



In the
Reserve Bank of India
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

Dr. Devi Prasad Panda
General Manager

Date: November 15, 2019
CA No. CHA 55/2019

In the matter of

Finxera India Pvt Ltd
(Earlier known as Bancbox Development Services India Pvt Ltd)
CIN- U74900CH2012PTC034262
Sufi Building, Plot No. H-6 4th Floor
Rajiv Gandhi Technology Park
Chandigarh-160101
(Applicant)

In exercise of the powers conferred 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 October 21, 2019 for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded pertain to (i) delay beyond 30 days in reporting receipt of foreign inward remittance towards subscription to equity shares (ii) delay beyond 30 days in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India ; in terms of Paragraph 9(1) (A) and Para 9(1) (B) of Schedule I to the 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 December 17, 2012 under the Companies Act 1956. The applicant is engaged in activities of data processing, software development and computer consultancy services.

3. The applicant received foreign inward remittance towards investment in equity shares from non-resident and reported the same to RBI with delay as per details given below:

<u>Sr.</u>	<u>Date of inflow</u>	<u>Amount of foreign inward remittance in ₹</u>	<u>Date of reporting to RBI</u>	<u>Delay beyond prescribed time of 30 days</u>
1.	27.12.2012	52,252.30	18.04.2013	81 Days

The above remittance was not reported to Reserve Bank of India within the prescribed time period. The applicant reported the receipt of remittance to Reserve Bank of India with delay of **81 days**, in contravention of Para 9(1) (A) of Schedule I to Notification No. FEMA 20/2000RB dated May 3, 2000, in terms of which an Indian company issuing shares 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.

4. Further, the applicant company issued shares to the non-resident investor but filed the Form FC-GPR with delay as indicated below.

<u>Sr. No.</u>	<u>Date of inflow</u>	<u>Amount</u>	<u>Shares issued on</u>	<u>Amount of shares in ₹</u>	<u>Date of submission of FC-GPR to RBI</u>	<u>Delay beyond prescribed time of 30 days</u>
1	27.12.2012	52,252.30	29.03.2013	50,000.00	22.07.2013	85 Days
2	28.12.2012	27,16,097.00	30.05.2013	27,16,090.00	05.08.2013	37 Days
3	25.03.2013	53,490.00	29.03.2013	50,000.00	23.07.2013	86 Days
4	11.06.2013	67,45,568.00	05.12.2013	67,45,570.00	13.01.2014	9 Days

The applicant reported the allotment of shares to the Reserve Bank with delay ranging from **9 days to 86 days**. The delay in reporting to the Reserve Bank in Form FC-GPR, beyond the prescribed period of 30 days in respect of allotment of the above shares, is in contravention of the provisions stipulated in the Paragraph 9(1) (B) of Schedule I to FEMA Notification No.20/2000-RB dated May 3, 2000, in terms of which an Indian company issuing shares in accordance with these regulations has to submit to Reserve Bank of India a report



in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to the person resident outside India.

5. The applicant was given an opportunity for personal hearing vide our letter No.FE.CG/FID/544/03.01.361/2019-20 dated November 01, 2019 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its e-mail dated November 11, 2019 had informed that it was opting out of personal hearing and requested to proceed with the compounding. The application for compounding is, therefore, being considered on the basis of the averments made in the application along with the documents produced.

6. It has been declared in the compounding application dated October 21, 2019 that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the undertaking 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 it 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 above 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.

7. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

- a. **Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000** due to delay in reporting of receipt of foreign inward remittance towards subscription of shares as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **52,252.30/- with a delay of 81 days.**
- b. **Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000** due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 4 above. The contravention relates to an amount of ₹ **95,61,660.00/- with the delay ranging from 9 days to 86 days.**



8. 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 contravention is to be compounded and I consider that amount of penalty of ₹ **12,152.00 (Rs Twelve Thousand One Hundred Fifty Two only)** will meet the ends of justice.

9. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contravention committed by the applicant, namely contravention of Paragraph 9(1) (A) and Paragraph 9(1) (B) 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 on the facts discussed above, on payment of an amount of ₹ **12,152.00 (Rs Twelve Thousand One Hundred Fifty Two only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at “Chandigarh” **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: the 15th day of November 2019.

Dr. Devi Prasad Panda
General Manager