



In the

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

Present

Shri P J Thomas
Regional Director, Karnataka and
Chief General Manager, Bengaluru

Date: January 03, 2019
C.A. BGL 326/2018

In the matter of

M/s Bombinate Technologies Private Limited
No.750 (New No. 38), 9th Main
Jayanagar 4th Block
Bengaluru - 560011
(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 September 05, 2018, received at this office of Reserve Bank of India, Bengaluru on September 12, 2018, 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, (ii) delay in refund of excess share application money, and (iii) 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), 8 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 Bombinate Technologies Private Limited, was incorporated on December 02, 2015, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of providing information technology services for social communications, etc. The applicant had received funds towards share application money from the foreign investors, namely, Mr. Venkatram Krishnan, USA, M/s Blume Ventures Fund II, Mauritius, and M/s Accel India IV (Mauritius) Limited, Mauritius, as shown below:

Table – 1

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	23-02-2016	17,15,000.00	08-11-2016
2	23-02-2016	1,54,07,976.60	01-03-2016
3	26-02-2016	10,04,91,933.87	19-03-2016
	Total	11,76,14,910.47	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay of seven months and fifteen days, beyond the stipulated period of 30 days, in respect of the remittance as indicated at serial number 1 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.

3. The company had received inward remittance of ₹17,15,000.00, from the non-resident investor Mr. Venkatram Krishnan, USA, on February 23, 2016. The company had allotted 1 equity share and 240 CCPS worth ₹16,72,667.73, and the excess share application money of ₹42,332.27, was refunded to the investor with a delay beyond stipulated period, on November 08, 2017, with prior approval from Reserve Bank of India. The company was accorded the approval to refund the share application money of ₹42,332.27, vide Reserve Bank's letter



No.FE.BG.FID.No.466/21.09.885/2017-18 dated August 17, 2017. 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 company allotted equity shares and filed Form FC-GPRs with Reserve Bank/AD as indicated below:

Table – 2

Sl. No.	Date of Allotment	Number of CCPS/equity shares allotted	Amount involved (INR)	Date of reporting to RBI/AD
1	02-03-2016	1 equity & 240 CCPS	16,72,667.73	01-04-2016
2	02-03-2016	1 equity & 2219 CCPS	1,54,07,976.60	01-04-2016
3	02-03-2016	10 equity & 14469 CCPS	10,04,91,933.87	19-04-2016
	Total		11,75,72,578.20	

The applicant filed the Form FC-GPR, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay of eighteen days, beyond the prescribed period of 30 days, in respect of the allotment indicated at serial number 3 in 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.



5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 1932/23.09.885/2018-19 dated December 21, 2018, and the email dated December 27, 2018, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives Mr. Amit Kumar, Manager – Finance & HR, and Mr. Ashwin Bhat D, Company Secretary in Practice, who appeared for the personal hearing on January 03, 2019, admitted the contraventions as stated in paragraphs 2, 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention but was mainly due to inadvertence, and the same would not be repeated. In view of the above, they requested to take a lenient view 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.

6. 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 **₹17,15,000.00**, and the period of delay is seven months and fifteen days;

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to refund of excess share application money beyond 180 days from the date of receipt of inward remittances, with prior approval from Reserve Bank of India as detailed in Paragraph 3 above. The total amount of contravention is **₹42,332.27**, and the period of delay is one year two months and eighteen days; and



(c) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPRs 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 **₹10,04,91,933.87**, and the period of delay is eighteen days.

7. It has been declared in the compounding application dated September 05, 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 undertaking dated September 05, 2018, 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.

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 contraventions are to be compounded, and I consider that an amount of **₹34,825.00 (Rupees Thirty Four Thousand Eight Hundred and Twenty Five only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 8 and 9(1)(B) 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 **₹34,825.00 (Rupees Thirty Four Thousand Eight Hundred and Twenty Five 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 Third day of January, 2019.

Sd/-

(P J Thomas)
Regional Director, Karnataka and
Chief General Manager, Bengaluru