



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

**Smt. Savita Mittal
Assistant General Manager**

**Date: June 28, 2018
CA No CHA 20/2018**

In the matter of

**M/s IBS Synergies (India) Pvt Ltd
SCO 16, First Floor
Sector 82, JLPL Industrial Area
Mohali- 140306**

(Applicant)

In exercise of the powers conferred 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 June 01, 2018 (received at the Reserve Bank on June 04, 2018) 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 pertain to (i) delay in submission of FC-GPR to the Reserve Bank after issue of shares (iii) delay in application for refund of excess amount which are in contravention of Para 9(1) (B) and Para 8 of schedule I to Foreign Exchange Management (Transfer or issue of Security by a person Resident Outside India) Regulation, 2000 notified vide Notification No. 20/2000RB 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, M/s IBS Synergies (India) Pvt Ltd is a private Limited company incorporated on March 08, 2010 under the Companies Act 1956. The applicant is engaged in the business of Food processing enabled services.

3. The applicant company issued shares and reported the same to RBI with delay as under:

S. No	Date of inflow	Share Amount	Total Inflow for share allotment	Shares issued on	Date of reporting to RBI	Delay (in days)
1	21.04.2010	2,00,000	2,92,700	25.04.2010	11.12.2017	2757

The applicant reported the allotment of shares to Reserve Bank with a delay of **2757 days**. The delay in reporting to Reserve Bank of India in form FCGPR, beyond the prescribed period in respect of allotment of the above shares is in contravention of paragraph 9(1) (B) of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000,in terms of which an Indian company issuing shares in accordance with these regulations has to submit to Reserve Bank of India a report in Form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to a person resident outside India.

4. The applicant company issued shares and applied for permission to refund of excess amount as under –

S.N	Date of Inflow	Amount	Amount of shares issued	Excess amount (for Refund)	Date of application for permission to refund	Delay (in days)
1	21.04.2010	2,92,700.00	2,00,000.00	92,700.00	03.11.2017	2573



The applicant allotted the shares and applied for permission to refund the excess amount with **delay of 2573 days**. The delay in applying for refund of excess amount, beyond the prescribed period is in contravention of paragraph 8 of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000, in terms of which an Indian company in accordance with these regulations has to issue the shares and/ or refund the excess amount within 180 days from the date of receipt of the amount of consideration.

5. The applicant was given an opportunity for personal hearing vide letter No.CHD.FE.CG/FID/1078/03.01.228/2017-18 dated June 12, 2018 for submission in person and/or producing documents, if any, in support of the application. Dr. Apjit Singh Bindra , Director and Shri Manish Aggarwal, Practising Company Secretary of the company appeared for the personal hearing on June 27,2018. During the personal hearing, the representatives of the applicant admitted the contraventions committed by them for which they have sought compounding. The representative submitted that the contraventions were due to lack of awareness of the procedural requirements and were not intentional and have requested for taking a lenient view in the matter. The application is, therefore, being considered on the basis of the averments made in the application, and documents produced.

6. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

- a. Paragraph 9 (1) (B) of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FCGPR to Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 4 above. The contravention relates to an amount of **Rs 2, 00,00.00 with delay of 2757 days**.
- b. Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in application for permission to refund the excess amount as detailed in



paragraph 5 above. The contravention relates to an amount of **Rs 92,700.00 with delay of 2573 days.**

7. In terms of Section 13 of 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 contravention is to be compounded and I consider that an amount of **Rs. 63,709.00 (Sixty Three Thousand Seven hundred Nine only)** will meet the ends of justice.

12. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant namely, Para 9(1) (B) and Para 8 of schedule I to Foreign Exchange Management (Transfer or issue of Security by a person Resident Outside India) Regulation,2000 notified vide Notification No. 20/2000RB dated May 3, 2000 read with AP(Dir Series) Circular No 73 dated June 8, 2007 on the facts discussed above, on payment of an amount of **Rs. 63,709.00 (Sixty Three Thousand Seven hundred Nine only)** which shall be deposited by the applicant with the Reserve Bank of India ,Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at “Chandigarh” **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 the 28th day of June 2018.

Sd/-



M/s IBS Synergies (India) Pvt Ltd
CHA20/2018

Savita Mittal
Assistant General Manager