



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: March 03, 2017  
**C.A.650/2017**

In the matter of

**M/s. Baltimore Investments Pvt. Ltd.,**  
Prince Towers, Door No.25 & 26,  
5<sup>th</sup> Floor, College Road, Nungambakkam,  
Chennai-600006

**(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 December 10, 2016 (received at Reserve Bank on December 15, 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



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(i) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares and (ii) delay in refund of inward remittance received to the overseas investor, in terms of Paragraph 9 (1) A 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 December 07, 1995 under the provisions of the Companies Act, 1956 (Registration No. U65993TN1995PTC033771) and is engaged in Business of Other financial service activities, except insurance and pension funding activities. The applicant received foreign inward remittance from Mr. Lee Su Chen, Taiwan towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Foreign Inward Remittance (in Rs.)	Date of receipt	Reported to RBI on
1	9,95,158.90	19.02.2004	20.08.2004

The applicant reported receipt of remittance to the Reserve Bank on the date indicated above and with delay of five months three days approximately 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 failed to allot shares within the stipulated period of 180 days and refunded the share application money to the overseas investor as indicated below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1	19.02.2004	9,95,158.90	30.12.2016



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The applicant refunded the share application money to the overseas investor with prior approval of Reserve Bank with delay of nine years one month one day approximately beyond the prescribed period of 180 days. 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.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated March 01, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on March 03, 2017 during which Shri K Ramasubramanian, General Manager (Rtd.), Reserve Bank of India and Shri S Aneeruth, Associate Company Secretary, M/s S Eshwar Consultants, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 and 3 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 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.

5. 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 remittance towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 9,95,158.90 and the duration of contravention being five months three days approximately; and



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(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of share application money to the overseas investor with prior approval of Reserve Bank. The contravention relates to an amount of ₹ 9,95,158.90 and the duration of contravention being nine years one month one day approximately.

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 contraventions are to be compounded and I consider that an amount

of ₹ 66,696/- (Rupees sixty six thousand six hundred and ninety six only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A 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 ₹ 66,696/- (Rupees sixty six thousand six hundred and ninety six 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 Third day of March, 2017.

Sd/-



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**P Ramesh**  
**Assistant General Manager**