



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: July 12, 2017
C.A.658/2017

In the matter of

M/s. Corent Technology Pvt Ltd.,
(formerly eBizZones Pvt Ltd.)
MCM Towers, III Floor, Super B-3,
Thiru Vi Ka Industrial Estate, Guindy,
Chennai- 600 032

(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 23, 2016 (received at Reserve Bank on February 16, 2017) 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) not complying with receipt of funds guidelines and (ii) taking on record the transfer of shares in the books of the company without certified FC-TRS in terms of Paragraph 8 of Schedule I and Regulation 4 of 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) respectively.

2. The relevant facts of the case are as follows: The applicant company was incorporated on November 27, 2000 under the provisions of the Companies Act, 1956 (Registration No. U72900TN2000PTC046195) and is engaged in Business of Writing, modifying, testing of computer program to meet the needs of a particular client excluding web-page designing.

3. The applicant company received the inward remittance for the transfer of shares from resident transferors to the non-resident transferee amounting to ₹ 5,71,206/- on 30.11.2005. The company transferred the amount to the two resident transferors as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of Transfer to Residents
1.	30.11.2005	2,84,456	01.12.2005
2.	30.11.2005	2,86,750	02.01.2006

The company transferred the amount to the resident transferors with delay ranging from one day to one month two days approximately. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, a person resident in India issuing/ transferring shares or convertible debentures under this Schedule to a person resident outside India shall receive the amount of consideration.



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4. The company has taken the transfer of shares on record in its books as detailed below:

Name of the resident shareholder	No. of shares/ CCDs transferred	Amount (INR)	Date on which the transfers were taken on record in the company's books	Date on which the AD certified the FCTRS
Basha Syed Niamathullah	24800	2,84,456	05.12.2005	03.07.2017
Syed Shafiulla Badsha	25000	2,86,750	05.12.2005	03.07.2017

The company has taken the transfer of shares on record without certified FC TRS. The FC TRS were submitted for certification with the AD with delay of 11 years six months 28 days. Whereas in terms of Regulation 4 of Notification No. FEMA 20/ 2000-RB read with A.P. (DIR Series) Circular No. 63 dated April 22, 2009, form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. Further save as otherwise provided in the Act, Rules or Regulations made there under, an Indian entity shall not record in its books any transfer of security from or to such person provided that the Reserve Bank may on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary.

5. The applicant vide letter dated July 11, 2017 chose not to appear for any personal hearing for any further submission in person and/or producing documents, if any, in support of the application. The applicant, in the compounding application, had admitted the contraventions as stated in para 2 and 3 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.



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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 8 of Schedule I to Notification No. FEMA 20/2000-RB due to non-compliance with receipt of funds guidelines. The contravention relates to an amount of ₹ 5,71,206/- with the duration of contravention ranging from one day to one month two days approximately; and
- (b) Regulation 4 of Notification No. FEMA 20/2000-RB due to taking on record transfer of shares without certified FC TRS. The contravention relates to an amount of ₹ 5,71,206/- with the duration of contravention being 11 years six months 28 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 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 ₹ 64,873/- (Rupees sixty four thousand eight hundred and seventy three only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 8 of Schedule 1 and Regulation 4 of 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 ₹ 64,873/- (Rupees sixty four thousand eight hundred and seventy three 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



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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 Twelfth day of July, 2017.

Sd/-

P Ramesh
Assistant General Manager