



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

Shri C Nageswara Rao
Deputy General Manager

Date: October 28, 2019
C.A. HYD 461

In the matter of
M/s. Ambari Cloud Solutions Private Limited
Flat No 501, Sukriti Nivas, Vivekananda Nagar
Mansoorabad, Hyderabad – 500 068

(Applicant)

In exercise of the powers conferred under sub-section (1) of Section 15 of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, I pass the following

Order

The applicant has filed the compounding application dated September 27, 2019 received on September 30, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in submission of form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity and (ii) delay in filing of Annual Return on Foreign Liabilities and Assets in terms of Paragraph 9(1) (B), Paragraph 9(2) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a person resident outside



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India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) of Schedule 1 to FEMA 20(R) dated November 07, 2017(hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as amended from time to time respectively.

2. The relevant facts of the case are as follows:

- a) The applicant is a resident company incorporated as Private Limited company under the Companies Act, 2013 on 10/11/2014 (CIN: U72200TG2014PTC096299). The company is engaged in 'Computer programming, consultancy and related activities'.
- b) The applicant had received foreign inward remittance from a foreign investor as indicated below:

S No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Ambari Cloud INC	26,06,000	28/08/2015	24/09/2015
	Total	26,06,000		

The applicant reported receipt of remittance towards share subscription amounting to ₹ **26,06,000/-** to the Regional Office of Reserve Bank of India within the stipulated time in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable.

- b) The applicant allotted shares and filed form FC-GPR as indicated below.



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Sl No	Name of investor	Date of allotment of shares	Number of shares	Amount for which CCDs allotted (INR)	Date of reporting
1	Ambari Cloud INC	26/10/2015	2,60,600	26,06,000	12/04/2016
		Total	2,60,600	26,06,000	

The applicant filed form FC-GPR for the allotment of shares amounting to ₹ 26,06,000/- as indicated above which was reported with a delay of 4 months 18 days approximately beyond the prescribed time limit. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d) The applicant has delayed in filing FLA Return (Foreign liabilities and Assets) as shown below:

Sl No	Particulars	Financial year	Due date of filing	Date of actual filing
1	FLA Return	2015-16	15/07/2016	16/09/2019
2	FLA Return	2016-17	15/07/2017	16/09/2019
3	FLA Return	2017-18	15/07/2018	16/09/2019

The applicant had filed FLA returns for the financial years 2015-16 to 2017-18 with delays ranging from 1 year 2 months 1 day to 3 years 2 months 1 day approximately. Whereas in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB dated November 07, 2017, "All Indian companies which have received Foreign Direct Investment in the previous year(s)



including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/880/14.66.003/2019-20 dated October 14, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated October 14, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of: -

(a) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 26,06,000/- with a delay of 4 months 18 days approximately.

(b) Paragraph 9(2) of Schedule 1 to Notification No. FEMA. 20/2000-RB and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB dated November 07, 2017 for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for the financial years 2015-16 to 2017-18 with delays ranging from 1 year 2 months 1 day to 3 years 2 months 1 day approximately.

5. It has been declared in the compounding application dated September 27, 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 declaration dated September 27, 2019 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 contraventions which are being compounded under this Order are 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.

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 contravention is to be compounded and I consider that an amount of **₹ 41,050/- (Rupees Forty One Thousand Fifty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B), Paragraph 9(2) of Schedule 1 to FEMA.20/2000-RB and Regulation 13.1(3) of Schedule 1 to Notification no. FEMA 20(R)/2017-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 **₹ 41,050/- (Rupees Forty One Thousand Fifty Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad within a period of 15 days from the date of this order. In



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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 28th day of October 2019

Sd/-
(C Nageswara Rao)
Deputy General Manager