



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
3rd Floor, Main Building
Ram Bagh Circle, Tonk Road
Jaipur-302 004

Present

G Sreekumar
Regional Director

Date: December 18, 2018

C.A. JAI 10/2018

In the matter of

M/s. Sehaj Synergy Technologies Private Limited
3rd Floor, Plot No. J-9/J-7/3, Opp. JVVNL Office,
Bhagwan Marg Road, Swej Farm, New Sanganer Road
Jaipur – 302019 (Rajasthan)

(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 August 24, 2018 forwarded vide its letter dated September 5, 2018 (received at Reserve Bank of India, Jaipur on September 12, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of inflow of funds received from person resident outside India for allotment of shares; (ii) Issue of Shares before the receipt of full amount of consideration as also delay in refund of excess share application money beyond the prescribed period of 180 days from the date of receipt of inflow of funds in terms of paragraph 9(1)(A) and paragraph 8 respectively, of 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, as then applicable. (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: The applicant was incorporated on January 21, 2015 under the provisions of the Companies Act, 2013 (Registration Number U72900RJ2015PTC046956) and is engaged in the business of Information Technologies and Computer Services related activities. The applicant received foreign inward remittances from Shri Gopal Agarwal of Hong Kong towards subscription to equity shares /CCDs and reported the same to the Reserve Bank of India as below:

S.no	Amount of Inward Remittance in ₹	Date of Receipt	Date of Reporting
1	39,68,280.74	23-02-2017	12-04-2017
2	79,18,730.56	23-02-2017	12-04-2017
3	19,279.20	22-09-2017	19-04-2018

The applicant reported receipt of remittances to the Reserve Bank of India, Jaipur on the dates indicated above and with a delay ranging from 18 days to 178 days approximately beyond the stipulated time of 30 days. Whereas, in terms of paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, 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.

3. It is observed that the company had allotted 11,90,000 CCDs on 02/03/2017 amounting to ₹ 1,19,00,000.00 (Rupees one crore and nineteen lakh only) against the FDI of ₹ 1,18,87,011.30 (Rupees one crore eighteen lakh eighty seven thousand eleven and paise thirty only) received till 23/02/2017. Thus, there was an excess allotment of ₹ 12,988.70 (Rupees twelve thousand nine hundred eighty eight and paise seventy only). Later on, company received ₹ 19,279.20 (Rupees nineteen thousand two hundred seventy nine and paise twenty only) on 22/09/2017, after a delay of six months and 24 days approximately, from the foreign investor against the shortfall of ₹ 12,988.70. The balance amount of ₹ 6,290.50 (Rupees six thousand two hundred ninety and paise fifty only) was refunded to the investor on May 15, 2018 with a delay of one month and 24 days approximately beyond the prescribed period of 180 days from receipt of the amount of consideration. This issue of shares prior to receipt of full amount of consideration and delay in refund of balance amount are in contravention of Paragraph 8 of Schedule I to FEMA 20/2000-RB dated May 3, 2000 as then applicable.



4. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FED.JP.No.352/06.10.461/2018-19 dated November 5, 2018 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA, 1999. The applicant vide letter dated November 14, 2018 has shown its inability to appear for personal hearing and requested the Bank to process the application on the basis of documents submitted with the compounding application. The applicant further requested to take a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents submitted with the application.

5. It has been declared in the compounding application dated August 24, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated August 24, 2018 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. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:

(a) Paragraph 9 (1)(A) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 1,19,06,290.50 with duration of contravention ranging from 18 days to five months and 28 days approximately;

and



(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to allotment of shares prior to receipt of full amount of consideration as also delay in refund of balance amount without prior approval of Reserve Bank of India. The contravention relates to an amount of ₹ 19,279.20 with the duration of contravention ranging from one month and 24 days to six months and 24 days approximately;

7. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to a penalty upto 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 that an amount of ₹ 12,123.00 (Rupees twelve thousand one hundred and twenty three only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely contravention of paragraphs 9(1)(A) and 8 of Schedule I 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 ₹ 12,123.00 (Rupees twelve thousand one hundred and twenty three only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302 004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur 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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 18th day of December 2018

Sd/-

(G Sreekumar)
Regional Director for Rajasthan and
Chief General Manager, Jaipur.