



In the

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

Present

Shri Anup Kumar
General Manager

Date: December 15, 2017
C.A. BGL 248/2017

In the matter of

M/s Songline Analytics Private Limited
398, Sudha, 8th Main Road
Sadananda Nagar, NGEF Layout
Bengaluru - 560038

(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 August 04, 2017, received at this office of Reserve Bank of India, Bengaluru on August 07, 2017, 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: M/s Songline Analytics Private Limited, was incorporated on August 04, 2015, under the Companies Act, 2013. The company is engaged in the business of providing Software Support and maintenance to the Clients. The applicant had received funds towards share application money from the foreign investors, namely, Mr Teng Kheng Ee Lennon, Singapore, M/s 500 Startups III LP, USA and Mr Casey M Grooms, USA, as shown below:

Table – 1

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	03-09-2015	48,666.00	15-10-2015
2	19-10-2015	6,44,000.00	03-02-2016
3	13-11-2015	33,50,700.00	30-12-2016
4	30-11-2015	6,60,500.00	03-02-2016
	Total	47,03,866.00	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from twelve days to one year and seventeen days approximately, beyond the stipulated period of 30 days, in respect of all remittances as indicated in 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 allotted equity shares to the foreign investors, in terms of paragraph 8 of Schedule 1 to Notification No. FEMA.20/2000 RB dated May 03, 2000. However, in the instances mentioned here below, the company had not allotted shares or refunded the share application money within the stipulated time of 180 days.

(i) The company had received an inward remittance of **Rs.33,50,700.00**, on November 13, 2015, from the foreign investor, M/s 500 Startups III LP, USA and



allotted 6116 CCPS for total consideration of **Rs.31,99,891.20**. The excess share application money of **Rs.1,50,808.80**, was refunded with a delay beyond stipulated period, on April 11, 2017, to the non-resident investor, with prior approval from Reserve Bank of India. The amount of contravention is **Rs.1,50,808.80**, and the period of delay is eleven months approximately; and

(ii) The company had received an inward remittances of **Rs.6,44,000.00**, and **Rs.6,60,500.00**, on October 19, 2015 and November 30, 2015, respectively, from the foreign investor Casey M Grooms, USA, and the company had allotted 2446 CCPS worth of **Rs.12,79,747.20**, resulting in an excess amount of **Rs.24,752.80**. The company has refunded the excess amount beyond 180 days from the date of receipt of fund to the non-resident investor, on April 11, 2017, with prior approval from Reserve bank of India. The amount of contravention is **Rs.24,752.80**, and the period of delay is ten months and fourteen days approximately.

In terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000- RB, 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, provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an Indian company to refund the amount of consideration received towards issue of security, if such amount of consideration 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	Amount (INR)	Date of reporting to RBI/AD
1	10-09-2015	48,666.00	25-01-2017
2	30-11-2015	44,79,638.40	02-01-2017
	Total	45,28,304.40	



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 one year and three days to one year three months and fifteen days, beyond the prescribed period of 30 days, in respect of the allotments indicated 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 the Reserve Bank's letter FE.BG.FID (CEFA) No. 1996/22.10.119/2017-18 dated December 04, 2017, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives Shri Alok Mishra, Director, and Shri Ashwin Bhat D, Senior Associate, who appeared for the personal hearing on December 05, 2017, 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 **Rs.47,03,866.00**, and the period of delay ranges from twelve days to one year and seventeen days approximately;

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, as the applicant has refunded the excess amount of **Rs.1,75,561.60**, received towards share application money, with a delay ranging from ten months and fourteen days to eleven months approximately as detailed in paragraph 3 above; 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 **Rs.45,28,304.40**, and the period of delay ranges from one year and three days to one year, three months and fifteen days approximately.

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 **Rs.62,900.00 (Rupees Sixty Two Thousand and Nine Hundred only)**, will meet the ends of justice.

8. 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 **Rs.62,900.00 (Rupees Sixty Two Thousand and Nine 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 Fifteenth day of December, 2017.

Sd/-

(Anup Kumar)
General Manager