



In the
RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present
Ajay Kumar
Regional Director for Delhi and CGM, New Delhi

Date: August 14, 2019
CA No. NDL 418/2019

In the matter of
Novelvox Softwares India Private Limited
SSR Corporate Park 609-610, 6th Floor, 13/6 Mathura Road,
Faridabad, Haryana - 121003
(Applicant)

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

ORDER

The applicant has filed the compounding application dated April 02, 2019 (received at Reserve Bank of India, New Delhi on April 09, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in reporting foreign inward remittance received for issue of shares, and (ii) delay in filing Form FC-GPR after allotment of shares in terms of paragraphs 9(1)(A) and 9(1)(B) respectively 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/ 2000-RB dated May 3, 2000 (hereinafter referred to as FEMA 20/2000-RB), as amended from time to time.



2. The relevant facts of the case are as follows:

(a) The applicant company, engaged in the business of other information technology and computer service activities n.e.c, was incorporated as M/s Integration Services & Technologies India Private Limited on March 24, 2009. The promoters of the company at the time of incorporation were M/s Integration Services and Technologies, Kingdom of Saudi Arabia and Shri Amit Gandhi, a resident.

(b) On March 31, 2016, M/s Integration Services and Technologies transferred its entire shareholding to another non-resident, M/s Novelvox Group Limited, BVI and the name of the company was subsequently changed to M/s Novelvox Softwares India Private Limited on June 27, 2013.

(c) The applicant had reported receipt of foreign inward remittance on thirteen occasions from May 2009 to September 2017 from its foreign investors, M/s Integration Services and Technologies and M/s Novelvox Group Limited. On twelve occasions the applicant reported the receipt of remittance with delay ranging from 5 months and 20 days to 3 years 10 months and 5 days, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(A) of Schedule I to FEMA 20/2000-RB, as then applicable.

Sl. No.	Date of receipt	Amount (₹)	Date of reporting
1	21.05.2009	92,792.90	10.12.2009
2	26.09.2014	9,06,105.44	16.05.2019
3	07.11.2014	9,06,105.44	30.11.2018
4	09.12.2014	9,15,150.00	02.01.2019
5	24.12.2014	9,36,774.86	02.01.2019
6	27.01.2015	9,09,000.00	15.01.2019
7	27.03.2015	9,30,181.02	05.02.2019
8	19.03.2015	9,22,424.92	05.02.2019
9	23.04.2015	9,28,713.16	20.12.2018
10	26.05.2015	9,41,139.92	13.02.2018
11	30.06.2015	15,74,734.32	07.01.2019
12	01.09.2016	50,03,250.00	16.10.2018
Total		1,49,66,371.98	

Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by Indian company for issue of shares or convertible debentures or warrants,



a report in Advance Reporting Form (ARF) as specified by Reserve Bank from time to time along with a copy/ies of documents prescribed therein. Reporting of receipt of foreign inward remittance for issue of capital instruments in ARF was dispensed with in terms of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Amendment) Regulations, 2018 with effect from September 1, 2018. Delay in reporting of foreign inward remittance has, therefore, been taken up to August 31, 2018 for remittances received prior to August 2, 2018 and for which ARFs were not submitted. Further, on one occasion, the delay was in contravention of the provisions of Regulation 13.1(1) of FEMA 20(R)/2017-RB, as then applicable, and the applicant has paid Late Submission Fee (LSF) for the said contravention as required in terms of Regulation 13.2 of FEMA 20(R)/2017-RB.

(d) The applicant had reported allotment of shares to its investors, M/s Integration Services and M/s Technologies and Novelvox Group Limited, on eleven occasions from May 2009 to November 2017. On ten occasions the applicant reported the allotment of shares in Form FC-GPR with delay ranging from 5 months and 20 days to 4 years, 5 months and 20 days, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule I to FEMA 20/2000-RB, as then applicable.

Sl. No.	Date of allotment	No. of shares allotted	Amount (₹)	Date of reporting in form FC-GPR
1	21.05.2009	9,000	90,000.00	10.12.2009
2	27.10.2014	6,603	9,06,129.69	16.05.2019
3	27.11.2014	6,603	9,06,129.69	30.11.2018
4	30.12.2014	13,495	18,51,918.85	02.01.2019
5	23.02.2015	6,617	9,08,050.91	15.01.2019
6	28.03.2015	13,500	18,52,605.00	05.02.2019
7	04.05.2015	5,942	9,28,615.76	20.12.2018
8	10.06.2015	6,022	9,41,118.16	13.12.2018
9	27.07.2015	10,077	15,74,833.56	07.01.2019
10	06.10.2016	26,366	50,03,250.00	16.10.2018
Total			1,49,62,651.62	

Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of issue of shares or convertible debentures or warrants, a report in Form FC-GPR as specified by the Reserve Bank



from time to time together with the documents prescribed therein. Further, on one occasion, the delay was in contravention of the provisions of Regulation 13.1(2) of FEMA 20(R)/2017-RB, as then applicable, and the applicant has paid Late Submission Fee (LSF) for the said contravention as required in terms of Regulation 13.2 of FEMA 20(R)/ 2017-RB.

(e) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/ or by producing documents, if any, in support of the application. Shri Lalit Kumar, Company Secretary and Shri Rahul Gupta, Accounts Manager appeared for personal hearing on August 5, 2019 on behalf of the applicant. The representatives of the applicant admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, they submitted that the contraventions were without any *malafide* or wilful intention but were mainly due to time taken in getting the FIRCs with correct purpose as the original FIRCs were issued with wrong purpose. They requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

(a) Paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, on account of delay in reporting of foreign inward remittance received towards subscription of shares as detailed in paragraph 2(c) above. The contraventions relate to an amount of ₹1,49,66,371.98 (Rupees One Crore Forty Nine Lakh Sixty Six Thousand Three Hundred Seventy One and Paise Ninety Eight only) and the period of delay ranges from 5 months and 20 days to 3 years, 10 months and 5 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, on account of delay in filing Form FC-GPR after issue of shares as detailed in paragraph 2(d) above. The contraventions relate to an amount of ₹1,49,62,651.62 (Rupees One Crore Forty Nine



Lakh Sixty Two Thousand Six Hundred Fifty One and Paise Sixty Two only) and the period of delay ranges from 5 months and 20 days to 4 years, 5 months and 20 days.

5. It has been declared in the compounding application dated April 02, 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 also been declared in the declaration dated May 23, 2019 furnished as part of 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. 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 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 I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules, 2000. Accordingly, it stands to reason that payment of an amount of **₹1,35,910/- (Rupees One Lakh Thirty Five Thousand Nine Hundred and Ten only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, by the applicant based on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹1,35,910/- (Rupees One Lakh Thirty Five Thousand Nine Hundred and Ten only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi - 110001 by a demand draft drawn in favour of the "Reserve



Bank of India” and payable at New Delhi 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 the 14th day of August 2019.

Sd/-
(Ajay Kumar)
Regional Director for Delhi and CGM, New Delhi