



In the

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

Present

P Kalyan Chakravarthy  
Assistant General Manager

Date: January 16, 2018  
C.A. HYD 259

In the matter of

M/s. ReportGarden Technologies Private Limited  
Flat no. 5 & 6  
Ektha Serene, APHB Colony  
Phase IV, Gachibowli  
Hyderabad 500032

**(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 October 31, 2017 received on November 01, 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 submission of Form FC-GPR to the Reserve Bank of India after issue of shares towards subscription to equity to a person resident outside India; (ii) delay in receipt of consideration for allotment of shares towards subscription to Memorandum of Association in terms of Paragraph 9(1)(B) and Paragraph 8 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, 2013 on 03.03.2015 (CIN: U72200TG2015FTC097852). The company is engaged in the business of providing software support and maintenance to the clients.
- 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	Report Garden Inc. USA	99000	16.12.2016	11.01.2017
	<b>Total</b>	<b>99000</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 99,000/- to the Regional Office of Reserve Bank of India within the stipulated period of 30 days from the date of receipt of remittance.

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

SI No	Name of investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Report Garden Inc. USA	03.03.2015	9900	99000	21.03.2017
	<b>Total</b>		<b>9900</b>	<b>99000</b>	



The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 99,000/- as indicated above with a delay of 1 year 11 months 16 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 of India 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.

d) The applicant delayed in receipt of consideration for allotment of shares towards subscription to Memorandum of Association beyond the stipulated period from the date of allotment as shown below.

SI No	Name of Remitter	Date of receipt of funds	Amount (INR)	Date of allotment
1	Report Garden Inc. USA	16.12.2016	99000	03.03.2015
	<b>Total</b>		<b>99000</b>	

The applicant received the inward remittances after the allotment of shares with a delay of 1 year 9 months 13 days approximately beyond the prescribed time limit in contravention of Paragraph 8 of Schedule 1 to FEMA Notification No. 20/2000-RB dated May 03, 2000 as amended from time to time.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1221/14.66.003/2017-18 dated January 09, 2018 for further submission in person and/or producing documents, if any, in support of the application.



(b) The applicant appeared for personal hearing on January 11, 2018 during which Shri Sheik Hussien Johny, Director and Shri. Vivek Mishra, Chartered Accountant represented the applicant. The authorized representatives 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 but was on account of lack of awareness of FEMA regulations in the beginning. 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) (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 and the contravention relates to an amount of ₹ 99,000/- the period of contravention being 1 year 11 months 16 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. 20/2000-RB for delay in receipt of share application money after the issue of shares towards subscription to Memorandum of Association to person resident outside India amounting to ₹ 99,000/- and the delay is 1 year 9 months 13 days approximately.

5. It has been declared in the compounding application dated October 31, 2017 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated October 31, 2017 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. 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 **Rs. 42,347/- (Rupees Forty Two Thousand Three Hundred Forty Seven Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B) and Paragraph 8 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.42,347/- (Rupees Forty Two Thousand Three Hundred Forty Seven 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 accordingly.

Dated this 16<sup>th</sup> day of January 2018



Compounding of contraventions under FEMA 1999  
M/s. ReportGarden Technologies Private Limited.  
CA No HYD 259

Sd/-

(P Kalyan Chakravarthy)  
Assistant General Manager