



In the

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

Present

P Kalyan Chakravarthy  
Assistant General Manager

Date: December 04, 2017  
C.A. HYD 238

In the matter of

M/s. Avance Consulting Services Private Limited  
3-5-798/405 & 406, Prathima Schalass  
Street No. 8, Hyderguda, King Koti  
Hyderabad 500029

**(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 compounding application dated August 23, 2017 received on August 28, 2017 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India in terms of Paragraph 9 (1) (A) and Paragraph 9 (1) (B) respectively of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 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 3rd May 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:

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on 26.11.2007 (CIN: U74140TG2007FTC056434). The company is engaged in Information Technology Enabled Services (ITES) and Information Technology Outsourcing business.
- b) The applicant had received foreign inward remittances from single foreign investor towards subscription to equity shares as indicated below.

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Avance Holdings (Now called Wisestep Holdings)	295125	06.12.2007	24.04.2017
2	Avance Holdings (Now called Wisestep Holdings)	197600	12.02.2008	24.04.2017
3	Avance Holdings (Now called Wisestep Holdings)	405300	10.03.2008	24.04.2017
	<b>Total</b>	<b>8,98,025</b>		

The applicant reported receipt of remittances towards share subscription amounting to **Rs. 8,98,025** /- to the Regional Office of Reserve Bank of India with a delay ranging from 9 years 15 days to 9 years 3 months 19 days approximately as indicated above. Whereas in terms of Paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB, 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.

c) The company allotted equity shares and filed form FC-GPRs as indicated below.

Sl No	Name of investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Avance Holdings (Now called Wisestep Holdings)	10.12.2007	9998 Eq	99980	23.12.2016
			19513 CCDs	195130	
2	Avance Holdings (Now called Wisestep Holdings)	18.02.2008	19760 CCDs	197600	23.12.2016
3	Avance Holdings (Now called Wisestep Holdings)	17.03.2008	40053 CCDs	400530	23.12.2016
	<b>Total</b>			<b>8,93,240</b>	

The applicant filed form FCGPRs for the allotment of shares amounting to **Rs. 8,93,240 /-** as indicated above with a delay of 8 years 8 months 6 days to 8 years 11 months 13 days approximately beyond the prescribed limit. Whereas in terms of Paragraph 9(1) (B) of Schedule 1 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India. The difference of Rs. 4785/- between inward remittance received and the amount for which shares were allotted was adjusted towards foreign exchange loss and transaction costs as declared by the company.



3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/934/14.66.003/2017-18 dated November 21, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on November 28, 2017 during which Shri Avinash Kumar Dubey, Practising Company Secretary represented the applicant. The authorized representative of the applicant admitted the contraventions 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 and was on account of ignorance of FEMA Rules and Regulations. In view of the foregoing, the representative of 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:-

(a) Paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to Rs. 8,98,025/- and the delay ranges from 9 years 15 days to 9 years 3 months 19 days approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank after issue of shares to person resident outside India amounting to Rs. 8,93,240 /- and the period of contravention ranges from 8 years 8 months 6 days to 8 years 11 months 13 days approximately.



5. 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 Rs. 74,160/- (Rupees Seventy Four Thousand One Hundred Sixty Only) will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9 (1) (A) and 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 Rs.74,160/- (Rupees Seventy Four Thousand One Hundred Sixty 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, Rule10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 04<sup>th</sup> day of December 2017

Sd/-

(P Kalyan Chakravarthy)  
Assistant General Manager