



In the

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

Present

Smt. N Sara Rajendra Kumar
General Manager

Date: February 27, 2019
C.A. HYD 379

In the matter of

M/s. Rean Cloud India Private Limited
3rd Floor, Melange Towers, Unit No.3B
Madhapur Village, Serilingampally Mandal
Hyderabad, Telanagna-500081

(Applicant)

In exercise of the powers conferred under Section 15(1) of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made there under, I pass the following

Order

The applicant has filed compounding application dated December 13, 2018 received on December 14, 2018 for compounding of contraventions of the provision of Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances, (ii) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India and (iii) delay in filing the Annual Return in respect of the Foreign Liabilities and Assets (FLA Return) in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 9(2) of Schedule 1 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 3rd May 2000 and as then applicable (herein after referred to as Notification no. FEMA 20/2000-RB).

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 December 19, 2014 (CIN: U72200TG2014FTC096889). The company is engaged in Offshore Cloud Computing Services.
- b) The applicant had received foreign inward remittances for subscription to equity shares as indicated below:

SN	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Rean Cloud LLC	1,00,000	29.12.2014	03.02.2015
2		25,00,000	01.07.2015	15.02.2017
3		29,00,000	28.08.2015	20.09.2016
4		6,63,50,000	24.08.2016	20.09.2016
	Total	7,18,50,000		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 7,18,50,000/- to the Regional Office of Reserve Bank of India on dates as indicated above out of which remittances amounting to ₹ 55,00,000/- were reported with delays ranging from 6 days to 1 year 6 months 15 days. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures 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.



c) The company allotted equity shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares	Amount for which shares allotted (INR)	Date of reporting
1	Rean Cloud LLC	29.12.2014	10000	100000	03.02.2015
2		16.08.2015	250000	2500000	07.07.2018
3		13.10.2015	290000	2900000	07.07.2018
4		12.09.2016	221166	66349800	12.10.2016
		Total	7,71,166	7,18,49,800	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 7,18,49,800/- to the Regional Office of Reserve Bank of India out of which FCGPRs amounting to ₹ 55,00,000/- were reported with delay ranging from 6 days to 2 years 9 months 22 days. 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.

e) The applicant has delayed in filing Annual Return on Foreign Liabilities and Assets (FLA Return) for the financial year 2014-15 with a delay of 3 years 7 months approximately. Whereas in terms of Para 9(2) of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as then applicable, "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/1762/14.66.003/2018-19 dated February 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 February 25, 2019 during which Shri. K. Venkat Ramthiradh, Director (Finance), 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 purely unintentional and not malafide in nature but was on account of inadvertence. 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)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ 55,00,000/- and the delay ranges from 6 days to 1 year 6 months 15 days approximately.

(b) 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 ₹ 55,00,000/- and the delay ranges from 6 days to 2 years 9 months 22 days approximately.



(c) Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for the financial year 2014-15 with a delay of 3 years 7 months approximately.

5. It has been declared in the compounding application dated December 13, 2018 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 February 25, 2019 that the applicant was not under any enquiry/investigation/adjudication by any agency and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. 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 **₹ 50,360 /- (Rupees Fifty Thousand Three Hundred and Sixty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 9(2) of Schedule 1 to Notification No. FEMA-20/2000-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 50,360 /- (Rupees Fifty Thousand Three Hundred and Sixty Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange



Compounding of contraventions under FEMA 1999
M/s Rean Cloud India Private Limited
CA No. HYD 379

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, Rule10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 27th day of February 2019

Sd/-

(N Sara Rajendra Kumar)

General Manager