



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

Present

**R Karthikeyan**  
**Assistant General Manager**

Date: November 21, 2019  
**C.A.937/2019**

In the matter of

**M/s. Striim Engineering Services India Pvt Ltd.**  
Spaces Olympia Tech Park, 10<sup>th</sup> floor  
Citius Block No.-1, SIDCO Industrial Estate, Guindy  
Chennai - 600 032

**(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 July 08, 2019 (received at Reserve Bank on July 16, 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 refund of consideration in terms of Paragraph 2(3) of Schedule I to Foreign Exchange Management



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(Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on December 13, 2017 under the provisions of the Companies Act, 2013 (Registration No. U72200TN2017FTC119970) and is engaged in the business of writing, modifying, testing of computer program to meet the needs of a particular client excluding web-page designing. The applicant received three foreign inward remittances of ₹1,01,000.00 between 05.03.2018 and 28.03.2018 from (i) M/s. Striim International Inc., USA and (ii) M/s. Striim Inc., USA towards subscription to capital instruments. Against the above remittances, the company allotted capital instruments for ₹1,00,000.00 on 20.04.2018 and filed the FC GPR with Reserve Bank.

3. The company refunded the amount ₹1000.00 received on 05.03.2018 towards MoA shares as detailed below:

SI. No.	Date of receipt	Amount (₹)	Date of refund
1	05.03.2018	1000.00	09.09.2019

The consideration was refunded back to the investor on 09.09.2019 with a delay of one year three months 21 days approximately beyond the stipulated time. Whereas in terms of paragraph 2(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB, if capital instruments are not issued within 60 days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance within 15 days from the date of completion of 60 days.

4. The applicant was advised about the contravention vide memorandum dated June 10, 2019. The applicant has filed a compounding application dated July 08, 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



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belief. It has been declared in the declaration 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 contravention which is being compounded in this Order is 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 November 19, 2019 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant appeared for the personal hearing scheduled on November 21, 2019 during which Ms. Sneha Parthiban, Administrative Officer-cum-HR, represented the applicant. The authorized representative of the applicant admitted the contravention as stated in paragraph 3 above for which compounding has been sought. It had been submitted that the delay was unintentional. 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 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 personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:

- a) Paragraph 2(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB due to delay in refund of consideration received towards subscription to MoA shares. The contravention relates to an amount of ₹1000.00 with the duration of contravention being one year three months 21 days approximately.

7. In terms of Section 13 of the FEMA, 1999, any person contravening any provision of the Act shall be liable to a penalty up to thrice the sum involved in such contravention



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upon adjudication. However, taking into account the relevant facts and circumstances of the case as stated in the foregoing paragraphs, I consider that an amount of ₹131/- (Rupees one hundred and thirty one only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 2(3) of Schedule I to Notification No. FEMA 20(R)/2017-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 ₹131/- (Rupees one hundred and thirty one only) which shall be deposited by the applicant with the 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 twenty first day of November, 2019.

**Sd/-**  
**R Karthikeyan**  
**Assistant General Manager**