



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

Present

Shri P Kalyan Chakravarthy
Assistant General Manager

Date: March 20, 2020
C.A. HYD 478

In the matter of

M/s. Bandgi Technologies Private Limited
H. No:6-63, Flat No: T-T1
Santoshi Sai Villa Apts.
Bhavani Nagar, Dilsukhnagar
Hyderabad – 500 060

(Applicant)

In exercise of the powers conferred under sub-section 1 of Section 15 of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, I pass the following

ORDER

The applicant had submitted the compounding application dated November 27, 2019, received by us on December 12, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) Delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India and (ii) Delay in filing of FLA returns, in terms of Paragraph 9(1)(B) of Schedule 1 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 3rd May 2000 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable.

2. The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 2013 on November 03, 2016 (CIN: U72200TG2016PTC112778). The company is engaged in the business of “Other information technology and computer service activities n.e.c”.

a) The applicant received a remittance of ₹ 65,000/- towards share subscription from Shri. Avinash Bandgi on February 22, 2017 and reported to RBI within the stipulated time.

b) The applicant had delayed in filing of a form FC-GPR after allotment of shares as indicated below.

S No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting to RBI
1	Avinash Bandgi	22.02.2017	6,500	65,000	06.08.2019

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.

c) The applicant has delayed in filing FLA Return (Foreign Liabilities and Assets) as indicated below.



S No	Financial Year	Due date of filing	Actual date of filing
1	2017-18	15.07.2018	03.03.2020
2	2018-19	31.07.2019	29.02.2020

**Due date of filing for the financial year 2018-19 extended from July 15, 2019 to July 31, 2019.*

Whereas in terms of Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable, "All Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 2065 /14.66.003/2019-2020 dated March 19, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide e-mail dated March 20, 2020, stated that they will not be able to appear for the personal hearing and requested that the compounding application may be disposed of based on the documents submitted by them. 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.

4. It has been declared in the compounding application dated November 27, 2019 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated November 27, 2019 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 enquiry/investigation/adjudication proceedings against him thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA 1999. Accordingly, the 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.

5. 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)(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. The contravention relates to an amount of **₹ 65,000/-** and the duration of the contravention is 2 years 4 months 15 days.

(b) Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB, for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for two financial years, viz. 2017-18 & 2018-19. The duration of the contravention ranges from 6 months 29 days to 1 year 7 months 17 days.

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 and I consider that an amount of **₹ 27,702/- (Rupees Twenty Seven Thousand Seven Hundred and Two Only)** will meet the ends of justice.



7. Accordingly, I compound the admitted contraventions namely, contravention of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-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 **₹ 27,702/- (Rupees Twenty Seven Thousand Seven Hundred and Two 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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 20th day of March 2020.

Sd/-

(P Kalyan Chakravarthy)
Assistant General Manager