



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: July 05, 2019
C.A.899/2019

In the matter of

M/s Nadielabs Software Services Private Limited
Old No.40, New No.58, Ramanujam Kuda street, Arupukottai
Virudhunagar– 626 101

(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 March 27, 2019 (received at Reserve Bank on April 03, 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 submission of Form FC-GPR on allotment of shares to Reserve Bank in terms of Paragraph 9 (1) B of



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Schedule I 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 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on October 17, 2011 under the provisions of the Companies Act, 1956 (Registration No. U72900TN2011PTC082760) and is engaged in the business of providing software support and maintenance to the clients. The applicant received foreign inward remittance amounting to ₹98,000.00 from Mrs. Shanthi Gopalakrishnan, New Jersey, USA towards subscription to equity shares on March 07, 2012. The company allotted 9800 shares on 13.07.2012 for ₹98,000.00 which has been acknowledged by Reserve Bank.

3. The applicant company allotted equity shares and filed FC-GPR as indicated below:

Sl. No.	No. of share allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	9,800	10	98,000.00	13.07.2012	03.11.2018

The applicant filed the form FC-GPR as indicated above with delay of six years two months 22 days approximately beyond the stipulated time of 30 days. Whereas in terms of paragraph 9 (1) B of Schedule I 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 FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The applicant was advised about the contravention vide memorandum dated March 22, 2019. The applicant has filed a compounding application dated March 27, 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. 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated July 01, 2019 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant vide email dated July 02, 2019 chose not to appear for the personal hearing scheduled on July 03, 2019. The applicant, in the compounding application, has admitted to the contravention as stated in para 3 above committed by the applicant for which compounding has been sought. It was 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.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:

(a) Paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to person resident outside India. The contravention relates to an amount of ₹ 98,000.00 with the duration of contravention of being six years two months 22 days.

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



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case as stated in the foregoing paragraphs, I am persuaded to take a lenient view on the amount for which the contraventions are to be compounded and I consider that an amount of **₹16,250/-** (Rupees sixteen thousand two hundred and fifty only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-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 **₹16,250/-** (Rupees sixteen thousand two hundred and fifty 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 fifth day of July, 2019.

Sd/-
K Dhamodhiran
Assistant General Manager