



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 : August 04, 2017
C.A.688/2017

In the matter of

M/s. Caring Elders Technology Pvt Ltd.
No.5-A, Reddy Street,
Virugambakkam,
Chennai-600 092

(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 April 10, 2017 (received at Reserve Bank on April 10, 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



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inflow of funds received from a person resident outside India for allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 9 (1) B 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.

2. The relevant facts of the case are as follows: The applicant company was incorporated on July 24, 2015 under the provisions of the Companies Act, 1956 (Registration No. U72900TN2015PTC101534) and is engaged in business of other information technology and computer service activities n.e.c. The applicant received foreign inward remittances from (i) Shri Muthu Senthilkumar, USA (ii) Shri Jagadeesan Arumugam, USA and (iii) Shri Palani Sakthi, USA towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	3,94,002.00	04.09.2015	18.09.2015
2	13,152.00	11.09.2015	18.09.2015
3	5,84,510.00	18.09.2015	30.09.2015
4	88,325.10	23.12.2015	30.12.2015
5	81,819.37	14.01.2016	20.01.2016
6	5,65,677.00	18.02.2016	13.09.2016
7	1,65,453.75	23.02.2016	19.01.2017
8	3,57,249.38	16.06.2016	13.09.2016
9	2,50,015.30	30.09.2016	16.12.2016
10	2,49,796.80	05.10.2016	20.01.2017
11	2,53,539.83	08.11.2016	11.02.2017
12	3,07,332.13	22.03.2017	03.04.2017
13	3,07,225.25	22.03.2017	03.04.2017
14	3,04,622.25	29.03.2017	03.04.2017

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one month 16 days to nine months 26 days approximately beyond the prescribed period of 30 days in respect of remittances at Sr. Nos. 6 to 11. Whereas, in terms of paragraph 9 (1) A of Schedule I to Notification No.



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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-GPRs as indicated below:

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	130	100	13,000	21.09.2015	29.05.2017
2	424	100	9,75,200	03.11.2015	29.05.2017
3	870	100	87,000	04.01.2016	04.05.2017
4	352	100	8,09,600	04.03.2016	29.05.2017
5	155	100	3,56,500	12.08.2016	28.04.2017
6	216	100	4,96,800	14.10.2016	04.05.2017
7	110	100	2,53,000	25.11.2016	28.04.2017
8	398	100	9,15,400	17.04.2017	13.07.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from one month 26 days to one year seven months eight days approximately beyond the prescribed limit in respect of the allotments. 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 applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated August 02, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant did not appear for the personal hearing on the said date i.e. August 04, 2017. The applicant, in the compounding application, had admitted the contravention 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



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the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant.

5. 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 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 ₹ 18,41,732.06 with the duration of contravention ranging from one month 16 days to nine months 26 days approximately; and

(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 and the contravention relates to an amount of ₹ 39,06,500/- with the duration of contravention ranging from one month 26 days to one year seven months eight days 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 ₹ 29,430/- (Rupees twenty nine thousand four hundred and thirty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB, by the applicant on the facts discussed above in terms of the Foreign Exchange



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(Compounding Proceedings) Rules, 2000 on payment of an amount of **₹ 29,430/-** (Rupees twenty nine thousand four hundred and thirty 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 Fourth day of August, 2017.

Sd/-

B Sarangi
Deputy General Manager