



In the

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

Present

Shri P Kalyan Chakravarthy
Assistant General Manager

Date: July 16, 2019
C.A. HYD 426

In the matter of

M/s Process360 Pvt Ltd
Plot No: 173/154/B, Door No: 1-90/7B/67/2
Patrika Nagar, Hitech City
Hyderabad 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 the compounding application dated May 14, 2019 received on May 24, 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 submission of Form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India; (ii) delay in receipt of consideration after allotment of shares towards MoA (iii) delay in filing of FLA returns in terms of Paragraph 9(1)(B), Paragraph 8 and Paragraph 9(2) respectively of Schedule 1 to Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB



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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 20R/2017-RB) as amended from time to time.

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 August 01, 2016 (CIN:U72900TG2016PTC111226). The company is engaged in other information Service activities n.e.c.
- b) The applicant had received foreign inward remittances from the foreign investors as indicated below:

S.No	Name of Remitter	Amount (INR)	Date of Receipt	Date of reporting
1	Shauzab Khan	50000	03/10/2016	02/11/2016
2	Venkata Ramana Jinka	45000	21/10/2016	17/11/2016
	Total	95000		

The applicant reported receipt of remittances towards share subscription amounting to ₹ **95000/-** to the Regional Office of Reserve Bank of India within the prescribed time limit of 30 days.

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

S.No	Name of investor	No of Equity Shares allotted	Amount for which shares allotted (INR)	Date issue of Equity Shares	Date of reporting to RBI
1	Shauzab Khan	5000	95000	01/08/2016	29/12/2016



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	Venkata Ramana Jinka	4500			
	Total		95000		

The applicant filed form FCGPR for the allotment of shares amounting to ₹ 95, 000/- as indicated above which was reported with delay of 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 allotted shares to the foreign investor prior to the receipt of consideration of share application money as shown below as shown below:

SI No	Name of Investor	Total Amount (INR)	Date of allotment	Date of Receipt
1	Shauzab Khan	50000	01/08/2016	03/10/2016
2	Venkata Ramana Jinka	45000	01/08/2016	21/10/2016
	Total	95000		

The applicant received the inward remittance of ₹ 95,000/- after the allotment of shares towards subscription to Memorandum of Association with a delay ranging from 63 days to 81 days approximately in contravention of Paragraph 8 of Schedule 1 to FEMA Notification No. 20/2000-RB dated May 03, 2000 as then applicable.

e) The applicant has delayed in filing FLA Return (Foreign liabilities and Assets) for 2 years as shown below:



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Sl No	Particulars	Financial year	Due date of filing	Date of actual filing
1	FLA Return	2016-17	15/07/2017	13/05/2019
2	FLA Return	2017-18	15/07/2018	13/05/2019

The applicant had filed FLA returns for 2 years with delays ranging from 9 months 28 days to 1 year 9 months 28 days approximately. 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/112/14.66.003/2019-20 dated July 12, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated July 15, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding 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) (B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank after issue of shares to persons



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resident outside India and the contravention relates to an amount of ₹ 95, 000 /- and the period of contravention is 3 months 28 days approximately.

(b) Paragraph 8 of Schedule 1 to Notification No. 20/2000-RB for delay in receipt of consideration after allotment of shares towards MoA and the contravention relates to an amount of ₹ 95, 000 /- the period of contravention ranges from 63 days to 81 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 20R/2017-RB for delay in filing of FLA returns and the period of contravention ranges from 9 months 28 days to 1 year 9 months 28 days approximately.

5. It has been declared in the compounding application dated May 14, 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 July 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 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



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that an amount of ₹ **23,410/- (Rupees Twenty Three Thousand Four Hundred and Ten Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9 (1) (B), Paragraph 8 and 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 FEMA 20(R) dated November 7, 2017 (hereinafter referred to as Notification No. FEMA 20R/2017-RB) as amended from time to time by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **23,410/- (Rupees Twenty Three Thousand Four Hundred and Ten 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 accordingly.

Dated this 16th day of July 2019

Sd/-
(P Kalyan Chakravarthy)
Assistant General Manager