



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

Present

Shri. P. Kalyan Chakravarthy  
Assistant General Manager

Date: January 31, 2020  
C.A. HYD 472

In the matter of

M/s. Cofigure India Private Limited  
8-3-315/7, Plot No 6, Maruthi Nagar  
Yousufguda, Hyderabad - 500 045

**(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 filed compounding application dated November 15, 2019 received on November 21, 2019 for compounding of contravention of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in allotment of shares to the foreign investor beyond 60 days from date of receipt of remittance in terms of Paragraph 2(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. 20R/2017-RB dated November 07, 2017 (hereinafter referred to as Notification no. FEMA 20R/2017-RB).



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

- a) The applicant is a resident company incorporated as Private Limited company under the Companies Act, 2013 on 22/05/2018 (CIN: U72500TG2018FTC124635). The company is engaged in 'Other information technology and computer service activities n.e.c'.
- b) The applicant allotted shares for inward remittance received as indicated below:

S No	Name of Investor	Total Amount (INR)	Date of Receipt	Amount for which shares allotted (INR)	Date of allotment
1	Cofigure Inc	1,00,000	08/06/2018	99,990	01/12/2018
				<b>99,990</b>	

The applicant allotted shares for **Rs 99,990/-** after 60 days from the date of receipt, with a delay of 3 months 23 days approximately. Whereas in terms of Paragraph 2(2) of Schedule 1 of FEMA 20(R)/2017-RB dated November 07, 2017, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1765 /14.66.003/2019-20 dated January 30, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) Smt. Kavitha Rani, Practicing Company Secretary, appeared on behalf of the applicant for personal hearing on January 31, 2020. She admitted the contravention for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of administrative constraints. In view of the above, the applicant requested to take a lenient view in disposal of the application. The application for compounding



is, therefore, being considered on the basis of the averments made in the application as well the submissions made in this context by the applicant during the personal hearing.

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:-

Paragraph 2(2) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in allotment of shares to the foreign investor. Here the amount of contravention is **Rs 99,990/-** and the period of contravention is 3 months 23 days approximately.

5. It has been declared in the compounding application dated November 15, 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 been declared in the declaration dated November 15, 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 ₹ **3,178/- (Rupees Three Thousand One Hundred Seventy Eight Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention, namely, the contravention of Paragraph 2(2) of Schedule 1 to 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 ₹ **3,178/- (Rupees Three Thousand One Hundred Seventy Eight 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 of accordingly.

Dated this 31<sup>st</sup> day of January 2020.

Sd/-

(P. Kalyan Chakravarthy)  
Assistant General Manager