



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Vista, Sector 17
Chandigarh-160017

Present

Sh. Vinod Kumar
Deputy General Manager

Date: April 12, 2019
CA No CHA 38/2019

In the matter of

M/s Maven Wave Partners (India) Private Limited
4th Floor, Plot No.10, Netsmartz House IT Park
Rajiv Gandhi Chandigarh Technology Park
Chandigarh—160101

(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 02.04.2019 (received at the Reserve Bank on 03.04.2019) 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 pertain to (i) delay beyond 30 days in reporting of foreign inward remittance towards subscription to equity shares and (ii) 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 Paragraph 9(1) (A) and Para 9(1) (B) respectively, of Schedule I 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).



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

The applicant company, M/s Maven Wave Partners (India) Private Limited is a private Limited company duly incorporated under the Companies Act, 1956. The company was originally incorporated on 05.07.2007 under the Companies Act, 1956 as Triton-Tek Business Solutions Pvt Ltd. and subsequently changed its name to M/s Maven Wave Partners (India) Private Limited which was duly registered with Ministry of Corporate Affairs on 04.04.2012. The applicant is engaged in building scalable custom designed software applications and to provide technology solutions and technical expertise with custom designed solutions.

3. The applicant had received three foreign inward remittances amounting to ₹ 26, 26,600/- towards investment in equity shares from non-residents as under:

<u>Sr.</u>	<u>Date of inflow</u>	<u>Amount</u>	<u>Date of reporting to RBI</u>	<u>Delay beyond 30 Days</u>
1.	30.07.2007	75,000.00	18.09.2018	4038 Days
2.	20.01.2015	25,49,300.00	24.01.2019	1435 Days
3.	21.01.2015	2,300.00	24.01.2019	1436 Days

The applicant reported above inflows with delay ranging from 1435 to 4038 days, in contravention of the provisions stipulated in the Paragraph 9(1) (A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, in terms of which an Indian company issuing shares in accordance with these regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration.

4. Against the above inflows, the applicant company issued shares to the non-resident investor but filed the Form FC-GPR with delay as indicated below.

<u>Sr.</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.	30.07.2007	75,000.00	30.07.2007	75,000.00	18.09.2018	4038 Days
2.	20.01.2015	25,49,300.00	30.01.2015	25,51,600.00	24.01.2019	1425 Days
	21.01.2015	2,300.00				



The applicant reported the allotment of shares to the Reserve Bank with delay ranging from 1425 to 4038 days, 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.

5. The applicant was given an opportunity for personal hearing vide our letter No.FE.CG/FID/746/03.01.586/2018-19 dated April 04, 2019 for further submission in person and/or producing documents, if any, in support of the application. Mr. Malkit Singh Bharaj, Senior Finance Manager of the company appeared for the personal hearing on April 11, 2019. During the personal hearing, the representative of the applicant admitted the contravention committed by them for which they have sought for compounding. The representative submitted that the contraventions were due to lack of awareness of the procedural requirements and not intentional and requested for taking a lenient view in the matter. The application is, therefore, being considered based on 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.

6. It has been declared in the compounding application dated April 02, 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) (A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000** due to delay in reporting of receipt of foreign inward remittance towards subscription of shares as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **26,26,600/-** with the delay ranging **from 1435 to 4038 days**.



- b. **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 4 above. The contravention relates to an amount of ₹ **26,26,600/-** with the delay ranging **from 1425 to 4038 days**.

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 ₹ **66,500.00 (Rs Sixty Six thousand Five Hundred 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 contraventions of Paragraph 9(1) (A) and Paragraph 9(1) (B) of Schedule I to 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 on the facts discussed above, on payment of an amount of ₹ **66,500.00 (Rs Sixty Six thousand Five Hundred 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 12th day of April 2019.

Sd/-
Vinod Kumar
Deputy General Manager