



In the

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

Present

Shri.P Kalyan Chakravarthy  
Assistant General Manager

Date: July 26, 2019  
C.A. HYD 428

In the matter of

M/s. Govivace Research and Software Services India Private Limited  
Level 1, am@10, MB Towers, H No. - 8-2-624/A/1  
Road No - 10, 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 there under, I pass the following

**Order**

The applicant has submitted the compounding application dated April 10, 2019 received by us on May 23, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India, (ii) delay in refund of excess share application money after allotment of shares and (iii) delay in filing the Annual Return in respect of the Foreign Liabilities and Assets (FLA Return) in terms of Paragraph 9(1)(B), Paragraph 8 and Paragraph 9(2) of Schedule 1 to Foreign Exchange Management (Transfer or Issue



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of Security by a person resident outside India) Regulations, 2000 notified vide Notification No. FEMA. 20/2000-RB dated 3<sup>rd</sup> May 2000 as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB) and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time.

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, 1956 on June 22, 2011 (CIN: U72200TG2011PTC075136). The company is engaged in the business of “Promotion of Research & Software Services and to implement software development”.
- b) The applicant had received foreign inward remittance of ₹ 1,47,060/- from Shri. Nagender Kumar Goel on 14.02.2012 towards share subscription and reported the same 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.
- c) The company allotted equity shares and filed form FC-GPR as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting to AD or RBI
1	Nagender Kumar Goel	29.03.2012	9,999	99,990	07.03.2014
<b>Total</b>				<b>99,990</b>	

The applicant filed form FCGPR for the allotment of shares amounting to ₹ 99,990/- as indicated above, which was reported with a delay of 1 year 10 months 7 days approximately beyond the prescribed 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 company has delayed in refund of excess share application money to the non-resident investor. Here, the period of contravention is 6 years 7 months 4 days as shown below:

SI No	Name of Remitter	Total Amount (INR)	Date of receipt	Excess share application money (INR)	Date of seeking approval from RBI
1	Nagender Kumar Goel	1,47,060	14.02.2012	47,070	16.03.2019
	<b>Total</b>	<b>1,47,060</b>			

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13<sup>th</sup> November, 2007 in the official Gazette of the Government of India.

e) The company has delayed in filing of FLA Return (Foreign liabilities and Assets) with delays ranging from 11 months 26 days to 6 years 11 months 26 days as shown below:



SI No	Particulars	Financial year	Due date of filing the return	Date of actual filing
1	FLA Return	2011-12	15.07.2012	10.07.2019
2	FLA Return	2012-13	15.07.2013	10.07.2019
3	FLA Return	2013-14	15.07.2014	10.07.2019
4	FLA Return	2014-15	15.07.2015	10.07.2019
5	FLA Return	2015-16	15.07.2016	10.07.2019
6	FLA Return	2016-17	15.07.2017	10.07.2019
7	FLA Return	2017-18	15.07.2018	10.07.2019

Whereas in terms of Para 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 I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time, "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/ 0162 /14.66.003/2019-20 dated July 17, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on July 24, 2019 during which Shri. P. Gangadhar, Company Secretary, represented the applicant. The authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of administrative reasons. In view of the foregoing, the representative of the applicant



requested to take a lenient view in disposal of the 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 ₹ 99,990/- and the period of contravention is 1 year 10 months 7 days approximately.

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in refund of excess share application money after allotment of shares to the non-resident investor and the contravention relates to an amount of ₹ 47,070/- and the period of contravention is 6 years 7 months 4 days approximately.

(c) Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB and Paragraph 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for seven years viz, 2011-12 to 2017-18 with delays ranging from 11 months 26 days to 6 years 11 months 26 days approximately.

5. It has been declared in the compounding application dated April 10, 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 April 10, 2019 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.

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 **₹ 1, 10,327 /- (Rupees One Lakh Ten Thousand Three Hundred and Twenty Seven Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B), Paragraph 8 and 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 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 1, 10,327 /- (Rupees One Lakh Ten Thousand Three Hundred and Twenty Seven 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.



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The application is disposed of accordingly.

Dated this 26<sup>th</sup> day of July 2019.

Sd/-  
(P Kalyan Chakravarthy)  
Assistant General Manager