



In the

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

Present

R. Subramanian  
Regional Director

Date: July 17, 2017  
C.A. HYD 214

In the matter of

M/s. Ccube Fintech Global Services Private Limited  
Unit no 03-01 and 1 A and 03-02,  
4<sup>th</sup> Floor,  
SLN Term Survey no. 133,  
Gachibowli,  
Hyderabad- 500 032

**(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 17, 2017 received by us on May 19, 2017 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 the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India in terms of Paragraph 9 (1) (A) and Paragraph 9 (1) (B) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management



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(Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated 3rd May 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:

- a) The applicant is a resident company incorporated as a private limited company under the Companies Act, 2013 on May 13, 2015. The company is engaged in the business of establishment of software development centers to develop software products and designing of application packages.
- b) The applicant had received foreign inward remittances from foreign companies towards advance for subscription to equity shares as indicated below.

Sl. No.	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Ccube Financial Software Pty Ltd	2423000	29.06.2015	16.09.2016
2	Ccube Financial Software Pty Ltd	922740	07.07.2015	16.09.2016
3	Ccube Financial Software Pty Ltd	2338159.50	15.09.2015	16.09.2016
4	Ccube Financial Software Pty Ltd	1148750	30.10.2015	16.09.2016
5	Ccube Financial Software Pty Ltd	2369814.50	26.11.2015	07.03.2016
6	Ccube Financial Software Pty Ltd	589248	30.11.2015	16.09.2016
7	Ccube Financial Software Pty Ltd	713550	18.12.2015	07.03.2016
8	Ccube Financial Software Pty Ltd	2376121.50	18.12.2015	07.03.2016
9	Ccube Financial Software	3145485	04.02.2016	11.05.2016



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	Pty Ltd			
10	Ccube Financial Software Pty Ltd	1326600	22.09.2015	29.07.2016
11	Ccube Financial Software Pty Ltd	3230500	28.03.2016	29.07.2016
	<b>TOTAL</b>	<b>205,83,968.50</b>		

The company received inward remittances amounting to **Rs. 205,83,968.50/-** to the Regional Office of Reserve Bank of India on dates indicated with a delay ranging from 1 month 18 days to 1 year 1 month 18 days approximately as indicated above. 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 equity shares and filed form FC-GPRs as indicated below.

SN	Name of Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Ccube Financial Software Pty Ltd	26.10.2015	5025	5683899.50	06.11.2015
2	Ccube Financial Software Pty Ltd	27.11.2015	3111	3518564.50	12.04.2016
3	Ccube Financial Software Pty Ltd	25.01.2016	3252	3678919.50	12.04.2016
4	Ccube Financial Software Pty Ltd	20.02.2016	2781	3145485	20.04.2016
5	Ccube Financial Software Pty Ltd	29.02.2016	1172	1326600	03.08.2016
6	Ccube Financial Software Pty Ltd	01.04.2016	2856	3230500	03.08.2016



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	<b>TOTAL</b>		<b>18,197</b>	<b>205,83,968.50</b>	
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The applicant filed Form FC-GPRs for the allotment of shares amounting to **Rs.205,83,968.50/-** out of which allotment of shares amounting to **Rs.149, 00,069 /-** as indicated above was reported with a delay ranging from 1 month to 4 months 5 days approximately beyond the prescribed limit. 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 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/40/14.66.003/2017-18 dated July 05, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on July 11, 2017 during which Shri Abhinav Shrivastava, Company Secretary in Practice and Ms. P. Meghana, HR Manager represented the applicant. The authorized representatives of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not willful or with a malafide intention and the delay in reporting had occurred because the company did not have any person specialized in the field of Company Law and FEMA. 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.



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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 Rs. 205, 83,968.50/- and the delay ranges from 1 month 18 days to 1 year 1 month 18 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 after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.149, 00,069 /- and the period of contravention ranges from 1 month to 4 months 5 days approximately.

5. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty upto 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. 37,490/- (Rupees Thirty Seven Thousand Four Hundred Ninety Only)** will meet the ends of justice.

6. 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 **Rs. 37,490/- (Rupees Thirty Seven Thousand Four Hundred Ninety Only)** which shall be deposited by the applicant with the Reserve Bank of India,



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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 17<sup>th</sup> day of July 2017

Sd/-

(R. Subramanian)  
Regional Director