



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: December 14, 2018
C.A. BGL 317/2018

In the matter of

M/s Davinta Technologies India Private Limited
Sy No.7P & 93P, Electronic City West
Industrial Area, Begur Hobli
Bengaluru - 560100

(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 24, 2018, received at this office of Reserve Bank of India, Bengaluru on August 02, 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, 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 Davinta Technologies India Private Limited, was incorporated on December 20, 2013, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of information technology, software development and computer services. The applicant had received funds towards share application money from the foreign investor, namely, M/s Financial Inclusion Technologies LLC, USA, as shown below:

Table – 1

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	05-03-2014	35,92,396.00	07-05-2014
2	05-03-2014	1,04,471.00	07-05-2014
3	27-03-2014	1,19,49,104.00	03-06-2014
4	28-04-2014	82,26,930.00	07-05-2014
5	27-05-2014	75,61,285.00	04-06-2014
6	20-06-2014	34,77,013.00	28-06-2014
7	15-07-2014	72,16,800.00	21-07-2014
8	19-08-2014	90,93,000.00	03-09-2014
9	11-09-2014	84,95,200.00	18-09-2014
10	26-09-2014	76,06,250.00	11-10-2014
11	31-10-2014	61,32,000.00	07-11-2014
12	26-11-2014	49,32,160.00	28-11-2014
13	07-08-2015	63,65,000.00	08-02-2017
14	01-09-2015	70,69,490.00	02-09-2015
15	24-09-2015	99,55,951.00	07-10-2015
16	15-10-2015	48,70,013.00	30-10-2015
17	26-10-2015	48,61,913.00	30-10-2015
18	09-11-2015	33,10,064.00	21-11-2015
19	24-11-2015	1,32,63,000.00	28-03-2017
20	22-12-2015	38,37,599.00	25-10-2016
21	30-12-2015	66,26,200.00	25-01-2016



22	07-01-2016	13,34,000.00	25-01-2016
23	29-01-2016	33,94,825.00	01-02-2016
24	03-02-2016	33,99,525.00	25-10-2016
25	26-02-2016	68,61,200.00	01-03-2016
26	04-03-2016	20,14,380.00	13-04-2016
27	16-03-2016	93,98,200.00	13-04-2016
28	21-03-2016	3,31,50,000.00	13-04-2016
29	30-03-2016	16,51,750.00	13-04-2016
30	12-04-2016	16,58,700.00	26-05-2016
31	20-04-2016	87,28,038.00	26-05-2016
32	19-05-2016	20,14,725.00	17-06-2016
33	23-05-2016	2,82,41,850.00	17-06-2016
34	21-06-2016	1,68,45,000.00	01-07-2016
35	28-06-2016	67,80,500.00	01-07-2016
36	21-07-2016	1,67,60,000.00	04-08-2016
37	10-08-2016	1,31,821.00	18-08-2016
38	11-08-2016	99,87,375.00	18-08-2016
39	16-08-2016	3,33,25,000.00	18-08-2016
40	22-08-2016	175,34,055.00	10-02-2017
41	26-08-2016	2,33,87,875.00	21-09-2017
42	30-08-2016	13,38,600.00	29-09-2016
43	23-09-2016	26,56,400.00	30-09-2016
44	28-09-2016	66,23,000.00	20-01-2017
45	06-10-2016	99,53,250.00	20-01-2017
46	27-10-2016	33,27,050.00	20-01-2017
47	25-11-2016	81,01,200.00	20-01-2017
48	01-12-2016	34,05,000.00	20-01-2017
49	21-12-2016	9,05,43,800.00	20-01-2017
50	30-01-2017	1,69,37,144.92	10-02-2017
51	24-02-2017	66,58,900.00	10-03-2017
52	28-02-2017	3,51,37,674.00	10-03-2017
53	30-03-2017	3,23,37,500.00	06-04-2017



54	28-04-2017	2,55,30,000.00	11-05-2017
55	30-05-2017	2,25,26,000.00	12-06-2017
56	23-06-2017	64,34,300.00	04-07-2017
57	28-06-2017	193,02,000.00	06-07-2017
58	31-07-2017	1,59,61,542.00	01-08-2017
59	31-07-2017	63,212.00	03-08-2017
60	07-08-2017	79,47,796.00	11-08-2017
61	18-08-2017	1,27,93,040.00	29-08-2017
62	31-08-2017	1,59,46,543.00	13-03-2017
63	28-09-2017	2,29,84,500.00	24-10-2017
64	26-10-2017	1,94,22,750.00	07-11-2017
	Total	75,10,75,859.92	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from six days to one year five months and two days, beyond the stipulated period of 30 days, in respect of the remittances as indicated at serial numbers 1, 2, 3, 13, 19, 20, 24, 26, 30, 31, 40, and 44 to 48, 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 applicant company had allotted equity shares and filed Form FC-GPRs with Reserve Bank/AD as indicated below:

Table – 2

Sl. No.	Date of Allotment	Number of shares allotted	Amount (INR)	Date of reporting to RBI/AD
1	28-03-2014	1564597	1,56,45,970.00	25-04-2014
2	26-06-2014	1926522	1,92,65,220.00	27-08-2014
3	08-09-2014	1630980	1,63,09,800.00	22-11-2014
4	07-11-2014	2223345	2,22,33,450.00	28-11-2014
5	17-01-2015	493216	49,32,160.00	06-06-2015



6	07-08-2015	636500	63,65,000.00	15-02-2017
7	01-09-2015	706949	70,69,490.00	02-02-2017
8	24-09-2015	995596	99,55,960.00	11-04-2016
9	15-10-2015	487001	48,70,010.00	14-04-2016
10	26-10-2015	486191	48,61,910.00	07-03-2016
11	09-11-2015	331007	33,10,070.00	02-05-2016
12	24-11-2015	1326300	1,32,63,000.00	26-02-2016
13	22-12-2015	383759	38,37,590.00	07-03-2016
14	30-12-2015	662620	66,26,200.00	26-02-2016
15	07-01-2016	133400	13,34,000.00	26-02-2016
16	29-01-2016	339483	33,94,830.00	13-04-2016
17	03-02-2016	339952	33,99,520.00	30-05-2016
18	26-02-2016	686120	68,61,200.00	12-08-2016
19	04-03-2016	201438	20,14,380.00	17-08-2016
20	16-03-2016	939820	93,98,200.00	17-08-2016
21	21-03-2016	3315000	3,31,50,000.00	17-08-2016
22	31-03-2016	165175	16,51,750.00	17-08-2016
23	12-04-2016	165870	16,58,700.00	17-08-2016
24	20-04-2016	872804	87,28,040.00	13-10-2016
25	19-05-2016	201473	20,14,730.00	17-08-2016
26	23-05-2016	2824185	2,82,41,850.00	17-08-2016
27	21-06-2016	1684500	1,68,45,000.00	13-10-2016
28	28-06-2016	678050	67,80,500.00	16-11-2016
29	21-07-2016	1676000	1,67,60,000.00	16-11-2016
30	10-08-2016	13182	1,31,820.00	13-02-2017
31	11-08-2016	998737	99,87,370.00	16-11-2016
32	16-08-2016	3332500	3,33,25,000.00	10-02-2017
33	22-08-2016	1753406	1,75,34,060.00	03-02-2017
34	26-08-2016	2338787	2,33,87,870.00	21-02-2017
35	30-08-2016	133860	13,38,600.00	16-11-2016
36	23-09-2016	265640	26,56,400.00	16-11-2016
37	28-09-2016	662300	66,23,000.00	10-02-2017
38	06-10-2016	995325	99,53,250.00	10-02-2017
39	27-10-2016	332705	33,27,050.00	30-03-2017
40	25-11-2016	810120	81,01,200.00	17-02-2017
41	01-12-2016	340500	34,05,000.00	17-02-2017
42	21-12-2016	9054380	9,05,43,800.00	17-02-2017



43	30-01-2017	1693715	1,69,37,150.00	17-02-2017
44	24-02-2017	665890	66,58,900.00	28-03-2017
45	28-02-2017	3513767	3,51,37,670.00	28-03-2017
46	30-03-2017	3233750	3,23,37,500.00	10-04-2017
47	28-04-2017	2553000	2,55,30,000.00	08-06-2017
48	30-05-2017	2252600	2,25,26,000.00	22-06-2017
49	23-06-2017	643430	64,34,300.00	18-07-2017
50	28-06-2017	1930200	1,93,02,000.00	18-07-2017
51	31-07-2017	1602476	160,24,760.00	21-08-2017
52	07-08-2017	794779	79,47,790.00	21-08-2017
53	18-08-2017	1279304	1,27,93,040.00	13-09-2017
54	31-08-2017	1594655	1,59,46,550.00	27-09-2017
55	02-11-2017	424072	4,24,07,200.00	23-11-2017
	Total		75,10,75,810.00	

The applicant filed the 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 two days to one year five months and nine days, beyond the prescribed period of 30 days, in respect of the allotments indicated at serial numbers 2, 3, 5 to 42, 44, and 47, 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.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1729/22.08.884/2018-19 dated December 11, 2018, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives Mr. Sri Saikumar N, Legal Counsel, and Mr. Rishabh Raja, Company Secretary, who appeared for the personal hearing on December 14, 2018, 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, 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 **₹10,38,55,768.00**, and the period of delay ranges from six days to one year five months and two days; and

(b) 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 3 above. The contravention relates to an amount of **₹48,54,02,430.00**, and the period of delay ranges from two days to one year five months and nine days.

7. It has been declared in the compounding application dated July 24, 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, 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 **₹3,46,750.00 (Rupees Three Lakh Forty Six Thousand Seven Hundred and Fifty only)**, will meet the ends of justice.

9. 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, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹3,46,750.00 (Rupees Three Lakh Forty Six Thousand Seven Hundred and Fifty 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 Fourteenth day of December, 2018.

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