



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

Present

Shri P Kalyan Chakravarthy
Assistant General Manager

Date: September 30, 2019
C.A. HYD 435

In the matter of
M/s. Danlaw Technologies India Limited
43, Sagar Society, Road No.2,
Banjara Hills, Hyderabad-500 034

(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 June 18, 2019 received on June 26, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is delay in refund of excess share application money received with respect to transfer of shares from Resident to Non-Resident under Foreign Direct Investment beyond 60 days in terms of Regulation 13.1(4) 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.

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



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- a) The applicant is a resident company incorporated as Limited Company under the Companies Act, 1956 on December 03, 1992 (CIN: L72200TG1992PLC015099). The company is engaged in the businesses of “Writing, modifying, and testing of computer program to meet the needs of a particular client excluding web-page designing” and “Providing software support and maintenance to the clients”.
- b) The applicant had received inward remittance from a foreign investor viz, M/s.Danlaw Inc. as indicated below:

Name of Transferor	Name of Transferee	Total amount of consideration (INR)	Excess amount received	Date of receipt of funds	Date of request for refund
Danlaw Technologies India Limited	Danlaw Inc.	5,55,00,000	8,36,294.11	19.09.2018	08.04.2019

The applicant reported receipt of remittance of ₹ 563, 36,294.11 to the Regional Office of Reserve Bank of India, towards transfer of shares held in M/s Danlaw Electronics Assembly Limited amounting to ₹ 5,55, 00,000/-, hence there was an excess share application money of ₹ 8, 36,294.11 which was refunded with a delay of 4 months 20 days approximately beyond the stipulated period in contravention of Regulation 13.1 (4) of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB dated November 07, 2017 as amended from time to time.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank’s letter No. HY.FE.FID/764/14.66.003/2019-20 dated September 27, 2019 for further submission in person and/or producing documents, if any, in support of the application.



(b) The applicant vide mail dated September 27, 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 provision issued in terms of: -

(a) Regulation 13.1(4) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in refund of excess share application money received with respect to transfer of shares from Resident to Non-Resident and the period of contravention is 4 months 20 days approximately.

5. It has been declared in the compounding application dated June 18, 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 June 18, 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 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.

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



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that an amount of ₹ **54,181/- (Rupees Fifty Four Thousand One Hundred Eighty One Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention, namely, the contravention of Regulation 13.1(4) 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 ₹ **54,181/- (Rupees Fifty Four Thousand One Hundred Eighty One 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 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 30th day of September 2019

Sd/-
(P Kalyan Chakravarthy)
Assistant General Manager