of Schedule I 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 ₹ 1,01,420.00 (Rupees One Lakh One Thousand Four Hundred and Twenty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302 004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur 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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 16th day of October 2018

Sd/-

(Lamneichong Chongloi)
General Manager, Jaipur.