



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 453

In the matter of

M/s Minematics Solutions Private Limited
201A, Sruthi Block, Plot No: 230-233 Raga Residency
Mythilaganar Layout, Gajularamaram
Hyderabad, Rangareddi 500 055

(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 4, 2019 received on September 9, 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 allotment of shares to the non-resident investor in terms of Paragraph 2(2) of Schedule 1 to FEMA 20(R) dated November 7, 2017 (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as amended from time to time.



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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 11/07/2018 (CIN: U72900TG2018PTC125586). The company is engaged in 'Other information technology and computer service activities n.e.c'
- b) The applicant had received foreign inward remittances amounting to **₹40,14,968/-** from Mr Rambabu Yeleti.
- c) The applicant allotted shares and filed form FC-GPRs as indicated below:

| S No | Name of investor | Date of allotment of shares | No. of Shares allotted | Amount for which shares allotted (INR) | Date of reporting to RBI |
|------|------------------|-----------------------------|------------------------|--|--------------------------|
| 1 | Rambabu Yeleti | 10/08/2018 | 5,000 | 50,000 | 08/05/2019@ |
| 2 | Rambabu Yeleti | 31/03/2019 | 2,00,317 | 20,03,170 | 30/07/2019@ |
| 3 | Rambabu Yeleti | 15/04/2019 | 1,96,179 | 19,61,790 | 08/08/2019@ |
| | | Total | | 40,14,960 | |

@Late Submission Fee was paid by the company to regularize the contravention of Paragraph 13.1(2) of Schedule I of FEMA 20(R) dated November 7, 2017.

- d) The applicant allotted shares for inward remittances received on various dates as follows:

| S No | Name of Remitter | Total Amount (INR) | Date of Receipt | Amount for which shares are allotted | Date of allotment |
|------|------------------|--------------------|-----------------|--------------------------------------|-------------------|
| 1 | Rambabu Yeleti | 20,53,170 | 10/08/2018 | 50,000 | 10/08/2018 |
| 2 | | | | 20,03,170 | 31/03/2019 |
| 3 | Rambabu Yeleti | 19,61,798 | 10/04/2019 | 19,61,790 | 15/04/2019 |
| | | | | 40,14,960 | |



The applicant allotted shares for an amount of ₹ 20,03,170/- with a delay of 5 months 22 days approximately beyond the prescribed time limit. Whereas in terms of Paragraph 2(2) of Schedule 1 of FEMA 20(R)/2017-RB dated November 07, 2017, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/936/14.66.003/2019-20 dated October 21, 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 October 23, 2019 during which Shri Mahesh Kumar T, Director and Ms C Bhandhavi, Company Secretary represented the applicant. The authorized representatives 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 due to lack of awareness of FEMA provisions. 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 as well the submissions made in this context by the applicant during the personal hearing.

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 2(2) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in allotment of shares to the non-resident investor amounting to ₹ 20,03,170 /- and the period of contravention is 5 months 22 days approximately.



5. It has been declared in the compounding application dated September 4, 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 August 30, 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 ₹ 60,016/- (**Rupees Sixty Thousand Sixteen Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention, namely, the contravention of Paragraph 2(2) 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 ₹ 60,016/- (**Rupees Sixty Thousand Sixteen 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