



In the

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

Present

**R Kesavan**  
**Chief General Manager**

Date : November 09, 2017  
**C.A.723/2017**

In the matter of

**M/s. Raqmiyat Information Technology Pvt Ltd.**  
No.236, Purva Primus, 10th Floor, Rajiv Gandhi Salai,  
Okkiyampettai, Thoraipakkam,  
Chennai-600 097

**(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 September 11, 2017 (received at Reserve Bank on October 13, 2017) 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



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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.

2. The relevant facts of the case are as follows: The applicant company was incorporated

on July 11, 2008 under the provisions of the Companies Act, 1956 (Registration No. U72400TN2008PTC068541) and is engaged in business of writing, modifying, testing of computer program to meet the needs of a particular client excluding web-page designing. The applicant received foreign inward remittances from i) M/s Raqmiyat LLC,UAE ii) Abdulrahman Al Ghurair Investments LLC, UAE towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	61,38,000.00	01.12.2008	27.08.2010
2	60,00,000.00	15.12.2008	27.08.2010
3	60,606.00	27.01.2009	27.08.2010
4	57,01,800.00	05.02.2009	27.08.2010
5	57,594.00	15.04.2009	27.08.2010
6	62,000.00	15.04.2009	27.08.2010

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one year three months 12 days to one year seven months 26 days approximately beyond the prescribed period of 30 days in respect of the remittance at Sl. No.6. 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 indicated below:



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Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	1802000	10	1,80,20,000	25.05.2009	03.08.2016

The applicant filed form FC-GPR as indicated above with delay of seven years one month eight days approximately beyond the prescribed limit in respect of the allotment. 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 November 03, 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 November 09, 2017 during which Shri Sreeram Devaraj, Director and Shri M Damodaran, Practising Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in para 2 and 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, they 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 application as well as other documents and submissions made in this context by the applicant during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions 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



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₹1,80,20,000/- with the duration of contravention ranging from one year three months 12 days to one year seven months 26 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 ₹ 1,80,20,000/- with the duration of contravention being seven years one month eight 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 ₹ **4,16,540/-** (Rupees four lakh sixteen thousand five hundred and forty 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 (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **4,16,540/-** (Rupees four lakh sixteen thousand five hundred and forty 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.



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Dated this Ninth day of November, 2017.

**Sd/-**

**R Kesavan**  
**Chief General Manager**