



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 : May 16, 2017  
**C.A.624/2016**

In the matter of

**M/s. Pan Asia HR Solution Pvt Ltd.,**  
No.54, New No. 90, Flat B 12,  
2nd Floor, Pillyar Koil Street,  
Vadapalani,  
Chennai- 600025  
**(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 15, 2016 (received at Reserve Bank on December 21, 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) delay in allotment of shares and refund of excess inward remittance 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 June 15, 2006 under the provisions of the Companies Act, 1956 (Registration No. U74910TN2006PTC060231) and is engaged in Business of human resources provision and management of human resources functions. The applicant received foreign inward remittances from (i) Mr. P Sundaram, (ii) Mrs. Rajeswari Sundaram, Singapore towards subscription to equity shares and reported the same to the Reserve Bank as 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	50,000	05.09.2006	26.09.2006
2	50,000	05.09.2006	26.09.2006
3	1,00,000	22.09.2006	31.10.2006
4	1,00,000	22.09.2006	31.10.2006
5	2,50,000	25.09.2006	31.10.2006
6	2,50,000	25.09.2006	31.10.2006
7	1,50,000	30.11.2006	02.01.2007
8	1,50,000	30.11.2006	02.01.2007
9	3,20,000	28.02.2007	09.03.2007
10	3,20,000	01.03.2007	09.03.2007
11	2,50,000	23.03.2007	29.03.2007
12	2,50,000	23.03.2007	29.03.2007
13	1,15,000	21.05.2007	07.09.2007
14	1,15,000	21.05.2007	07.09.2007
15	2,50,000	24.08.2007	03.09.2007
16	2,50,000	24.08.2007	03.09.2007



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17	5,00,000	26.09.2008	10.10.2008
18	6,55,927	03.03.2009	19.03.2009
19	1,05,172	11.04.2011	11.05.2011
20	10,63,920	19.04.2011	11.05.2011
21	5,38,872	16.05.2011	17.06.2011
22	10,69,705	15.06.2011	27.06.2011
23	1,77,287	01.07.2011	26.07.2011

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one day to two months 16 days approximately beyond the stipulated time of 30 days in respect of the remittances at Sr. Nos. 3 to 8,13,14 and 21. 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	2,20,000	10	22,00,000	30.03.2007	28.04.2007
2	77,000	10	7,70,000	29.02.2008	02.04.2008
3	50,000	10	5,00,000	02.02.2009	14.02.2009
4	63,000	10	6,30,000	16.03.2009	12.09.2009
5	295336	10	29,53,360	18.10.2011	12.11.2011

The applicant filed the form FC-GPR as indicated above with delay ranging from three days to four months 26 days approximately beyond the stipulated time of 30 days in respect of the allotments at Sr. Nos.2 and 4. 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.



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4. The company allotted 77000 shares of 10/- each on 29.02.2008 against five remittances received between 23.03.2007 and 24.08.2007 as detailed below

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	23.03.2007	40,000	29.02.2008
2	22.05.2007	1,15,000	29.02.2008
3	22.05.2007	1,15,000	29.02.2008
4	24.08.2007	2,50,000	29.02.2008
5	24.08.2007	2,50,000	29.02.2008

The company allotted shares with delay ranging from five days to three months beyond the prescribed period of 180 days without 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.

4a. The company refunded the excess inward remittances remaining after allotment of shares as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1.	03.03.2009	25,927	05.04.2017

The company refunded the amount as indicated above with delay of seven year seven months two days approximately beyond the stipulated time 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.

5. The applicant vide letter dated February 15, 2017 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 4a 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 ₹ 17,68,872/- with duration ranging from one day to two months 16 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 ₹ 14,00,000/- with the duration of contravention ranging from three days to four months 26 days approximately;
- (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. The contravention relates to an amount of ₹ 7,70,000/- with the duration of contravention ranging from five days to three months approximately; and
- (d)** Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of excess inward remittance with prior approval of Reserve Bank. The contravention relates to an amount of ₹ 25,927/- with the duration of contravention being seven year seven months two days approximately.



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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 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 ₹ 82,690/- (Rupees eighty two thousand six hundred and ninety 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 ₹ 82,690/- (Rupees eighty two thousand six hundred and ninety 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 Sixteenth day of May, 2017.

**Sd/-**

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