



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**K Dhamodhiran**  
**Assistant General Manager**

Date: September 13, 2019  
**C.A.936/2019**

In the matter of

**M/s. e-GITS India Pvt Ltd.**  
301, NSIC – Software Technology Park  
Sector - B-24, Guindy Industrial Estate  
Ekkaduthangal  
Chennai- 600 004

**(Applicant)**

In exercise of the powers 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 July 16, 2019 (received at Reserve Bank on July 18, 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 is delay in refund of excess



consideration to the non-resident investor in terms of Paragraph 8 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 as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB) read with A.P(DIR Series) Circular No.20 dated December 14, 2007.

2. The relevant facts of the case are as follows: The applicant company was incorporated on December 10, 2001 under the provisions of the Companies Act, 1956 (Registration No. U72200TN2001PTC048133) and is engaged in business of research and experimental development on social sciences and humanities. The company has received foreign inward remittance amounting to ₹6,40,200.00 from E-GITS GmbH, Germany towards subscription to equity shares and reported the same to the Reserve Bank. Against this remittance, the company allotted shares amounting to ₹5,40,200.00 on July 03, 2002 and filed the relevant FC-GPR with Reserve Bank.

3. The company refunded the balance amount after allotment of shares with permission of Reserve Bank as detailed below:

Sl. No.	Deemed date of receipt	Amount (INR)	Date of refund
1	29.11.2007	1,00,000.00	30.07.2019

The company refunded the balance consideration of ₹1,00,000.00 with a delay of 11 years two months three days approximately beyond the stipulated time of 180 days with prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with A.P(DIR Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

4. The applicant was advised about the contravention vide memorandum dated June 24, 2019. The applicant has filed a compounding application dated July 16, 2019 wherein it has been declared in the compounding application 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 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/him/her thereafter. Accordingly, the above contravention which is 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated September 09, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on September 12, 2019 during which Shri Shanmugasundaram Rasangkadu Kolandasamy, Director, represented the applicant. The authorized representative of the applicant admitted the contravention as stated in paragraph 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested Reserve Bank to take a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during the personal hearing.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

- (a) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with A.P(DIR Series) Circular No.20 dated December 14, 2007 due to delay in refund of receipt of consideration as detailed in paragraph 3 above. The contravention relates to an amount of ₹1,00,000.00 with the duration of contravention being 11 years two months three days approximately.



7. 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 **₹46,125/-** (Rupees forty six thousand one hundred and twenty five only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with A.P(DIR Series) Circular No.20 dated December 14, 2007, by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹46,125/-** (Rupees forty six thousand one hundred and twenty five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 accordingly.

Dated this thirteenth day of September 2019.

**Sd/-**

**K Dhamodhiran**

**Assistant General Manager**