



In the

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

Present

N Mohana
General Manager

Date : March 07, 2017
C.A.589/2016

In the matter of

M/s. Clifford Thames (India) Services Pvt Ltd.,
T1-A, 3rd Floor, 7th Street,
Phase II, Dr.V S. I Estate,
Thiruvanmiyur,
Chennai-600041

(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 September 22, 2016 (received at Reserve Bank on September 23, 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



M/s. Clifford Thames (India) Services Pvt Ltd.– C.A.589/2016

(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) 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 September 10, 2009 under the provisions of the Companies Act, 1956 (Registration No. U074140TN2009FTC072874) and is engaged in Business of data processing activities including report writing. The applicant received foreign inward remittances from M/s.Clifford Thames Asia Pacific Pty Ltd., Australia 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	1,99,724.00	23.11.2009	14.09.2016
2	1,37,277.50	16.02.2010	14.09.2016
3	2,99,724.00	04.03.2010	12.09.2016
4	1,99,724.00	26.05.2010	14.09.2016
5	1,49,724.00	09.07.2010	14.09.2016
6	1,27,143.00	21.10.2010	14.09.2016
7	1,49,724.00	24.11.2010	14.09.2016
8	1,10,681.50	03.03.2011	13.09.2016
9	4,27,356.00	07.04.2011	12.09.2016
10	2,50,000.00	02.05.2011	13.09.2016
11	3,99,724.00	28.07.2011	13.09.2016
12	4,49,724.00	24.10.2011	13.09.2016
13	5,50,000.00	24.09.2012	19.01.2015
14	2,00,000.00	01.11.2012	19.01.2015
15	6,00,000.00	12.12.2012	19.01.2015
16	6,00,000.00	10.01.2013	19.01.2015
17	8,50,000.00	14.02.2013	19.01.2015



M/s. Clifford Thames (India) Services Pvt Ltd.– C.A.589/2016

18	6,60,000.00	29.07.2013	23.08.2016
19	6,00,000.00	19.08.2013	13.09.2016
20	6,50,000.00	25.09.2013	13.09.2016
21	6,00,000.00	22.11.2013	13.09.2016
22	5,00,000.00	07.04.2014	13.09.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above and with delay ranging from one year 10 months five days to six years eight months 22 days approximately beyond the stipulated time 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 company allotted equity shares and filed FC-GPR as indicated below:

Sl. No.	No. of shares/CCPs allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	10000	10	1,00,000	28.01.2010	24.11.2016
2	861052	10	86,10,520	02.11.2016	17.11.2016

The applicant filed the form FC-GPR as indicated above with delay of six years eight months 27 days approximately beyond the prescribed limit of 30 days in respect of the allotment at Sr. No.1. 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 allotted 861052 shares of ₹10/- each on 02.11.2016 against 22 remittances as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
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M/s. Clifford Thames (India) Services Pvt Ltd.– C.A.589/2016

1	23.11.2009	99,724.00	02.11.2016
2	16.02.2010	1,37,277.50	02.11.2016
3	04.03.2010	2,99,724.00	02.11.2016
4	26.05.2010	1,99,724.00	02.11.2016
5	09.07.2010	1,49,724.00	02.11.2016
6	21.10.2010	1,27,143.00	02.11.2016
7	24.11.2010	1,49,724.00	02.11.2016
8	03.03.2011	1,10,681.50	02.11.2016
9	07.04.2011	4,27,356.00	02.11.2016
10	02.05.2011	2,50,000.00	02.11.2016
11	28.07.2011	3,99,724.00	02.11.2016
12	24.10.2011	4,49,724.00	02.11.2016
13	24.09.2012	5,50,000.00	02.11.2016
14	01.11.2012	2,00,000.00	02.11.2016
15	12.12.2012	6,00,000.00	02.11.2016
16	10.01.2013	6,00,000.00	02.11.2016
17	14.02.2013	8,50,000.00	02.11.2016
18	29.07.2013	6,60,000.00	02.11.2016
19	19.08.2013	6,00,000.00	02.11.2016
20	25.09.2013	6,50,000.00	02.11.2016
21	22.11.2013	6,00,000.00	02.11.2016
22	07.04.2014	5,00,000.00	02.11.2016

The company allotted the shares with delay ranging from two years 26 days to six years five months 10 days beyond the prescribed period of 180 days with 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.

4(a) It is noted that the applicant was referred to Directorate of Enforcement as no application for compounding was made when called upon to do so, based on the follow-up. Accordingly, without prejudice to any action that may be taken by the Directorate of Enforcement against the applicant, the present application is being considered.



M/s. Clifford Thames (India) Services Pvt Ltd.– C.A.589/2016

5. The applicant vide letter dated November 28, 2016 chose not to appear for the personal hearing for further submission in person and/or producing documents, if any, in support of the application. The applicant, in the compounding application, had admitted the contravention as stated in paras 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 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 ₹ 87,10,526/- and the duration ranging from one year 10 months five days to six years eight months 22 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 ₹ 1,00,000/- and the duration of contravention being six years eight months 27 days approximately; and

(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 ₹ 86,10,520/- and the duration of contravention ranging from two years 26 days to six years five months 10 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. Clifford Thames (India) Services Pvt Ltd.– C.A.589/2016

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 ₹ 1,94,067/- (Rupees one lakh ninety four thousand and sixty seven 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 ₹ 1,94,067/- (Rupees one lakh ninety four thousand and sixty seven 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 Seventh day of March, 2017.

Sd/-

N Mohana
General Manager