



In the

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

Present

Shri. K S Praveen
Assistant General Manager

Date: February 22, 2019
C.A. BGL 331/2018

In the matter of

M/s Bundl Technologies Private Limited
3rd Floor, Annex Building
Maruthi Chanbers, Survey No. 17/9B
Begur Hobli, Roopena Agrahara
Bengaluru 560068
(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 October 22, 2018, received at this office of Reserve Bank of India, Bengaluru, on October 23, 2018, for compounding of contraventions 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 refund of excess share application money to the foreign investors, persons resident outside India, beyond 180 days from the date of receipt of the inward remittances in terms of Paragraph 8 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 03, 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, M/s Bundl Technologies Private Limited, was originally incorporated on December 26, 2013, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the Registered Office of the company was shifted from the State of Andhra Pradesh to the State of Karnataka, with effect from September 19, 2016, as per the Certificate of registration issued by the Registrar of Companies, Karnataka. The company is engaged in the business of operating online market place e-commerce, enabling transaction between merchants and buyers dealing in food and other products, and enabling delivery of the same in India.

3. The company had received an inward remittance of ₹ 392,04,70,000.00, on June 12, 2017, from the non-resident investor, M/s Naspers Ventures B.V., Netherlands, and allotted 10 equity shares and 77,215 CCPS worth ₹ 389,99,87,604.50, leaving behind an excess share application money of ₹ 2,04,82,395.50. Out of this ₹2,04,75,146.00, was refunded to the investor on July 10, 2017, within the stipulated time period of 180 days and the remaining ₹7,250.00, was refunded on September 07, 2018, with a delay of 8 months and 29 days, beyond the prescribed time limit, to the non-resident investor, with prior approval from RBI. The company was accorded approval to refund the excess share application money vide Reserve Bank's letter No. FE.BG.FID.No.679 /21.10.107/2018-19 dated August 27, 2018. Whereas, in terms of Paragraph 8 of Schedule 1 to Notification no. FEMA 20/2000- RB dated May 3, 2000, and as amended from time to time, read with AP (Dir Series) Circular No. 20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt.



4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 3005 /22.10.107/2018-19 dated February 18, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Panduranga Acharya, GM – Legal, and Mr. Maharudrappa Jadi, Company Secretary, who appeared for the personal hearing on February 20, 2019, admitted the contravention as stated in paragraph 3 above, committed by the applicant, for which compounding has been sought. The representatives of the applicant requested that, as the contravention was not intentional or with a malafide intention and was mainly due to inadvertence, a lenient view may be taken 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 as other documents and submissions made in this context, by the applicant during personal hearing and thereafter.

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

(a) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, as the applicant refunded the excess share application money to the foreign investor with a delay beyond the stipulated period of 180 days from the date of receipt of amount of consideration, as detailed in paragraph 3 above. The contravention relates to an amount of **₹7,250.00**, and the period of contravention is eight months and twenty nine days.

6. It has been declared in the compounding application dated October 22, 2018, 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 declaration, 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 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 **₹540.00 (Rupees Five Hundred and Forty only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 8 of Schedule I 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 **₹540.00 (Rupees Five Hundred and Forty 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” and 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 Second day of February 2019.

Sd/-

(K S Praveen)
Assistant General Manager