



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

Present  
**Md. Shakir Hasan**  
**Assistant General Manager**

Date: December 4, 2019  
CA No. NDL 489/2019

In the matter of  
**Revolabs India Private Limited**  
LGF-69-70, Vijaya Building, 17 Barakhamba Road, New Delhi- 110001  
**(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 July 09, 2019 (received at Reserve Bank of India, New Delhi on July 10, 2019) and addendum dated November 26, 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, (ii) delay in filing Form FC-GPR after issue of shares, and (iii) delay in refund of excess share application money, in terms of paragraphs 9(1)(A), 9(1)(B) and 8 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, incorporated on May 27, 2011, is engaged in the business of other wireless telecommunications activities.

(b) The applicant had reported receipt of foreign inward remittances from subscribers to the Memorandum of Association, M/s Revolabs Inc., USA and M/s Revolabs Ltd., UK, on two occasions with delay of 6 months & 28 days and 1 year, 8 months & 21 days, as detailed below, beyond the prescribed period in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

Sl. No.	Date of receipt	Amount (₹)	Date of reporting
1	01.11.2011	5,49,300.00	29.06.2012
2	02.11.2011	6,000.00	23.08.2013
	<b>Total</b>	<b>5,55,300.00</b>	

Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit to Reserve Bank, not later than 30 days from the date of receipt of the amount of consideration, a report in form specified in Annex C to this schedule indicating the details prescribed therein.

(c) The applicant had issued 50,000 equity shares to the subscribers of its Memorandum of Association for a total consideration of ₹5,00,000/- and reported the same with a delay of 1 year, 8 months and 20 days, as detailed below, beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

Sl. No	Name of investor	Date of issue	No. of shares issued	Amount (₹)	Date of reporting in Form FC-GPR
1	Revolabs Inc., USA	03.11.2011	49,500	4,95,000.00	23.08.2013
2	Revolabs Ltd, UK	03.11.2011	500	5,000.00	23.08.2013
		<b>Total</b>	<b>50,000</b>	<b>5,00,000.00</b>	

Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit to Reserve Bank, not later than 30 days from the date of issue of shares, a report in Form FC-GPR together with the documents prescribed therein.

(d) Further, the applicant sought approval for refund of the excess share application money through its letters dated October 05, 2018 and January 07, 2019 with delay of



6 years, 8 months & 9 days and 6 years, 5 months & 5 days, as detailed below, beyond the prescribed period in contravention of paragraph 8 of Schedule 1 to FEMA 20/2000-RB, as then applicable. Approval for refund was granted and the excess share application money was refunded by the applicant.

Sl. No.	Date of receipt	Amount (₹)	Date of seeking approval for refund
1	01.11.2011	54,300.00	07.01.2019
2	02.11.2011	1,000.00	05.10.2018
	<b>Total</b>	<b>55,300.00</b>	

Whereas, in terms of paragraph 8 of Schedule 1 to FEMA 20/2000-RB, a company in India issuing shares or convertible debentures under this Schedule to a person resident outside India shall receive the amount of consideration for such shares by inward remittance through normal banking channels, or by debit to NRE / FCNR account of the person concerned maintained with an authorised dealer / authorised bank. Provided that if the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE / FCNR (B) account, the amount of consideration so received shall be refunded to the person concerned by outward remittance through normal banking channels or by credit to his NRE / FCNR(B) account, as the case may be; provided further that the Reserve Bank may, on an application made to it and for sufficient reasons permit an Indian company to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt.

(e) Thus, there are contraventions of paragraphs 9(1)(A), 9(1)(B) and 8 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. Ms Neha Bhasin, Consultant, appeared for personal hearing on December 03, 2019 on behalf of the applicant. The representative of the applicant admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, she submitted that contraventions were without any *malafide* or wilful intention but were mainly due to delay in receipt of KYC and the decision of the management for not issuing any further shares and to refund the excess share application money. 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 issue of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹5,55,300/- (Rupees Five Lakh Fifty Five Thousand and Three Hundred only) and the periods of delay are 6 months & 28 days and 1 year, 8 months & 21 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(c) above. The contraventions relate to an amount of ₹5,00,000/- (Rupees Five Lakh only) and the period of delay is 1 year, 8 months and 20 days.

(c) Paragraph 8 of Schedule 1 to FEMA 20/2000-RB, on account of delay in refund of excess share application money against which shares were not issued, as detailed in paragraph 2(d) above. The contraventions relate to an amount of ₹55,300/- (Rupees Fifty Five Thousand and Three Hundred only) and the periods of delay are 6 years, 8 months & 9 days and 6 years, 5 months & 5 days.

5. It has been declared in the compounding application dated July 09, 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 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. 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 **₹61,383/- (Rupees Sixty One Thousand Three Hundred and Eighty Three 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), 9(1)(B) and 8 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 **₹61,383/- (Rupees Sixty One Thousand Three Hundred and Eighty Three 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 4th day of December 2019.

Sd/-  
**(Md. Shakir Hasan)**  
**Assistant General Manager**