



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri. K S Praveen**  
**Assistant General Manager**

Date: May 24, 2019  
**C.A. BGL 400/2019**

In the matter of

**M/s AIE Software India Private Limited**  
Awfis, 14<sup>th</sup> Floor, SKAV 909, Lavelle Road  
Bengaluru 560001  
**(Applicant)**

In exercise of the powers under Section 15 (1) of the Foreign Exchange Management Act, 1999, and the Regulations/Rules/Notifications/Orders framed there under, I pass the following

#### **ORDER**

The applicant has filed a compounding application dated March 21, 2019, received at this office of Reserve Bank of India, Bengaluru, on March 22, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in refund of excess share application money to the foreign investor/persons resident outside India, beyond 75 days from the date of receipt of the inward remittance in terms of Paragraph 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified, vide Notification No. FEMA 20(R)/2017-RB, dated November 07, 2017, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).



2. The relevant facts of the case are as follows: The applicant, M/s AIE Software India Private Limited, was incorporated on January 19, 2018, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Deputy Registrar of Companies, Ministry of Corporate Affairs, Government of India. The company is engaged in the business of providing Information technology or Computer services activities.

3. The company had allotted 99,998 equity shares worth **₹9,99,980.00**, towards MoA Subscription on January 19, 2018, to M/s AIEnterprise INC, USA, the non-resident investor. Subsequently the amount of consideration was received by the company, in 2 tranches of inward remittances of ₹1,00,000.00, and ₹9,19,166.00, amounting to **₹10,19,166.00**, from the non-resident investor on January 30, 2018, and March 13, 2018, respectively. The excess share application money of **₹19,186.00**, was refunded to the non-resident investor on March 20, 2019, with a delay beyond the stipulated period of 75 days. Whereas, in terms of Paragraph 2(3) of Schedule 1 to Notification No. FEMA 20 (R)/2017- RB, dated November 07, 2017, if the capital instruments are not issued within sixty days from the date of receipt of the consideration, the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/ FCNR(B) accounts, as the case may be, within fifteen days from the date of completion of sixty days.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 4522 /22.11.379/2018-19, dated April 11, 2019, and email dated May 17, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Vishwas Keremutt, Practicing Chartered Accountant, who appeared for the personal hearing on May 23, 2019, admitted the contravention as stated in paragraph 3 above, committed by the applicant, for which compounding has been sought. The representative of the applicant requested that, as the contravention was not intentional or with a malafide intention and was mainly due to inadvertence, a lenient view may be taken in



disposal of the application. 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 personal hearing and thereafter.

5. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:

(a) Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2000-RB, as the applicant refunded the excess share application money to the non-resident investor with a delay beyond the stipulated period of 75 days, from the date of receipt of amount of consideration, as detailed in paragraph 3 above. The contravention relates to an amount of **₹19,186.00**, and the period of contravention is nine months and twenty one days.

6. It has been declared in the compounding application dated March 21, 2019, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the undertaking dated March 25, 2019, furnished as part of the compounding application that the applicant was not under any enquiry/investigation /adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. Accordingly, the above contravention which is being compounded in this order is subject to the veracity of the above declarations made by the applicant, and this order is without prejudice to any other action which may be taken by any authority under the extant laws, if the said declarations are subsequently discovered to be false and/or incorrect.



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 contravention is to be compounded and I consider that an amount of **₹1,561.00 (Rupees One Thousand Five Hundred and Sixty One only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2017-RB, by the applicant, based on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹1,561.00 (Rupees One Thousand Five Hundred and Sixty One only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, 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 Twenty Fourth day of May 2019.

**Sd/-**

**(K S Praveen)**  
**Assistant General Manager**