



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Ajay Kumar Misra**  
**Chief General Manager**

Date: April 25, 2019  
CA No 4816 / 2018

In the matter of

**Ramco Systems Limited**  
**64, Sardar Patel Road**  
**Taramani, Chennai - 600113**

**(Applicant)**

In exercise of the powers conferred under section 15 (1) 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 application dated November 02, 2018 (received in the Reserve Bank on November 09, 2018), for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The applicant has sought to be compounded for (i) delay in reporting the receipt of funds for issue of shares, beyond the stipulated time period and (ii) delay in filing of form FC-GPR beyond the stipulated time period and (iii) delay in reporting issuance of shares under the Employees' Stock Option Scheme (ESOP), in contravention of Regulation 5(1) read with paragraphs 9(1)(A) and 9(1)(B) of Schedule 1, Regulations 8(3) (from 22.01.2014 to 11.06.2015) and 8(2) (from 12.06.2015 till 22.02.2018) of 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 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts are as under: The applicant company was incorporated as Ramco Systems Limited (CIN L72300TN1997PLC037550), under the Companies Act, 1956, on February 19, 1997. It is engaged in the business of information technology, computer data processing etc.

The applicant had received foreign inward remittance for issue of equity shares. However, there was a delay in reporting the receipt of inward remittances in certain instances, in contravention of Regulation 5(1) read with paragraph 9(1)(A) of Schedule I of Notification No. FEMA 20/2000-RB. The details of the instances where there was a delay in reporting are provided in the table below:

<b>S.No.</b>	<b>Name of the remitter</b>	<b>Amount of inward remittance (INR)</b>	<b>Date of receiving the inward remittance</b>	<b>Date of reporting of inward remittance</b>
1	Hans Peter Jacobi	16,000	14.08.2000	22.12.2000
2	Stefan Fellmann	12,000	12.07.2000	02.04.2001
3	Dheeraj Mathur	3,51,618	21.02.2014	01.10.2015
4	Virender Aggarwal	1,07,33,030	30.07.2014	08.03.2017
5	Manoj K Singh	25,000	27.03.2015	05.10.2015
6	Manoj K Singh	9,54,649	16.04.2015	05.10.2015
7	Charumati Kapur	18,09,870	08.05.2015	05.10.2015
8	Kasi Viswanathan	45,571	09.11.2015	13.01.2016
9	Manoj K Singh	4,35,335	09.11.2015	08.01.2016
10	Raghuveer Sandesh Bilagi	1,000	11.01.2016	01.03.2016
11	Raghuveer Sandesh Bilagi	29,890	31.12.2015	08.02.2016
12	Raghuveer Sandesh Bilagi	24,96,239	01.01.2016	01.03.2016
13	Subbaraman Ramaswamy	8,46,078	15.01.2016	01.03.2016
14	Subbaraman Ramaswamy	5,98,596	27.01.2016	01.03.2016
15	Kasi Viswanathan	31,408	15.12.2015	15.03.2016
16	Kasi Viswanathan	20,276	16.12.2015	15.03.2016
17	Kasi Viswanathan	4,616	09.02.2016	15.03.2016
18	Franz Josef Weiper	7,06,479	30.03.2016	30.05.2016
19	Subbaraman Ramaswamy	8,77,515	17.03.2017	23.05.2017



20	Virender Aggarwal	15,50,000	19.05.2014	28.09.2015
21	CLSA Mauritius Limited	9,34,41,285	30.05.2014	28.09.2015
22	Harsha Vardhan G	6,97,500	26.06.2014	28.09.2015
Total		11,56,83,955		

Further, there was delay in filing Forms FC-GPR, in certain instances, resulting in a contravention of Regulation 5(1) read with paragraph 9(1)(B) of Schedule I of Notification No. FEMA 20/2000-RB. The details of the instances where there was a delay in reporting are provided in the table below:

S.No.	Name of the foreign investor	Amount (INR) for which shares were issued	Date of allotment of shares	Date of filing of Form FC-GPR
1	Virender Aggarwal	1,55,00,000	28.05.2014	22.11.2015
2	CLSA Mauritius Limited	9,34,41,285	28.05.2014	22.11.2015
3	Harsha Vardhan G	6,97,500	28.05.2014	22.11.2015
Total		10,96,38,785		

Further, there was a delay in reporting the issuance of shares under the ESOP scheme, resulting in a contravention of Regulations 8(3) (from 22.01.2014 to 11.06.2015) and 8(2) (from 12.06.2015 till 22.02.2018) of Notification No. FEMA 20/2000-RB, in the following instances:

S.No.	Name of the foreign investor	Amount (INR) for which shares allotted	Date of allotment of shares	Date of reporting to RBI
1	Raman Anantharaman Aiyar	7,420	22.01.2014	22.02.2018
2	Raman Anantharaman Aiyar	47,376	22.01.2014	22.02.2018
3	Sreekanth G	5,565	22.01.2014	22.02.2018
4	Sreekanth G	10,152	22.01.2014	22.02.2018
5	Sankar Ganesh P	31,800	22.01.2014	22.02.2018
6	Sankar Ganesh P	22,560	22.01.2014	22.02.2018



7	Sankar Ganesh P	33,840	22.01.2014	22.02.2018
8	Dheeraj Mathur	3,51,618	22.02.2014	01.10.2015
9	Aninda Dasgupta	1,46,649	05.02.2015	01.10.2015
10	Raman Anantharaman Aiyar	90,630	06.03.2015	01.10.2015
11	Manoj K Singh	9,79,649	11.05.2015	01.10.2015
12	Charumati Kapur	18,09,870	11.05.2015	01.10.2015
13	Karthikeyan S	26,775	05.08.2015	01.10.2015
14	Karthikeyan S	56,700	05.08.2015	01.10.2015
15	Raman Anantharaman Aiyar	40,770	05.08.2015	01.10.2015
16	Raman Anantharaman Aiyar	40,770	06.08.2014	08.03.2017
17	Virender Aggarwal	1,07,33,030	06.08.2014	19.11.2016
18	Virender Aggarwal	82,77,350	22.12.2016	15.02.2017
Total		2,27,12,524		

3. Regulation 5(1) of Notification No.FEMA.20/2000-RB provides permission for purchase of shares or convertible debentures or warrants of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule I.

According to Para 9(1)(A) of Schedule 1 of Notification No.FEMA.20/2000-RB, "An Indian company issuing shares or convertible debentures 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 and convertible debentures, a report in form specified in Annex C to this Schedule along with a copy/ies of Foreign Inward Remittance Certificate/s (FIRC), Know Your Customer (KYC) report on the non-resident investor and details of the Government approval, if any".

Further, Para 9(1)(B) of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that "An Indian company issuing shares or convertible debentures 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, a report in the Form FC-GPR as specified by the Reserve Bank from time to time....”.

Regulations 8(3) (from 22.01.2014 to 11.06.2015) and 8(2) (from 12.06.2015 till 22.02.2018) of Notification No. FEMA 20/2000-RB, provided the reporting requirements for companies issuing shares under the ESOP scheme.

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/5713/15.20.67/2018-19 dated March 28, 2019 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on April 11, 2019 during which Shri R. Ravikula Chandran, Chief Financial Officer, and Shri P.R. Karthic, Company Secretary, represented the applicant. The representatives of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations and requested that a lenient view may be taken in the matter.

It has also been declared in the compounding application dated November 02, 2018, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. Further, it has been stated in the declaration furnished along 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 been 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.

The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing and thereafter.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 5(1) read with paragraphs 9(1)(A) and 9(1)(B) of Schedule 1, Regulations 8(3) (from 22.01.2014 to 11.06.2015) and 8(2) (from 12.06.2015 till 22.02.2018) of Notification No.FEMA.20/2000-RB. The amount and period of contraventions are as follows:



- (i) Regulation 5(1) read with para 9(1)(A) of Schedule 1 of Notification No.FEMA.20/2000-RB – Amount of contravention – Rs. 11,56,83,955/-; Period of contravention ranges from 3 days to 2 years 7 months approximately.
- (ii) Regulation 5(1) read with para 9(1)(B) of Schedule 1 of Notification No.FEMA.20/2000-RB – Amount of contravention – Rs. 10,96,38,785/-; Period of contravention is 5 months approximately.
- (iii) Regulations 8(3) (from 22.01.2014 to 11.06.2015) and 8(2) (from 12.06.2015 till 22.02.2018) of Notification No.FEMA.20/2000-RB - Amount of contravention – Rs. 2,27,12,524/-; Period of contravention ranges from 1 month to 4 years approximately.

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. 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 Rs. 4,15,625/- (Rupees four lakh fifteen thousand six hundred and twenty five only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Regulation 5(1) read with paragraphs 9(1)(A) and 9(1)(B) of Schedule 1, Regulations 8(3) (from 22.01.2014 to 11.06.2015) and 8(2) (from 12.06.2015 till 22.02.2018) of Notification No.FEMA.20/2000-RB, on payment of a sum of Rs. 4,15,625/- (Rupees four lakh fifteen thousand six hundred and twenty five only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 25th day of April, 2019

**Sd/-**  
**(Ajay Kumar Misra)**  
**Chief General Manager**