



In the  
Reserve Bank of India  
Foreign Exchange Department  
Central Vista, Sector 17, P.B.No.2  
Chandigarh-160017

Present

**Vikramjit Singh Randhawa**  
**Assistant General Manager**

Date: January 23, 2020  
CA No. CHA 57 /2019

In the matter of

**M/s Cardant Software Private Limited**  
**(Earlier known as Brand Information Technology Services Pvt. Ltd.)**  
**SCF 28, 29, 30, 1<sup>st</sup> floor**  
**Industrial Area, Phase 7**  
**Mohali-160055**  
(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 05.12.2019 for compounding of contravention 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 beyond 30 days in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India in terms of Para 9(1) (B) to the 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) and (ii) delay in filing of FLA returns in terms of regulation 13.1(3) of 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 company was incorporated on June 14, 2017 under the Companies Act



2013. The applicant is engaged in computer programming, consultancy and related activities.

3. The applicant company issued shares to the non-resident investor but filed the Form FC-GPR with delay as indicated below.

| <u>Sr. No.</u> | <u>Date of inflow</u> | <u>Amount</u> | <u>Shares issued on</u> | <u>Share Amount</u> | <u>Date of reporting to RBI</u> | <u>Delay beyond 30 Days</u> |
|----------------|-----------------------|---------------|-------------------------|---------------------|---------------------------------|-----------------------------|
| 1              | 13.09.2017            | 999800.13     | 13.09.2017              | 100000.00           | 02.08.2019                      | 1 Y 09 M 20 D               |
| 2              |                       |               | 20.10.2017              | 899800.00           | 23.01.2018                      | 2 M 4 D                     |

The applicant reported the allotment of shares to the Reserve Bank with delay ranging from **2 M 04 D to 1 Y 09 M 20 D**. The delay in reporting to the Reserve Bank in Form FC-GPR, beyond the prescribed period of 30 days in respect of allotment of the above shares, is in contravention of the provisions stipulated in the Paragraph 9(1) (B) of Schedule I to FEMA Notification No.20/2000-RB 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 FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to the person resident outside India.

4. The company has delayed in filing FLA Return (Foreign liabilities and Assets for financial year 2017 -2018 as shown below:

| <u>Sr. No.</u> | <u>Particulars</u> | <u>Financial Year</u> | <u>Due date of filing</u> | <u>Date of actual filing</u> |
|----------------|--------------------|-----------------------|---------------------------|------------------------------|
| 1              | FLA Return         | 2017-18               | 15.07.2018                | 17.09.2019                   |

The applicant has filed FLA return for FY 2017 -2018 with delay. Whereas, in terms of Regulation 13.1(3) of Notification No. FEMA 20R/2017-RB dated November 07, 2017 as then applicable and as amended, 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.

5. The applicant was given an opportunity for personal hearing vide our letter No.FE.CG/FID/787/03.01.541/2019-20 dated December 13, 2019 for further submission in person and/or producing documents, if any, in support of the application. The representatives Mr. Seerajdeep Singh, Director, Mr. Ajay Arora, Company Secretary and Ms. Niveta Sharma, Company Secretary appeared for the personal hearing on January 20,



2020. 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. It has been declared in the compounding application dated December 05, 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 furnished with 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 contraventions which are being compounded in 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.

7. 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 issued in terms of:

- a. **Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000** due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **Rs.9,99,800.00/- with the delay ranging from 2 M 04 D to 1 Y 09 M 20 D.**
- b. **Regulation 13.1(3) of Notification No. FEMA 20(R)/ 2017- RB dated November 07, 2017** due to delay in Filing of FLA return for FY 2017-18 as detailed in paragraph 4 above.

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 am persuaded to take a lenient view on the amount for which the contravention is to be compounded and I consider that amount of penalty of



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Compounding of Contravention under FEMA, 1999  
M/s Cardant Software Pvt. Ltd. [CA No. CHA 57/2019]

**Rs. 22,083.00 (Rupees Twenty Two thousand Eighty Three only)** will meet the ends of justice.

9. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contravention committed by the applicant, namely contravention of Paragraph Para 9(1) (B) of Schedule 1 respectively to the 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) and delay in filing of FLA returns in terms of regulation 13.1(3) of 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) on the facts discussed above, on payment of an amount of **Rs. 22,083.00 (Rupees Twenty Two thousand Eighty Three 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 the 23<sup>rd</sup> day of January 2020.

Sd/-

Vikramjit Singh Randhawa  
Assistant General Manager