



In the

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

Present
Smt J Sailaja Rani
Deputy General Manager

Date: November 27, 2019
C.A. HYD 451

In the matter of
M/s Forum Business Research Private Limited
301, 1-2-593/7, Seshu Villa, Street No 4 Lane No 4
Domalguda Hyderabad 500029

(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 August 27, 2019 received on September 5, 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 and (ii) delay in submission of form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity (iii) delay in filing of FLA returns in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 9(2) of Schedule 1 to Foreign Exchange Management Regulations, 2000



Compounding of contraventions under FEMA 1999
M/s Forum Business Research Private Limited
CA No. HYD 451

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 FEMA 20(R) dated November 7, 2017(hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as amended from time to time 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 05/12/2011, with CIN: U74999TG2011PTC077809. The company is engaged in "Computer programming, consultancy and related activities".
- b) The applicant had received foreign inward remittances for subscription to equity shares as indicated below:

S.No	Name of remitter	Amount (INR)	Date of Receipt	Date of reporting
1	MJLM Stohr Beheer B.V.	22,24,300	22-12-2011	06-03-2018
2	FJGE Bolder Eo Rosmalen	2,44,300	22-12-2011	06-03-2018
3	MJLM Stohr Beheer B.V.	29,300	23-12-2011	06-03-2018
4	MJLM Stohr Beheer B.V.	1,99,300	26-07-2012	06-03-2018
5	MJLM Stohr Beheer B.V.	7,91,500	14-08-2012	06-03-2018
6	FJGE Bolder Eo Rosmalen	1,07,100	27-12-2012	06-03-2018
	Total	35,95,800		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 35,95,800/- to the Regional Office of Reserve Bank of India with delays ranging from 5 years 1 month 8 days to 6 years 1 month 13 days approximately as indicated above. 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.



Compounding of contraventions under FEMA 1999
M/s Forum Business Research Private Limited
CA No. HYD 451

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
1	FJGE Bolder Eo Rosmalen	05-12-2011	24,500	25,00,000	03-05-2019
	MJLM Stohr Beheer B.V.		2,25,500		
2	FJGE Bolder Eo Rosmalen	02-01-2013	1,07,100	10,97,900	20-04-2019
	MJLM Stohr Beheer B.V.		9,90,800		
		Total	13,47,900	35,97,900	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 35,97,900/- which were reported with delays ranging from 6 years 2 months 19 days to 7 years 3 months 28 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 applicant had filed FLA (Foreign Liabilities and Assets) Return for 8 years with delays ranging from 3 months 2 days to 7 years 3 months 18 days approximately beyond the stipulated time as shown below:

SI No	Particulars	Financial year	Due date of filing	Date of actual filing
1	FLA Return	2011-12	15-07-2012	02-11-2019
2	FLA Return	2012-13	15-07-2013	02-11-2019
3	FLA Return	2013-14	15-07-2014	02-11-2019
4	FLA Return	2014-15	15-07-2015	02-11-2019
5	FLA Return	2015-16	15-07-2016	02-11-2019
6	FLA Return	2016-17	15-07-2017	02-11-2019



Compounding of contraventions under FEMA 1999
M/s Forum Business Research Private Limited
CA No. HYD 451

7	FLA Return	2017-18	15-07-2018	02-11-2019
8	FLA Return	2018-19	31-07-2019	02-11-2019

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 I to FEMA 20(R) dated November 7, 2017 , 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/1233/14.66.003/2019-20 dated November 21, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The Director of the company, Shri Rajagopal Yadavalli appeared for personal hearing on November 26, 2019 along with Shri J Anil Kumar, Company Secretary. They admitted the contravention 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 lack of awareness of reporting requirements under FEMA. In view of the above, 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 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



₹ 35,95,800/- and the delay ranges from 5 years 1 month 8 days to 6 years 1 month 13 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 **₹ 35,97,900/-** and the period of contravention ranges from 6 years 2 months 19 days to 7 years 3 months 12 days approximately.

(c) Paragraph 9(2) of Schedule 1 to Notification No. 20/2000-RB and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of FLA returns and the period of contravention ranges from 3 months 2 days to 7 years 3 months 18 days approximately.

5. It has been declared in the compounding application dated August 27, 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 27, 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



Compounding of contraventions under FEMA 1999
M/s Forum Business Research Private Limited
CA No. HYD 451

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 **₹ 1,77,959/- (Rupees One Lakh Seventy Seven Thousand Nine Hundred Fifty Nine 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 9(2) respectively of Schedule 1 to 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 of **₹ 1,77,959/- (Rupees One Lakh Seventy Seven Thousand Nine Hundred Fifty Nine 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 27th day of November 2019

Sd/-

(J Sailaja Rani)
Deputy General Manager