



In the
Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

B Sarangi
Deputy General Manager

Date : March 02, 2017
C.A.605/2016

In the matter of

M/s. Danam Infotech Pvt Ltd.,
T-3, Apollo Dubai Plaza,
100, Mahalingapuram Main Road,
Nungambakkam,
Chennai- 600034
(Applicant)

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/orders made there under, I pass the following

Order

The applicant has filed a compounding application dated November 15, 2016 (received at Reserve Bank on November 17, 2016) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are



(i) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 9 (1) B respectively, of Schedule I 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 3, 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: The applicant company was incorporated on November 24, 2011 under the provisions of the Companies Act, 1956 (Registration No. U72900TN2011PTC083275) and is engaged in Business of computer consultancy and computer facilities management activities. The applicant received foreign inward remittances from M/s. Danam Consulting Inc., USA towards subscription to equity shares and reported the same to the Reserve Bank as given below:

Sl. No.	Amount of Foreign Inward Remittance (in Rs.)	Date of receipt	Reported to RBI on
1	3,00,000	16.09.2014	12.03.2015
2	6,20,600	16.03.2015	06.04.2015
3	3,79,860	12.05.2015	21.05.2015
4	9,51,000	29.07.2015	07.08.2015
5	6,51,000	07.10.2015	16.10.2015
6	6,65,300	08.12.2015	22.12.2015

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay of four months 24 days approximately beyond the stipulated time of 30 days in respect of remittance recorded at Sr.No.1. Whereas, in terms of paragraph 9 (1) A of Schedule I 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.



3. The company allotted equity shares and filed FC-GPRs as given below:

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	30000	10	3,00,000	11.03.2015	02.11.2015
2	62060	10	6,20,600	30.03.2015	09.10.2015
3	37986	10	3,79,860	30.06.2015	09.10.2015
4	95100	10	9,51,000	30.09.2015	30.10.2015
5	65100	10	6,51,000	30.11.2015	19.01.2016
6	66530	10	6,65,300	19.01.2016	29.04.2016

The applicant filed form FC-GPRs as indicated above with delay ranging from 20 days to six months 22 days approximately beyond the prescribed limit in respect of the allotments at Sr. Nos. 1,2,3,5 & 6. Whereas in terms of paragraph 9 (1) B of Schedule I 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 FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated February 10, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on

February 17, 2017 during which Shri V Venkatarajan, Director and Shri A Hasan Meera Shahib, Assistant Accounts Officer represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in paras 2 & 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, it was requested to take a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of the averments made in the



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application as well as other documents and submissions made in this context by the applicant during personal hearing.

5. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. 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 due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 3,00,000/- and the duration of contravention is four months 24 days approximately; and

(b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 26,16,760/- and the duration of contravention ranging from 20 days to six months 22 days approximately.

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 contraventions are to be compounded and I consider that an amount of ₹ 22,080/- (Rupees twenty two thousand and eighty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 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



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(Compounding Proceedings) Rules, 2000 on payment of an amount of
₹ 22,080/- (Rupees twenty two thousand and eighty only) which shall be deposited by
the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort
Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the
“Reserve

Bank of India” and payable at Chennai 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 of accordingly.

Dated this Second day of March, 2017.

Sd/-

B Sarangi
Deputy General Manager