



In the

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

Present

R Subramanian
Regional Director

Date: May 11, 2018
C.A. HYD 285

In the matter of

M/s. ProcessMAP India Private Limited
1st Floor, A-Wing
Softsol Tower-2, Plot No. 4
Infocity, Software Units Layout, Madhapur
Hyderabad - 500 081

(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 February 13, 2018 received on February 16, 2018 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; (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity and (iii) delay in allotment of shares to the foreign investor beyond 180 days from the date receipt of foreign inward remittance and delay in receipt of foreign inward remittances after allotment of shares in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 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 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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 22.06.2015 (CIN: U72300TG2015FTC099423). The company is engaged in the business of development, integration and support of software products.
- b) The applicant had received foreign inward remittances from the foreign investor towards advance for subscription to equity shares as indicated below.

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	ProcessMAP Corporation	642223	12.08.2015	13.08.2015
2	ProcessMAP Corporation	1930533	13.08.2015	14.08.2015
3	ProcessMAP Corporation	2509642	17.11.2015	18.11.2015
4	ProcessMAP Corporation	6360827	17.11.2015	18.11.2015
5	ProcessMAP Corporation	6948452	22.03.2016	30.03.2016
6	ProcessMAP Corporation	2444	08.03.2017	18.09.2017
7	ProcessMAP Corporation	700	11.05.2017	18.09.2017
	Total	1,83,94,821		

The applicant received the foreign inward remittances amounting to ₹1,83,94,821/- as indicated above out of which remittances amounting to ₹3,144/- were reported to Reserve Bank of India with delays ranging from 3



months 8 days to 5 months 11 days approximately beyond the prescribed period of 30 days. 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 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	ProcessMAP Corporation	01.09.2015	9998	99980	24.12.2015
2	ProcessMAP Corporation	22.10.2015	247020	2470200	24.12.2015
3	ProcessMAP Corporation	23.11.2015	242482	2424820	24.12.2015
4	ProcessMAP Corporation	20.05.2016	1339982	13399820	09.02.2018
	Total		1839482	1,83,94,820	

The applicant filed form FCGPRs for issue of shares amounting to ₹1,83,94,820/- as indicated above with delays ranging from 1 day to 1 year 7 months 21 days approximately beyond the stipulated period of 30 days. 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.



e. The company has delayed in allotting shares to the foreign investors beyond the stipulated period of 180 days in respect of remittances aggregating to ₹87,398/- and the delay is 5 days approximately .

Sl No	Name of investor	Date of receipt	Total Amount (INR)	Excess share application money (INR)	Date of allotment
1	ProcessMAP Corporation	17.11.2015	2509642	87398	20.05.2016
	Total			87,398	

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit 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. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Govt. of India.

f. The company has received the foreign inward remittances amounting to ₹3,144/- after allotment of shares to the foreign investor with delays ranging from 9 months 16 days to 11 months 21 days approximately. The company has thus contravened provisions of Paragraph 8 of Schedule 1 to FEMA Notification No. 20 dated May 03, 2000. Details of the said transaction are tabulated as below:



SI No	Name of investor	Date of allotment of shares	Amount for which shares allotted (INR)	Date of receipt of remittance
1	ProcessMAP Corporation	20.05.2016	2444	08.03.2017
2	ProcessMAP Corporation	20.05.2016	700	11.05.2017
	Total		3,144	

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1926/14.66.003/2017-18 dated May 04, 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 May 09, 2018 during which Shri. GVS Jagannadha Rao, Director and Shri. NPS Kumar, Director-Finance represented the applicant. The Director of the company 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 administrative reasons. 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



₹3,144/- and the delay ranges from 3 months 8 days to 5 months 11 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 of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 1,83,94,820/- and the period of contravention ranges from 1 day to 1 year 7 months 21 days approximately.

(c) (i) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB for delay in allotment of shares to the foreign investor and the contravention relates to an amount of ₹ 87,398/- and the delay is 5 days approximately.

(ii) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB for delay in receipt of foreign inward remittance after allotment of shares to the foreign investor and the contravention relates to an amount of ₹ 3,144/- and the delay ranges from 9 months 16 days to 11 months 21 days approximately.

5. It has been declared in the compounding application dated February 13, 2018 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 February 13, 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. 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. **94,817/- (Rupees Ninety Four Thousand Eight Hundred Seventeen Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), 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. **94,817/- (Rupees Ninety Four Thousand Eight Hundred Seventeen 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 11th day of May 2018

Sd/-

(R Subramanian)
Regional Director



Compounding of contraventions under FEMA 1999
M/s ProcessMAP India Private Limited
CA No. HYD 285