



In the

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

Present

Shri C Nageswara Rao  
Deputy General Manager

Date: April 16, 2019  
C.A. HYD 391

In the matter of

M/s. NTC Softech India Pvt Ltd  
8-1-199/P, 1<sup>st</sup> Floor, High Marks Chambers  
Beside Raidurg Police Station, Gachibowli  
Hyderabad, Telangana-500028

**(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 submitted the compounding application dated November 28, 2018 received by us on December 28, 2018 for compounding of contraventions of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded is (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity, (ii) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India and (iii) delay in filing the annual return in respect of the Foreign Liabilities and Assets, in terms of Paragraph 9(1)(A),



Paragraph 9(1)(B), and Paragraph 9(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. 20/2000-RB dated 3<sup>rd</sup> May 2000, as then applicable and amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB) and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017, as amended from time to time.

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

- a) The applicant is a resident company incorporated as Private Limited company under the Companies Act, 1956 on 05.12.2002 (CIN: U72900TG2002PTC119193) in the state of Kerala, later the registered office of the company has been shifted to Karnataka and then to Andhra Pradesh. The company is engaged in Writing, modifying, testing of computer program to meet the needs of a particular client excluding web-page designing.
- b) The applicant had received foreign inward remittance from single foreign investor as indicated below:

SN	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	NEST Technologies Inc	14,31,430	05.05.2014	24.06.2014

The applicant reported receipt of remittance towards share subscription amounting to ₹ 14,31,430/- to the Regional Office of Reserve Bank of India with the delay of 20 days approximately as indicated above. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration.



c) The company allotted equity shares and filed form FC-GPRs as indicated below:

SI No	Name of investor	Date of allotment of shares	Number of CCPS	Amount for which CCDs allotted (INR)	Date of reporting
1	NEST Technologies Inc	27.10.2014	7952	14,31,360	05.03.2015

The applicant filed form FCGPR for the allotment of shares amounting to ₹ 14,31,360/- to the Regional Office of the Reserve Bank of India with the delay of 3 months 7 days approximately beyond the prescribed limit. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d) The company has delayed in filing FLA Return (Foreign liabilities and Assets) as shown below:

SI No	Particulars	Financial year	Due date of filing the return	Date of actual filing
1	FLA Returns	2014-15	15.07.2015	24.03.2019
2		2015-16	15.07.2016	24.03.2019
3		2016-17	15.07.2017	24.03.2019
4		2017-18	15.07.2018	24.03.2019

The company has filed the FLA returns with the delays ranging from 8 months 9 days to 3 years 8 months 9 days approximately, as per the details given above.



Whereas in terms of Para 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time, "All Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2126/14.66.003/2018-19 dated April 04, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide e-mail dated April 05, 2019 stated that they are foregoing the option of appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding 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 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to **₹ 14,31,430/-** and the delay period is 20 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of **₹ 14,31,360/-** and the delay period is 3 months 7 days approximately.



(c) Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB and Paragraph 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for four financial years with delays ranging from 8 months 9 days to 3 years 8 months 9 days approximately.

5. It has been declared in the compounding application dated November 28, 2018 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 February 04, 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 **₹ 61,025/- (Rupees Sixty One Thousand Twenty Five Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 9(2) of Schedule 1 to Notification No. FEMA-20/2000-RB and Regulation 13.1(3) of Schedule 1 to



Compounding of contraventions under FEMA 1999  
M/s NTC Softech India Private Limited  
CA No. HYD 391

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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 ₹ 61,025/- (**Rupees Sixty One Thousand Twenty Five 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 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 16<sup>th</sup> day of April 2019

Sd/-

(C Nageswara Rao)

Deputy General Manager