



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th Floor, Amar Building
Sir P M Road
Mumbai - 400 001

Present

R.K. Moolchandani
Chief General Manager

Date: October 18, 2019
CA No 4922 / 2019

In the matter of

Regent Computronics Private Limited
12, III floor, Agrawal Centre, Ashram Road,
Ahmedabad – 380 014

(Applicant)

In exercise of the powers conferred under Section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

Order

The applicant has filed the application dated March 29, 2019 (received in the Reserve Bank on April 25, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the Regulations issued thereunder. The application is in respect of the transaction for undertaking disinvestment within a period of one year, from its overseas joint venture (JV), in contravention of Regulations 16(1)(v) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).



2. The relevant facts are as under:

The applicant company was incorporated on August 03, 1990 as Regent Computronics Private Limited, under the Companies Act, 1956. It is engaged in the business of operating as computer data processing centre, management information service consultants, dealing in computer hardware and software, etc. The applicant had made an overseas direct investment (ODI) in January 2017 in an overseas JV in the USA. The overseas JV was not successful due to adverse market situation. The applicant disinvested their stake in August 2017, i.e., within one year from the date of their investment, without prior approval of Reserve Bank of India, which is a contravention of Regulation 16(1)(v) of Notification No. FEMA 120/2004-RB.

3. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/938/15.20.67/2019-20 dated August 19, 2019 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on September 11, 2019, which was attended by the applicant who submitted that the contravention was inadvertent and requested that a lenient view may be taken in the matter.

4. It has been declared in the compounding application dated March 29, 2019, that the particulars given by the applicant in the application are true and correct to the best of the applicant's knowledge and belief. It has also been declared in the declaration furnished along 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 been 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.

The application is, therefore, being considered on the basis of the averments made in the application, the documents produced, and submissions made during the meeting with the Compounding Authority.



5. I have given my careful consideration to the documents on record and submissions made during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 16(1)(v) of Notification No.FEMA.120/2004-RB. The amount of contravention is Rs 1,10,40,000 and period of contravention is one year and ten months approximately.

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. After considering the submissions made by the applicant and the entire facts and circumstances of the case, it stands to reason that payment of an amount of Rs 1,10,720/- (Rupees one lakh ten thousand seven hundred and twenty only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contraventions committed by the applicant namely, Regulation 16(1)(v) of Notification No.FEMA.120/2004-RB, on payment of a sum of Rs. 1,10,720/- (Rupees one lakh ten thousand seven hundred and twenty only) which shall be deposited by the applicant with "The Chief General Manager - in - Charge, Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai - 400001" by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' within a period of 15 days from the date of this Order. In case of failure to deposit the compounded amount within the abovementioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this the 18th day of October, 2019

Sd/-
(R.K. Moolchandani)
Chief General Manager