



In the

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

Present

Smt. N Sara Rajendra Kumar
General Manager

Date: November 28, 2018
C.A. HYD 335

In the matter of

M/s. Supreme Netsoft Private Limited
#301, 3rd Floor
Aditya Trade Centre
Ameerpet, Hyderabad
Telangana – 500 038

(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 03, 2018 received on October 04, 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 and (ii) 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)(A) and Paragraph 9(1)(B) respectively of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person



Compounding of contraventions under FEMA 1999
M/s Supreme Netsoft Private Limited
CA No. HYD 335

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 21.12.2005 (CIN: U72200TG2005PTC048511). The company is engaged in the business of rendering consultancy and other services in the field of computers and software development.
- b) The applicant had received foreign inward remittances from various foreign investors towards advance for subscription to equity shares as indicated

SI No	Name of the Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Lakshmi R Ravi or Ravi Siva Ramakrishna	2308269.15	11.12.2009	25.09.2017
2	Lakshmi R Ravi or Ravi Siva Ramakrishna	2759632	15.12.2009	25.09.2017
3	Sandeep Alluri	2698920	23.10.2017	29.06.2018
4	Sandeep Alluri	1914600	07.11.2017	18.09.2018
	Total	96,81,421.15		

below.

- Late Submission Fee has been paid by the company for the contravention stated above at Sl. No. 4.

The applicant received the foreign inward remittances amounting to **₹96,81,421.15** as indicated above out of which remittances amounting to **₹77,66,821.15** were reported to Reserve Bank of India with delays ranging from 7 months 6 days to 7 years 8 months 15 days approximately beyond the



Compounding of contraventions under FEMA 1999
M/s Supreme Netsoft Private Limited
CA No. HYD 335

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:

SI No.	Name of the Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Lakshmi R Ravi	22.02.2010	259150	2591500	15.12.2017
2	Ravi Siva Ramakrishna		247640	2476400	
3	Sandeep Alluri	10.11.2017	461352	4613520	18.09.2018
		Total	968142	96,81,420	

@ Late Submission Fee has been paid by the company for the reporting contravention stated at Sl. No. 3 above.

The applicant filed form FCGPRs for issue of shares amounting to ₹96,81,420/- as indicated above out of which shares amounting to ₹50,67,900/- were reported with a delay of 7 years 8 months 24 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1030/14.66.003/2018-19 dated November 20, 2018 for further submission in person and/or producing documents, if any, in support of the application.



Compounding of contraventions under FEMA 1999
M/s Supreme Netsoft Private Limited
CA No. HYD 335

(b) The applicant appeared for personal hearing on November 22, 2018 during which Shri. Venkaiah Chowdary Bhashyam, Chief Executive Officer represented the applicant. The representative 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 delay in obtaining KYC from the bank. 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 ₹77,66,821.15 and the delay ranges from 7 months 6 days to 7 years 8 months 15 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 ₹ 50,67,900/- and the period of contravention is 7 years 8 months 24 days approximately.

5. It has been declared in the compounding application dated October 03, 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 October 03, 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



Compounding of contraventions under FEMA 1999
M/s Supreme Netsoft Private Limited
CA No. HYD 335

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 **₹ 1,14,675/- (Rupees One Lakh Fourteen Thousand Six Hundred Seventy Five Only)** will meet the ends of justice.

7. 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 **₹ 1,14,675/- (Rupees One Lakh Fourteen Thousand Six Hundred Seventy Five 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 28th day of November 2018



Compounding of contraventions under FEMA 1999
M/s Supreme Netsoft Private Limited
CA No. HYD 335

Sd/-

(N Sara Rajendra Kumar)
General Manager