



In the

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

Present

R Subramanian
Regional Director

Date: June 15, 2018
C.A. HYD 311

In the matter of

M/s. Apex Covantage India Private Limited
1-89/3/B/40-42/KS/1001
10th Floor, Krishe Block (South Block)
Krishe Sapphire, 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 May 09, 2018 received on May 22, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity in terms of Paragraph 9(1)(B) 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 originally incorporated as M/s. Wordworks Apex ITES India Private Limited under the Companies Act, 1956 on 19.01.2007 and later changed its name to M/s. Apex Covantage India Private Limited with effect from 29.09.2015 (CIN: U72200TG2005PTC047029). The company is engaged in the business of providing computer software and information technology enabled services in the field of e-publishing, data knowledge processing etc.
- b) The company has taken over three resident entities viz. M/s. Apex Logical Data Conversion Pvt. Ltd., M/s. Apex Knowledge Solutions Pvt. Ltd. and M/s. Apex Knowledge Technology Pvt. Ltd. vide High Court Orders' dated November 06, 2013 and December 31, 2014. Subsequently, the company allotted shares to the existing shareholders of the above three companies as per the share exchange ratio and filed form FC-GPRs as indicated below:

Sl No	Name of the investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Apex Data Services Inc. USA	31.03.2014	1139740	11397400	10.03.2015
2	Shashikant Gupta		10	100	
3	Shashikant Gupta	01.04.2014	7597	75970	01.10.2015
4	Margaret Boryczka		3961	39610	
5	Pardhasaradhi Karamsetti		10676	106760	
	Total		1161984	11619840	

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ant filed form FCGPRs for issue of shares amounting to ₹1,16,19,840/- as indicated above with delays ranging from 10 months 8 days to 1 year 5 months 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2172/14.66.003/2017-18 dated June 11, 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 June 13, 2018 during which Shri. S Satya Narayana, Manager-Accounts, Shri. Markandeya Sarma, Accounts Executive and Shri. Ajit Mehta, Company Secretary represented the applicant. The authorized representatives 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)(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 ₹ 1,16,19,840/- and the period of contravention ranges from 10 months 8 days to 1 year 5 months approximately.



5. It has been declared in the compounding application dated May 09, 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 June 13, 2018 furnished during the personal hearing 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. 57,420/- (Rupees Fifty Seven Thousand Four Hundred Twenty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of 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. 57,420/- (Rupees Fifty Seven Thousand Four Hundred Twenty Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a



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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 15th day of June 2018

Sd/-

(R Subramanian)
Regional Director