



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

Present

**B Sarangi**  
**Deputy General Manager**

Date : February 20, 2017  
**C.A.609/2016**

In the matter of  
**M/s. CMCS Collaboration Management & Control Solutions India Pvt Ltd.,**  
305, 3<sup>rd</sup> Floor, Challa Mall, No.11,  
Sir Theyagaraya Road, Pandy Bazaar,  
T Nagar, Chennai- 600017  
**(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 November 23, 2016 (received at Reserve Bank on November 24, 2016) 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 prior to receipt of full consideration 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 March 30, 2010 under the provisions of the Companies Act, 1956 (Registration No. U74140TN2010PTC075156) and is engaged in Business of providing software support and maintenance to the clients. The applicant received foreign inward remittances from (i) Mr. Bassam Asaad Alsamman, UAE (ii) Mr. Naqvi Syed Ali Hasan, UAE towards subscription to equity shares and reported the same to the Reserve Bank as given below:

<b>Sl. No.</b>	<b>Amount of Foreign Inward Remittance (in Rs.)</b>	<b>Date of receipt</b>	<b>Reported to RBI on</b>
1	9,26,083	02.07.2010	22.09.2011
2	1,14,928	27.07.2010	22.09.2011
3	5,56,821	25.08.2010	22.09.2011
4	3,55,061	03.01.2011	17.09.2011
5	5,78,719	04.01.2011	17.09.2011
6	2,02,872	24.12.2014	06.01.2015

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from seven months 13 days to one year one month 20 days approximately beyond the stipulated time of 30 days in respect of the remittances at Sr. Nos. 1 to 5. 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



M/s. CMCS Collaboration Management & Control Solutions India Pvt Ltd. –  
C.A.609/2016

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 equity shares and filed FC-GPRs as given below:

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	20000	10	2,00,000	31.03.2010	05.08.2015
2	159782	10	15,97,820	16.12.2010	22.09.2011
3	93377	10	9,33,770	28.06.2011	17.09.2011

The applicant filed form FC-GPRs as indicated above with delay ranging from one month 20 days to five years three months five days approximately beyond the prescribed limit 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 company has allotted 20000 shares of ₹ 10/- each towards subscription to MoA on 31.03.2010 but the remittance towards the same was received on 24.12.2014 with delay of four years six months and 23 days. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with A.P. (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be allotted within 180 days from the date of receipt of the inward remittance.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated February 10, 2017 for further submission in person and/or producing



M/s. CMCS Collaboration Management & Control Solutions India Pvt Ltd. –  
C.A.609/2016

documents, if any, in support of the application. The applicant vide letter dated February 16, 2017 have opted not to appear for the hearing on the said date. The applicant, in the compounding application, had admitted the contraventions as stated in para 2 to 4 above for which

compounding has been sought. It had been 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.

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 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 ₹ 25,31,612/- and the duration ranging from seven months 13 days to one year one month 20 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 and the contravention relates to an amount of ₹ 27,31,590/- and the duration of contravention ranging from one month 20 days to five years three months five days approximately ; and
- (c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB due to allotment of shares prior to receipt of full consideration. The contravention relates to an amount of ₹ 2,00,000/- and the duration of contravention being four years six months and 23 days approximately.

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



M/s. CMCS Collaboration Management & Control Solutions India Pvt Ltd. –  
C.A.609/2016

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 ₹ 62,965/- (Rupees sixty two thousand nine hundred and sixty five only) will meet the ends of justice.

8. 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 ₹ 62,965/- (Rupees sixty two thousand nine hundred and sixty five 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 Twentieth day of February, 2017.

**Sd/-**

**B Sarangi**  
**Deputy General Manager**