



In the
Reserve Bank of India
Foreign Exchange Department
15, Netaji Subhas Road
Kolkata – 700 001

Present

Shirish Chandra Murmu
Regional Director (West Bengal, Sikkim and Andaman & Nicobar Islands)/
Chief General Manager (Kolkata)

Date: January 4, 2018
C.A.080/2018

In the matter of

M/s Bandhan Bank Ltd.
DN 32, Sector-V, Salt Lake City
Kolkata-700 091
West Bengal
(Applicant)

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

Order

The applicant, M/s Bandhan bank Ltd., had filed a compounding application dated December 4, 2018 (received at Reserve Bank on December 6, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are for delay in reporting of issue of shares beyond the stipulated 30 days of the allotment of share to a person resident outside India in terms of Paragraph 9(1)(B) to Schedule 1 to Foreign Exchange Management (delay in filing form FC-GPR after issue of shares) 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 was incorporated under the Companies Act, 2013, on December 23, 2014 and is in the business of monetary intermediation of commercial banks, saving banks, postal savings bank and discount houses.



3. The applicant had allotted equity shares on February 12, 2016 to two foreign investors within the stipulated period from the date of receipt of foreign inward remittances. In terms of Paragraph 9(1)(B) Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to persons outside India. The applicant, however, reported the allotments of shares (in Form FC-GPR) to the Reserve Bank of India, with a delay of 25 days, beyond the stipulated period of 30 days (Table 1).

Table 1: Allotment of shares and reporting of FCGPR

S. No.	Inflow (INR)	Amount for which shares have been issued (INR)	Date of inflow	Date of allotment of shares	Date of reporting of allotment of shares to RBI	Delay beyond 30 days, if any (days)
1	2,34,60,39,927.90	2,34,60,39,927.90	12-Feb-16	12-Feb-16	07-Apr-16	25
2	2,31,99,99,963.66	2,31,99,99,963.66	12-Feb-16	12-Feb-16	07-Apr-16	25

4. The applicant was given an opportunity for a personal hearing, vide Reserve Bank's letter No.KOL.FED.CEFA.946/03.40.234/2018-19 dated December 17, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant, represented by Shri Indranil Banerjee (Company Secretary) and Shri Sunil Samdani (Chief Financial officer), appeared for personal hearing on December 26, 2018. The representatives of the applicant admitted the contraventions as stated in Para 3 of this Order.

5. It has been declared in the compounding application, dated December 4, 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 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. The contraventions being sought for



compounding have taken place before November 7, 2017 and hence the application for compounding is being considered as per provisions of erstwhile Notification No. FEMA 20/2000-RB dated May 03, 2000.

6. I have given a 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 provisions of Paragraph 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 03, 2000. The contravention relates to an amount of Rs. 466,60,39,891.56 and the period of delay, rounded off to the next month, is 1 month.

7. In terms of section 13 of the FEMA,1999 any person contravening any provision of the Act shall be liable for a penalty upto thrice the sum of the contravention upon adjudication. However, considering the circumstances which led to the delay and other relevant facts of the case, I am inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of Rs. 43,334 (Rupees Forty Three Thousand Three Hundred and Thirty Four only) will meet the end of justice.

8. Accordingly, I compound the admitted contravention, viz., Paragraph 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceeding) Rules, 2000 on payment of an amount Rs. 43,334 (Rupees Forty Three Thousand Three Hundred and Thirty Four only) which are to be deposited by the applicant with the Reserve Bank of India, Kolkata by a demand draft in favour of Reserve Bank of India and payable at Kolkata within 15 days from the date of issue of the order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceeding) Rules, 2000 dated May 03, 2000 shall apply.

9. The application is disposed off accordingly.

Dated this Fourth day of January, Two Thousand and Nineteen.

Sd/-
(Shirish Chandra Murmu)

Regional Director (West Bengal, Sikkim and Andaman & Nicobar Islands)
Chief General Manager (Kolkata)