



In the

Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Shri Jose J Kattoor
Regional Director, Karnataka and
Chief General Manager, Bengaluru

Date: September 27, 2019
C.A. BGL 463/2019

In the matter of

M/s Matchmove India Private Limited
B – Block, 1st Floor, 2gethr, Mantri Commercio
Devarabeesanahalli, Kariyamma Arahara
Bellandur, Bengaluru 560103

(Applicant)

In exercise of the powers under Section 15 (1) of the Foreign Exchange Management Act, 1999, and the Regulations/Rules/Notifications/Orders framed there under, I pass the following

ORDER

The applicant has filed a compounding application dated July 26, 2019, received at this office of Reserve Bank of India, Bengaluru, on July 30, 2019, for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in allotment of shares beyond 60 days from the date of receipt of inward remittance, in terms of Paragraph 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified, vide Notification No. FEMA 20(R)/2017-RB, dated November 07, 2017, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).



2. The relevant facts of the case are as follows: The applicant, M/s Matchmove India Private Limited, was incorporated on August 12, 2014, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Registrar of Companies, Delhi. Subsequently, the company had shifted its registered office from the State of Delhi to the State of Maharashtra on June 30, 2017, as per the Certificate of Registration dated August 09, 2017, issued by Registrar of Companies, Mumbai. Further, the place of the registered office of the company was changed from the State of Maharashtra to Karnataka on February 23, 2018, as per the certificate of registration dated March 09, 2018, issued by the Registrar of Companies, Karnataka. The company is engaged in the business of information technology and computer service activities.

3. The company had allotted shares to the non-resident investor, namely, M/s. Matchmove Pay Pte Ltd, Singapore, beyond 60 days from the date of receipt of inward remittance, in the below mentioned instances:

- (i) The company had received an inward remittance of ₹4,20,00,000.00, on December 18, 2018, from the non-resident investor. The company had allotted 4200000 equity shares worth ₹4,20,00,000.00 on April 18, 2019, with a delay, beyond 60 days from the date of receipt of remittance. The amount of contravention is ₹4,20,00,000.00, and the period of delay is two months and two days.
- (ii) The company had received an inward remittance of ₹2,15,00,000.00, on March 18, 2019, from the non-resident investor. The company had allotted 2150000 equity shares worth ₹2,15,00,000.00 on May 29, 2019, with a delay, beyond 60 days from the date of receipt of remittance. The amount of contravention is ₹2,15,00,000.00, and the period of delay is twelve days.

Whereas in terms of paragraph 2 of Schedule 1 to Notification No. FEMA.20 (R)/2017-RB, dated November 7, 2017, the capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration. The total amount of contravention in the



aforesaid instances is **₹6,35,00,000.00** and the period of delay ranges from twelve days to two months and two days.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.810/22.11.393/2019-20 dated September 19, 2019. However, the company sought to be exempted from the personal hearing with the Compounding Authority vide their email dated September 23, 2019. The application, is therefore, being considered on the basis of the averments made in the compounding application and the documents submitted therein.

5. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:

Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2017-RB, as the applicant allotted shares to the non-resident investor, beyond the prescribed period of sixty days from the date of receipt of amount of consideration as detailed in paragraph 3 above. The contravention relates to an amount of **₹6,35,00,000.00**, and the period of contravention ranges from twelve days to two months and two days.

6. It has been declared in the compounding application dated July 26, 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 as part of 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 contravention which is being compounded in this order is 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. 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 an amount of **₹3,67,500.00 (Rupees Three Lakh Sixty Seven Thousand Five Hundred only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2017-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹3,67,500.00 (Rupees Three Lakh Sixty Seven Thousand Five Hundred only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, payable at Bengaluru, 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 this, the Twenty Seventh day of September 2019.

Sd/-

(Jose J Kattoor)
Regional Director, Karnataka and
Chief General Manager, Bengaluru