



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

Dr.K.Balu
Chief General Manager

Date : January 23, 2019
C.A.856/2018

In the matter of

M/s. India Property Online Pvt Ltd.
Bristol IT Park, No.10, South Phase,
7th floor, TVK Industrial Estate, Guindy,
Chennai-600032

(Applicant)

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

Order

The applicant has filed a compounding application dated October 16, 2018 (received at Reserve Bank on November 09, 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 of inflow of funds received from a person resident outside India for allotment of shares, (ii) delay in submission of Form FC-GPR on allotment of shares



with Reserve Bank, and (iii) delay in allotment of shares in terms of Paragraph 9 (1) A, Paragraph 9 (1) B and Paragraph 8 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 3, 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 company was incorporated on March 29, 2012 under the provisions of the Companies Act, 1956 (Registration No. U74999TN2012PTC085210) and is engaged in business of Web hosting activities. The applicant received foreign inward remittances from i) Canaan VIII, Mauritius ii) Mayfield XII, Mauritius iii) Bessemer India Capital Holdings II Ltd., Mauritius iv) Draper Investment Company LLC, USA v) The Hartenbaum Revocable Trust, USA vi) Bertelsmann Nederland B V, Netherland and vii) CMDB II, Mauritius towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	17,50,01,122.50	15.04.2013	02.05.2013
2	17,50,24,372.50	16.04.2013	03.05.2013
3	20,42,60,492.00	19.12.2013	07.01.2014
4	14,57,44,772.00	20.12.2013	07.01.2014
5	40,00,06,090.00	02.01.2014	07.01.2014
6	4,33,39,100.00	11.05.2015	08.06.2015
7	4,16,66,542.05	11.05.2015	22.05.2015
8	4,18,30,582.50	12.05.2015	22.05.2015
9	4,20,98,800.00	14.07.2015	12.08.2015
10	4,16,66,542.05	14.07.2015	23.07.2015
11	4,21,33,228.00	15.07.2015	23.07.2015
12	4,43,33,380.00	22.01.2016	17.02.2016
13	4,37,09,081.77	25.01.2016	17.02.2016
14	4,35,81,845.46	25.01.2016	17.02.2016
15	7,71,585.60	29.01.2016	17.02.2016
16	20,10,02,924.40	21.07.2016	20.09.2016
17	3,35,00,487.40	22.07.2016	19.08.2016
18	3,35,00,487.40	28.10.2016	27.12.2016



The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay of 29 days approximately beyond the prescribed period of 30 days in respect of remittances at Sl.Nos.16 and 18. 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 allotted equity instruments and filed FC-GPRs as indicated below:

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	1841876	1	18,41,876.00	01.03.2013	28.03.2013
2	100	1	23,250.00	17.04.2013	17.06.2013
	1505386	5	35,00,02,245.00		
3	200	1	51,310.00	03.01.2014	24.01.2014
	2923251	5	74,99,60,044.05		
4	487233	5	12,49,99,626.15	12.05.2015	09.06.2015
5	487233	5	12,49,99,626.15	15.07.2015	09.09.2015
6	518418	5	13,30,00,137.90	01.02.2016	20.04.2016
7	4599910	5	23,45,03,411.80	22.07.2016	15.05.2018
8	657130	5	3,35,00,487.40	28.10.2016	15.05.2018

The applicant filed form FC-GPRs as indicated above with delay ranging from 24 days to one year eight months 23 days approximately beyond the prescribed limit in respect of the allotments at Sl.Nos.2, 5 to 8. Whereas in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The company allotted shares on 01.02.2016 against balance of remittance received on 12.05.2015 as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
1	12.05.2015	6,04,245.07	01.02.2016



The company allotted shares with delay of two months 20 days beyond the prescribed period of 180 days with prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007, the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was advised about the contraventions vide memorandum dated August 27, 2018. The applicant has filed compounding application dated October 16, 2018 wherein it has been declared 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 dated October 16, 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/him/her thereafter. 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.

6. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated January 21, 2019 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant did not appear for the personal hearing. The applicant had admitted the contraventions as stated in para 2 to 4 above committed by the applicant for which compounding has been sought. It had been submitted that the delays were unintentional and requested Reserve Bank to take a lenient view in the matter. 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.



7. I have given my careful consideration to the documents on record and submissions made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

- (a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 23,45,03,411.80 with duration of contravention being 29 days approximately;
- (b) Paragraph 9 (1) B of Schedule 1 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 and the contravention relates to an amount of ₹ 87,60,29,158.25 with duration of contravention ranging from 24 days to one year eight months 23 days approximately; and
- (c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares with prior approval of Reserve Bank. The contravention relates to an amount of ₹6,04,245.07 with the duration of contravention being two months 20 days approximately.

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 **₹3,46,813/-** (Rupees three lakh forty six thousand eight hundred and thirteen only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B and 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, by the applicant on the facts discussed above in terms of the Foreign Exchange



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(Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **3,46,813/-** (Rupees three lakh forty six thousand eight hundred and thirteen only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Chennai 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 Twenty Third day of January, 2019.

Sd/-

Dr.K.Balu

Chief General Manager