



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

Present

Shri Subrata Das
Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)

Date: February 14, 2020
C.A. HYD 473

In the matter of

M/s. Erudex Private Limited
Door No. 10-50-18, Flat No. 6,
4th Floor, Siripuram Towers,
Siripuram, Visakhapatnam,
Andhra Pradesh-530003

(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 November 15, 2019 received on November 29, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) Delay in reporting receipt of foreign inward remittances towards the subscription of equity, (ii) Delay in submission of form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India and (iii) Delay in allotment of shares, and (iv) Delay in filing of FLA returns in terms of Paragraph



9(1)(A), Paragraph 9(1)(B), Paragraph 8, 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 May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable respectively.

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 04.05.2011 (CIN: U72900AP2011PTC074258). The company is engaged in “Computer programming consultancy and related activities”.
- b) The company was originally incorporated with the name “E-Concept Tree Soft Solutions Private Limited” and the name of the company was changed with effect from 25.02.2015.
- c) The applicant had received foreign inward remittances to equity shares as indicated below.

S No	Name of Remitter	Total Amount (₹)	Date of Receipt	Date of Reporting
1	Neuvidis LLC	4,08,839.90	07.11.2014	31.08.2018
2	Neuvidis LLC	8,81,376.18	18.11.2014	31.08.2018
3	Neuvidis LLC	4,24,081.59	31.12.2014	31.08.2018
4	Neuvidis LLC	14,85,384.87	13.02.2015	31.08.2018
5	Neuvidis LLC	47,77,452.36	19.03.2015	31.08.2018
6	Neuvidis LLC	44,44,941	07.08.2015	02.09.2015



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7	Srinivas Kadubandi	6,63,950	07.05.2016	31.08.2018
8	Erudex LLC	31,86,705.60	06.12.2016	31.08.2018
9	Erudex LLC	14,72,664.24	06.02.2017	31.08.2018
10	Erudex LLC	14,22,026.23	06.04.2017	31.08.2018
11	Erudex LLC	8,92,997.80	29.04.2017	31.08.2018
12	Erudex LLC	1,12,49,285	06.11.2017	31.08.2018
13	Erudex LLC	24,74,963.66	18.04.2018	31.08.2018
14	Erudex LLC	20,04,092.15	06.09.2018	31.08.2018
	Total	3,57,88,760.58		

[^] Late Submission fee was paid by the company.

The applicant reported receipt of remittances towards share subscription to the Regional Office of Reserve Bank of India amounting to ₹ 3,13,09,704.77 received from 07.11.2014 to 06.11.2017 out of which remittance amounting to ₹ 2,68,64,763.77 were reported with delays ranging from 8 months 25 days to 3 years 8 months 24 days approximately. 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.

d) The company allotted shares and filed forms FC-GPR as indicated below.

Sl No	Name of investor	Date of allotment of shares	Number of shares	Amount for which allotted (₹)	Date of reporting
1	Neuvidis LLC	02.05.2015	7,97,713	79,77,130	14.09.2019



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2	Neuvidis LLC	01.09.2015	4,44,494	44,44,940	21.05.2019
3	Srinivasa Kadubandi	10.06.2016	66,395	6,63,950	21.06.2019
4	Erudex LLC	11.06.2018	20,69,864	2,06,98,640	01.06.2019
5	Erudex LLC	11.09.2018	2,00,409	20,04,090	17.06.2019
	Total			3,57,88,750	

The applicant filed forms FC-GPR to the Regional Office of Reserve Bank of India for the allotment of shares amounting to ₹ 1,30,86,020/- from 14.09.2019 to 21.06.2019, which were reported with delays ranging from 2 years 11 months 11 days to 4 years 3 months 13 days approximately. 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 allotment of shares amounting to ₹ 1,82,23,678.30 with delays ranging from 1 month 5 days to 1 year 5 days approximately beyond the prescribed time of 180 days in contravention of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 30, 2000 as then applicable.

S No	Name of Remitter	Total Amount (₹)	Date of Receipt	Date of Allotment
1	Neuvidis LLC	4,08,839.90	07.11.2014	02.05.2015
2	Neuvidis LLC	8,81,376.18	18.11.2014	
3	Neuvidis LLC	4,24,081.59	31.12.2014	



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4	Neuvidis LLC	14,85,384.87	13.02.2015	
5	Neuvidis LLC	47,77,452.36	19.03.2015	
6	Neuvidis LLC	44,44,941	07.08.2015	01.09.2015
7	Srinivasa Kadubandi	6,63,950	07.05.2016	10.06.2016
8	Erudex LLC	31,86,705	06.12.2016	11.06.2018
9	Erudex LLC	14,72,664.24	06.02.2017	
10	Erudex LLC	14,22,026.23	06.04.2017	
11	Erudex LLC	8,92,997.80	29.04.2017	
12	Erudex LLC	1,12,49,285	06.11.2017	
13	Erudex LLC	24,74,963.66	18.04.2018	
14	Erudex LLC	20,04,092.15	06.09.2018	
	Total	3,57,88,759.98		

f) The applicant had filed Foreign Liabilities and Assets (FLA) returns for the financial years from 2014-15 to 2018-19 with delays ranging from 2 months 10 days to 4 years 5 months 29 days approximately.

S.No	Financial Year	Due date to file	Actual Date of filing
1.	2014-15	15.07.2015	13.01.2020
2.	2015-16	15.07.2016	13.01.2020
3.	2016-17	15.07.2017	16.01.2020
4.	2017-18	15.07.2018	16.01.2020
5.	2018-19	31.07.2019*	10.10.2019

*Due date of filing for FY 2018-19 extended from 15.07.2019 to 31.07.2019



Whereas, in terms of Paragraph 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 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 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/1795/14.66.003/2019-20 dated February 06, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for the personal hearing on February 11, 2020 during which Shri. J. Anil Kumar, 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 due to 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 submission of form FC-GPR to Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of



₹ 3,13,09,704.77 and the period of contravention is ranging from 8 months 25 days to 3 years 8 months 24 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in submission of form FC-GPR to Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of **₹ 1,30,86,020/-** as indicated above and the period of contravention ranges from 2 years 11 months 11 days to 4 years 3 months 13 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in allotment of shares of **₹ 1,82,23,678.30** and the period of contravention is 1 month 5 days to 1 year 5 days approximately.

(d) 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 for delay in filing of FLA returns for the five financial years viz, 2014-15 to 2018-19 and the period of contravention ranges from 2 months 10 days to 4 years 5 months 29 days approximately.

5. It has been declared in the compounding application dated November 15, 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 November 15, 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 **₹.3,32,915/- (Rupees Three Lakhs Thirty-Two Thousand Nine Hundred Fifteen 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), Paragraph 8, Paragraph 9 (2) of Schedule 1 to Notification No. FEMA-20/2000-RB as then applicable and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹.3,32,915/- (Rupees Three Lakhs Thirty-Two Thousand Nine Hundred Fifteen 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.

The application is disposed of accordingly.

Dated this 14th day of February 2020

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)