



In the
Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

K Ravi
Deputy General Manager

Date: July 31, 2019
C.A.911/2019

In the matter of

M/s. TPF Software India Pvt Ltd.
Unit 1, 2nd floor, Block C, Tek Meadows Campus
No.51, Rajiv Gandhi Salai (OMR)
Sholinganallur
Chennai- 600 119

(Applicant)

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/orders made there under, I pass the following

Order

The applicant has filed a compounding application dated April 30, 2019 (received at Reserve Bank on May 07, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in allotment of shares



to the non-resident investors and delay in refund of consideration to the non-resident investor due to not allotting shares in terms of Paragraph 8 of Schedule I 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 3, 2000 as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on February 18, 2005 under the provisions of the Companies Act, 1956 (Registration No. U72200TN2005PTC055436) and is engaged in business of providing software support and maintenance to the clients. The company has received foreign inward remittances amounting to ₹35,00,800.00 from i) M/s. Shri Thirumal Thirupuvanam, USA and ii) Mr. Luiz Felipe Maia, USA towards subscription to equity shares and reported the same to the Reserve Bank. Against these remittances, the company allotted shares amounting to ₹24,00,000.00 on July 19, 2006 and filed the relevant FC-GPR with Reserve Bank.

3.a The company allotted 24000 equity shares of ₹100/- each on July 19, 2006 against remittances as detailed below:

Sl. No.	Date of receipt	Amount (₹)	Date of allotment
1	20.05.2005	10,74,500.00	19.07.2006
2	19.07.2005	10,75,250.00	19.07.2006
3	28.09.2005	2,17,800.00	19.07.2006
4	09.11.2005	32,450.00	19.07.2006

The company allotted shares as indicated above with delay ranging from 2 months 11 days to 8 months 3 days approximately beyond the stipulated time of 180 days without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

3.b The company refunded the balance amount after allotment of shares as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
---------	-----------------	--------------	----------------



1	09.11.2005	11,00,800.00	22.07.2019
---	------------	--------------	------------

The company refunded the balance consideration of ₹11,00,800.00 with a delay of 13 years 2 months 14 days approximately beyond the stipulated time of 180 days with prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

4. The applicant was advised about the contravention vide memorandum dated July 04, 2018. The applicant has filed a compounding application dated April 30, 2019 wherein it has been declared in the compounding application 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 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/him/her 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated July 24, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on July 26, 2019 during which Shri Muruga Manickam, Director, Smt. Anila K A, Manager-Finance, Mathan S, Manager-Finance and Smt. J Jayashree, Practising Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contravention as stated in para 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested Reserve Bank to take a lenient view in the matter. The application for compounding is, therefore, being



considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during the personal hearing.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank as detailed in paragraph 3.a above. The contravention relates to an amount of ₹24,00,000.00 with the duration of contravention ranging from 2 months 11 days to 8 months 3 days approximately.

(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of receipt of consideration as detailed in paragraph 3.b above. The contravention relates to an amount of ₹11,00,800.00 with the duration of contravention being 13 years 2 months 14 days approximately.

7. 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 contraventions are to be compounded and I consider that an amount of **₹1,03,884/-** (Rupees one lakh three thousand eight hundred and eighty four only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 8 of Schedule I 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 of **₹1,03,884/-** (Rupees one lakh three thousand eight hundred and eighty four only) which shall be deposited by the applicant with the



M/s.TPF Software India Pvt Ltd. – C.A.911/2019

Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Chennai 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 thirty first day of July 2019.

Sd/-

K Ravi

Deputy General Manager