



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Pawanjeet Kaur Rishi**  
**Assistant General Manager**

Date: May 26, 2017  
CA No 4254 / 2016

In the matter of

**Reve Systems India Private Limited**  
**D-185, 1/C, Okhla Industrial Area**  
**Phase-1, New Delhi - 110020**

**(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 application dated November 30, 2016 (received in the Reserve Bank on December 6, 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 issue of equity shares beyond the stipulated time period (ii) delay in reporting of inward remittances beyond the stipulated time period and (iii) receipt of inward remittances from Bangladeshi nationals without seeking prior approval from FIPB. The above amount to the contravention of



Paragraph 8 of Schedule 1 of FEMA 20, Paragraph 9(1)(A) of Schedule 1 of FEMA 20 and

Regulation 5(ii) of 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 are as under: The applicant, a resident company, was incorporated as Reve Systems India Private Limited on October 14, 2009 under the Companies Act, 1956. The applicant is engaged in the development and sale of system software and providing consultancy on web related business. The applicant received foreign inward remittances for issue of equity shares as follows:

S.No.	Name of remitter	Amount of remittance received (INR)	Date of receipt	Date of reporting
1	Md.Rezaul Hassan	92000	17.11.2009	23.07.2012
2	Ms.Monnujan Nargis	11000	17.11.2009	23.07.2012

The reporting for the above remittances was done with delay beyond the stipulated time period of 30 days, there by contravening Para 9(1)(A) of Schedule 1 of Notification No. FEMA 20/2000-RB.

The shares were allotted as follows:

S.No.	No. of shares	Amount for which shares allotted (INR)	Date of allotment of shares
1	10000	90000	21.07.2015
2		10000	21.07.2015



The allotment of shares for the above remittances received was done with a delay beyond the stipulated time period of 180 days, in contravention of Paragraph 8 of Schedule 1 of Notification No. FEMA 20/2000-RB.

RBI vide its letter dated July 15, 2015 gave approval for issue of shares for Rs.1,03,000. As the shares were allotted only for Rs.1,00,000, the unutilized amount of Rs.3000 was written off with the consent of the foreign investor as permitted by RBI vide mail dated February 22, 2016.

The remittances as mentioned above were received from Bangladeshi Nationals without seeking prior approval from Foreign Investment Promotion Board.

3. Para 8 of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that “...Provided that if the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE/FCNR(B)/Escrow account, the amount of consideration so received shall be refunded to the person concerned by outward remittance....”.

Further, according to Para 9(1)(A) of Schedule 1 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time, “An Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by Indian company for issue of shares and convertible debentures, a report in form specified in Annex C to this Schedule along with a copy/ies of Foreign Inward Remittance Certificate/s (FIRC), Know Your Customer (KYC) report on the non-resident investor and details of the Government approval, if any”.

Regulation 5(ii) of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that “notwithstanding anything contained in sub-regulation(i) above, a person who is a citizen of Bangladesh or an entity incorporated in Bangladesh may, with the prior approval of FIPB of Gol,



purchase shares or convertible debentures or warrants of an Indian company under FDI Scheme, .....

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/9833/15.20.67/2016-17 dated March 31, 2017 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on April 13, 2017, during which Mr.Sanjit Chatterjee and Mr.Vishal Yadav were present. The representatives of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations due to ignorance and requested that a lenient view may be taken in the matter. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Paragraph 8 of Schedule 1 of FEMA 20, Paragraph 9(1)(A) of schedule 1 of FEMA 20 and Regulation 5(ii) of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time. The amount and period of contravention is as follows:

(i) Para 9(1)(A) of Schedule 1 of Notification No.FEMA.20/2000-RB – Amount of contravention – Rs. 1,03,000/- and Period of contravention – 2 years 7 months approximately.

(ii) Para 8 of Schedule 1 of Notification No.FEMA.20/2000-RB – Amount of contravention for delay of issue of shares beyond 180 days – Rs. 1,00,000/- and period of contravention – 5 years approximately.

(iii) Regulation 5(ii) of Notification No.FEMA.20/2000-RB – Amount of inward remittance received – Rs.1,03,000 - 2 years approx

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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs.

93733/- (Rupees ninty three thousand seven hundred and thirty three only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Paragraph 8, 9(1)(A) of Schedule 1, Regulation 5(ii) of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 93733/- (Rupees ninty three thousand seven hundred and thirty three only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 the twenty sixth day of May, 2017

**Sd/-**

**(Pawanjeet Kaur Rishi)**  
**Assistant General Manager**