



In the

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

Present

Shri. P Kalyan Chakravarthy
Assistant General Manager

Date: October 24, 2019
C.A. HYD 456

In the matter of

M/s Ray Business Technologies Private Limited
Plot No.204, Block B, Kavuri Hills
Next to IGNOU, Madhapur, Hyderabad - 500 033

(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 there under, I pass the following

Order

The applicant has filed the compounding application dated September 12, 2019 received by us on September 13, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded is delay in refund of share application money to the non-resident investor beyond 75 days from date of receipt of remittance in terms of Paragraph 2 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(R)/2017-RB



dated November 07, 2017 (hereinafter referred to as Notification no. FEMA 20(R)/2017-RB) as amended 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, 1956 on October 12, 2009 (CIN: U72200TG2009PTC065423). The company is engaged in the business of "Other information technology and computer service activities n.e.c".
- b) The applicant had received foreign inward remittance of ₹ 6,35,200/- from Mr. Eugene Canton Paden on January 31, 2018 and reported the same in form ARF on February 08, 2018 within the stipulated time.
- c) The applicant allotted equity shares and filed form FC-GPR 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	Eugene Canton Paden	28/03/2018	50,000	85,00,000	31/05/2018*
		Total		85,00,000	

** Late Submission Fee has been paid by the applicant to regularize the contravention of Regulation 13.1(2) of Schedule I of FEMA 20(R)/2017-RB dated November 7, 2017.*

c) The applicant had allotted 50,000 partly paid equity shares for a total consideration of ₹ 85,00,000/- against an inward remittance of ₹ 6,35,200/-, which was less than 25% of the total consideration to be received upfront. The non-resident investor did not remit the balance consideration to the applicant. The applicant then approached RoC with a request for cancellation of the above mentioned allotment which was approved. Further, the applicant approached



Authorised Dealer with a request for approval to refund the amount of ₹ 6,35,200/- on May 15, 2019, with a delay of 1 year 1 month approximately as indicated below in contravention of Paragraph 2 of Schedule 1 of FEMA 20(R)/2017-RB dated November 07, 2017.

S.No	Name of investor	Amount of remittance (INR)	Date of receipt	Date of request for refund
1	Eugene Canton Paden	6,35,200	31/01/2018	15/05/2019

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 938 /14.66.003/2018-19 dated October 22, 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 October 23, 2019 during which Shri. M. Venkatesh, Executive (Finance & Accounts) and Shri. Sudheer Kumar, Chartered Accountant, represented the applicant. The authorized representatives of the applicant admitted the contraventions 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 due to lack of awareness of FEMA provisions. 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 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in refund of share application money of ₹ 6,35,200/- to the non-resident investor and the period of contravention is 1 year 1 month approximately.

5. It has been declared in the compounding application dated September 12, 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 September 12, 2019 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. 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 that an amount of ₹ 53,494/- (**Rupees Fifty Three Thousand Four Hundred Ninety Four Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention, namely, the contravention of Paragraph 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB by the



Compounding of contraventions under FEMA 1999
M/s Ray Business Technologies Private Limited
CA No. HYD 456

applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 53,494/- (Rupees Fifty Three Thousand Four Hundred Ninety Four 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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 24th day of October 2019.

Sd/-

(P Kalyan Chakravarthy)
Assistant General Manager