



In the

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

Present

**K Dhamodhiran**  
**Assistant General Manager**

Date: September 16, 2019  
**C.A.919/2019**

In the matter of

**M/s. Baton-Ubixi Systems India Pvt Ltd.,**  
4<sup>th</sup> floor, Elnet Software City, TS 140  
Block 2 & 9, Rajiv Gandhi Salai, Taramani  
Chennai – 600 113

**(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 May 23, 2019 (received at Reserve Bank on June 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 receipt of consideration in terms of Regulation 4 read with Paragraph 2(2) of Schedule I to Foreign



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Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20R/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 October 26, 2018 under the provisions of the Companies Act, 2013 (Registration No. U72900TN2018PTC125459) 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 company allotted MoA shares on 26.10.2018 and subsequently received two foreign inward remittances of ₹50,000.00 and ₹8,50,000.00 on 15.02.2019 and 16.02.2019 respectively from Shri Arjun Jayaram, USA towards subscription to MoA shares.

3. The company allotted MoA shares and subsequently received the remittance as detailed below:

Sl. No.	Date of receipt	Amount (₹)	Date of Allotment
1	15.02.2019	50,000.00	26.10.2018
2	16.02.2019	8,50,000.00	26.10.2018

The company received remittances after allotment of shares with delay ranging from three months 20 days to three months 21 days approximately. Whereas in terms of paragraph 2(2) of Schedule I to Notification No. FEMA 20(R)/2017-RB, capital instruments shall be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration and in terms of Regulation 4 of FEMA 20(R)/2017-RB, save as otherwise provided in the Act, or rules or regulations made thereunder, an Indian entity or an investment vehicle, or a venture capital fund or a Firm or an Association of Persons or a proprietary concern shall not receive any investment in India from a person resident outside India or record such investment in its books.



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**4.** The applicant was advised about the contravention vide memorandum dated May 09, 2019. The applicant has filed a compounding application dated May 23, 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 contravention which is 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 September 09, 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 September 12, 2019 during which Smt. Sonia M Bathija, Director, 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. 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 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:



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a) Regulation 4 read with Paragraph 2(2) of Schedule I to Notification No. FEMA 20R/2017-RB due to delay in receipt of consideration. The contravention relates to an amount of ₹9,00,000.00 with the duration of contravention ranging from three months 20 days to three months 21 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 contravention is to be compounded and I consider that an amount of **₹54,500/-** (Rupees fifty four thousand five hundred only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 4 read with paragraph 2(2) of Schedule I to Notification No. FEMA 20R/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 **₹54,500/-** (Rupees fifty four thousand five hundred 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 sixteenth day of September, 2019.

**Sd/-**

**K Dhamodhiran**

**Assistant General Manager**