



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: May 09, 2019
C.A. BGL 372/2019

In the matter of

M/s Coraza Technologies Private Limited
5th Floor, Tower D, IBC Knowledge Park
Bannerghatta Road
Bengaluru - 560029
(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 January 17, 2019, received at the office of Reserve Bank of India, Bengaluru, on January 31, 2019, 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 receipt of foreign inward remittances towards subscription to equity, and (ii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A) and 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 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 Coraza Technologies Private Limited, was incorporated in Chandigarh, on December 04, 2009, under the Companies Act, 1956, as per the Certificate of Incorporation



issued by the Registrar of Companies, Chandigarh. Subsequently, the registered office of the company was changed from Chandigarh to Karnataka with effect from August 05, 2016, as per the Certificate of Registration issued by the Registrar of Companies, Bangalore. The activity undertaken by the company is providing Information Technology and Computer Services to its clients. The applicant had received funds towards share application money from the foreign investors, namely, M/s. Sequoia Capital India Investments IV, Mauritius, M/s. Kersiwood South Asia, Mauritius, M/s. RU Net South Asia, Mauritius, M/s. East Ventures Sea 2, Caymen Island, M/s. East Venture 2 Investment Limited Partnership, Japan, M/s. American Express Travel Related Services Company, USA, M/s. RB Investments Pte Ltd, Singapore, M/s. GWC innovator Fund LP, Caymen Island and M/s. Sequoia Capital India Investments Holdings III, Mauritius, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	11-06-2014	2303,92,815.00	09-07-2014
2	02-06-2015	1779,26,027.42	01-07-2015
3	02-06-2015	444,81,506.86	01-07-2015
4	03-06-2015	6356,17,322.00	16-06-2015
5	17-06-2016	182,86,968.00	15-07-2016
6	17-06-2016	154,39,655.00	15-07-2016
7	30-08-2016	674,13,450.11	23-09-2016
8	31-08-2016	167,10,160.25	26-09-2016
9	31-08-2016	167,12,500.00	23-09-2016
10	02-09-2016	2022,40,350.00	23-09-2016
11	12-09-2016	1,74,240.00	29-09-2016
12	19-10-2016	47,750.00	15-11-2016
13	09-02-2017	1010,58,100.00	14-03-2017
14	22-03-2017	204,84,750.00	18-05-2017
15	30-03-2017	408,45,350.00	26-04-2017
16	30-03-2017	242,09,250.00	29-03-2018



17	31-03-2017	438,24,950.37	26-04-2017
18	25-05-2017	1011,82,250.00	23-06-2017
19	30-11-2017	772,16,575.97	03-01-2018
20	30-11-2017	77,237.74	26-04-2018
21	06-12-2017	297,59,386.00	03-01-2018
22	20-12-2017	162,07,800.00	22-03-2018
23	13-06-2018	98,74,500.00	06-07-2018
	Total	189,01,82,894.72	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank, with a delay ranging from three days to eleven months, beyond the stipulated period of 30 days in respect of the remittances indicated at serial numbers 13, 14, and 16, in the Table 1 above. 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. In respect of the reporting indicated at serial numbers 19, 20 and 22, the company had paid Late Submission Fee (LSF) and regularized the contravention, in terms of Notification No. FEMA 20(R)/2000-RB, dated November 07, 2017.

3. The company had allotted shares and filed form FC-GPRs with Reserve Bank/AD Bank as indicated below:

Table-2

Sl. No.	Date of Allotment	Number of shares allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	17-06-2014	9,555 CCPs	2303,92,835.40	02-05-2013
2	08-06-2015	10 Equity 5,121 CCPs	85,80,24,856.01	14-07-2015
3	21-06-2016	456 CCPs	182,86,968.00	15-07-2016
4	21-06-2016	385 CCPs	154,39,655.00	15-07-2016
5	15-09-2016	543 CCPs	674,13,450.00	28-09-2016
6	15-09-2016	136 CCPs	168,84,400.00	29-09-2016



7	15-09-2016	1629 CCPs	2022,40,350.00	14-10-2016
8	19-10-2016	135 CCPs	167,60,250.00	17-11-2016
9	09-02-2017	814 CCPs	1010,58,100.00	31-03-2017
10	23-03-2017	165 CCPs	204,84,750.00	25-04-2017
11	31-03-2017	353 CCPs	438,24,950.00	27-04-2017
12	31-03-2017	329 CCPs	408,45,350.00	27-04-2017
13	31-03-2017	195 CCPs	242,09,250.00	18-07-2017
14	25-05-2017	815 CCPs	1011,82,250.00	12-07-2017
15	08-12-2017	1572 CCPs	1070,53,200.00	05-05-2018
16	20-12-2017	238 CCPs	162,07,800.00	18-01-2018
17	13-06-2018	145 CCPs	98,74,500.00	11-07-2018
	Total		18901,82,914.41	

The applicant filed form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from three days to two months and eighteen days, beyond the prescribed period of 30 days, in respect of the allotments indicated at serial numbers 2, 9, 10, 13 and 14, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA. 20/2000-RB dated May 3, 2000, 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 persons resident outside India. In respect of the reporting indicated at serial number 15, the company had paid Late Submission Fee (LSF) and regularized the contravention, in terms of Notification No. FEMA 20(R)/2000-RB, dated November 07, 2017.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 5430/22.10.048/2018-19, dated May 02, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Ms. Srishti Bajpai, Finance Controller, Mr. Bharath H.P., Consultant and Mr. Deepanshu Singhi, Consultant, who appeared for the personal hearing on May 08, 2019, admitted the contraventions as stated in paragraphs 2 and 3 above,



committed by the applicant, for which compounding has been sought. During the personal hearing, the representatives of the applicant requested that as the contraventions were 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 provisions issued in terms of:

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of ₹14,57,52,100.00, and the period of delay ranges from three days to eleven months; and

(b) Paragraph 9(1)(B) of Schedule I 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 as detailed in paragraph 3 above. The contravention relates to an amount of ₹110,49,59,206.01, and the period of delay ranges from three days to two months and eighteen days.

6. It has been declared in the compounding application dated January 17, 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. 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 **₹1,18,500.00 (Rupees One Lakh Eighteen Thousand Five Hundred only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-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 **₹1,18,500.00 (Rupees One Lakh Eighteen 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” 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 Ninth day of May 2019.

Sd/-

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