



In the

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

Present

**R Kesavan**  
**Chief General Manager**

Date: July 13, 2017  
**C.A.657/2017**

In the matter of

**M/s. Mayflower Inno Realty Pvt Ltd.,**  
Mayflower, 72, Dr. Balasundaram Road,  
ATT colony, Coimbatore-641 018

**(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 22, 2016 (received at Reserve Bank on February 07, 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 (i) delay in reporting of inflow of funds received from a person resident outside India for



M/s. Mayflower Inno Realty Pvt Ltd. – C.A.657/2017

allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank (iii) delay in refund of excess share application money received and (iv) taking on record the transfer of shares in the books of the company without certified FC TRS in terms of Paragraph 9 (1) A, Paragraph 9 (1) B, Paragraph 8 respectively, 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).

2. The relevant facts of the case are as follows: The applicant company was incorporated on May 28, 2008 under the provisions of the Companies Act, 1956 (Registration No. U45201TZ2008PTC014505) and is engaged in Business of construction of buildings carried out on own-account basis or on a fee or contract basis. The applicant received foreign inward remittances from M/s.IIROF2 Appollo Ltd., Cyprus 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	4,28,80,000	23.06.2008	30.07.2008
2	5,74,19,000	11.07.2008	30.07.2008
3	9,71,04,000	05.11.2008	12.03.2009
4	3,17,71,658	17.11.2008	12.03.2009
5	7,95,68,000	25.02.2009	30.12.2009
6	11,48,76,000	02.04.2009	30.12.2009

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from seven days to nine months five days approximately beyond the stipulated time of 30 days in respect of the remittances at Sr. Nos. 1 and 3 to 6. 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



M/s. Mayflower Inno Realty Pvt Ltd. – C.A.657/2017

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	180000	10	9,97,99,200	19.07.2008	21.07.2008
2	97603	1000	9,76,03,000	06.11.2008	10.11.2009
3	31771	1000	3,17,71,000	17.11.2008	12.11.2009
4	104445	1000	10,44,45,000	17.08.2009	12.11.2009

The applicant filed the form FC-GPR as indicated above with delay ranging from one month 25 days to 11 months four days approximately beyond the stipulated time of 30 days in respect of the FC GPRs at Sr. Nos.2 to 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.

4. The excess amount remaining after allotment of shares was refunded as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1	11.07.2008	800	23.11.2009
2	17.11.2008	658	23.11.2009
3	02.04.2009	8,99,98,900	23.11.2009

The company refunded the amount with delay ranging from one month 21 days to 10 months 12 days approximately 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.



M/s. Mayflower Inno Realty Pvt Ltd. – C.A.657/2017

5. 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
Mayflower Enterprises Pvt Ltd (resident seller)	50000	5,00,000	10.07.2008	23.06.2017
V Mohan (resident Buyer)	25000	2,50,00,000	04.07.2016	23.06.2017
V Mohan (resident buyer)	208819	20,88,19,000	04.07.2016	27.06.2017
V Mohan (resident buyer)	230000	5,61,82,100	04.07.2016	27.06.2017

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 ranging from 11 months 19 days to eight years 11 months 13 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.

5a. It may be stated that the applicant is under investigation of Directorate of Enforcement. This order is therefore limited to the contraventions of Regulation 4 of Notification No. FEMA 20 and Paragraphs 9(1) A, 9(1) B and 8 of Schedule 1 to Notification No. FEMA 20 by the company for which it has applied for compounding. The compounding authority has not examined any other provisions of FEMA, 1999



M/s. Mayflower Inno Realty Pvt Ltd. – C.A.657/2017

violated by M/s Mayflower Inno Realty Pvt Ltd. The present application is being considered without prejudice to any action that may be taken by the Directorate of Enforcement against the applicant.

**6.** The applicant was given an opportunity for personal hearing vide Reserve Bank's letter dated June 30, 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 July 04, 2017 during which Shri C V Lakshmanan, Chief Financial Officer of the company and Shri M Damodaran, Practising Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in para 2 to 5 above committed by the applicant for which compounding has been sought. During the personal hearing, it was 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 during the personal hearing.

**7.** 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 ₹ 36,61,99,658/- with duration of contravention ranging from seven days to nine months five 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 ₹ 23,38,19,000/- with the duration of contravention ranging from one month 25 days to 11 months four days approximately;



M/s. Mayflower Inno Realty Pvt Ltd. – C.A.657/2017

(c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of excess share application money with prior approval of Reserve Bank. The contravention relates to an amount of ₹ 9,00,00,358/- with the duration of contravention ranging from one month 21 days to 10 months 12 days approximately; and

(d) 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 ₹ 29,05,01,100/- with the duration of contravention ranging from 11 months 19 days to eight years 11 months 13 days approximately.

8. 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 consider that an amount of ₹ 9,43,502/- (Rupees nine lakh forty three thousand five hundred and two only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B, 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 ₹ 9,43,502/- (Rupees nine lakh forty three thousand five hundred and two 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 Thirteenth day of July, 2017.



M/s. Mayflower Inno Realty Pvt Ltd. – C.A.657/2017

**Sd/-**

**R Kesavan**  
**Chief General Manager**