



In the

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

Present

C Nageswara Rao
Deputy General Manager

Date: January 17, 2019
C.A. HYD 362

In the matter of
M/s. Ravulapati Techub Pvt Ltd
Plot No. 191, 2nd Floor, Tagore Towers
Jubilee Hills (P.O), Kavuri Hills, Madhapur
Hyderabad, Telangana- 500033.

(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 submitted the compounding application dated November 22, 2018 received by us on November 30, 2018 for compounding of contraventions of the provision of the 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 remittance and (ii) delay in refund of excess share application money to a person resident outside India, in terms of Paragraph 9(1) (A) and Paragraph 8 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 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, 1956 on 25.01.2008 (CIN: U80301TG2008PTC057324). The company is engaged in the business of “providing all kinds of IT enabled computer programming and consultancy services in any field of business”.
- b) The applicant had received foreign inward remittances from single foreign investor as indicated below:

SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Reporting
1	Rajender Perumandla	29,85,765	25.09.2017	07.08.2018
Total		29,85,765		

The applicant reported receipt of remittances towards share subscription amounting to ₹ **29,85,765/-** to the Regional Office of Reserve Bank of India, with a delay of 9 months 12 days approximately beyond the prescribed limit. 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 applicant has delayed in refund of share application money of ₹ **29,85,765/-** to the foreign investor beyond the stipulated period of 180 days from the date of receipt of remittance. Here the period of contravention is 5 months 8 days approximately as shown below.



Compounding of contraventions under FEMA 1999
M/s Ravulapati Techub Pvt Ltd
CA No. HYD 362

Sl No	Name of Remitter	Date of receipt	Total amount received (INR)	Total amount allotted (INR)	Excess share application money (INR)	Date of seeking approval from RBI
1	Rajender Perumandla	25.09.2017	29,85,765	-	29,85,765	31.08.2018
	Total		29,85,765		29,85,765	

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Govt. of India.

3. a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1337/14.66.003/2018-19 dated January 03, 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 December 14, 2018 during which Shri. Parcha Ajay, Director and Shri K. Ravi Reaghavan, Company Secretary represented the applicant. The Director and 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 due to delay in receipt of FIRC from AD Bank and lack of guidance in the initial years. 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 ₹ 29,85,765/- with a delay of 9 months 12 days approximately.

b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in refund of share application money to the foreign investor and the contravention relates to an amount of ₹ 29,85,765/- with a delay of 5 months 8 days approximately.

5. It has been declared in the compounding application dated November 22, 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 November 22, 2018 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 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 **₹ 70,511/-(Rupees Seventy Thousand Five Hundred Eleven Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1) (A) and Paragraph 8 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 **₹ 70,511/-(Rupees Seventy Thousand Five Hundred Eleven 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 17th day of January 2019

Sd/-

(C Nageswara Rao)

Deputy General Manager