



In the

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

Present

Shri Eugene E Karthak
Regional Director

Date: March 27, 2018
C.A. BGL 272/2017

In the matter of

M/s Planet11 eCommerce Solutions India Private Limited
No. 51, 3rd Floor,
HAL 2nd Stage, Kodihalli
Bengaluru - 560008

(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 December 08, 2017, received at this office of Reserve Bank of India, Bengaluru on December 11, 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) allotment of shares prior to receipt of share application money and allotment of shares/refund of excess share application money beyond 180 days from the date of receipt of inward remittance, 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 Planet11 eCommerce Solutions India Private Limited, was originally incorporated as M/s Wishary Technologies India Private Limited on November 07, 2014, under the Companies Act, 2013, as per the certificate of incorporation issued by the Registrar of Companies, Karnataka. Subsequently, the name of the company has been changed to M/s Planet11 eCommerce Solutions India Private Limited, with effect from December 05, 2016. The company is engaged in the business of software designing, development and dealing in computer software solutions. The applicant had received funds towards share application money from the foreign investors, namely, M/s Wishary Co Ltd, South Korea and M/s SK Planet Co Ltd, South Korea, as shown below:

Table – 1

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	20-03-2015	9,99,900.00	28-07-2016
2	26-05-2015	15,00,000.00	28-07-2016
3	03-07-2015	15,00,000.00	28-07-2016
4	27-07-2015	10,00,000.00	28-07-2016
5	01-09-2015	11,00,000.00	28-07-2016
6	30-10-2015	11,00,000.00	04-10-2016
7	03-11-2015	11,00,000.00	04-10-2016
8	24-11-2015	8,00,000.00	04-10-2016
9	30-12-2015	10,00,000.00	28-07-2016
10	06-01-2016	10,00,000.00	28-07-2016
11	29-02-2016	10,00,000.00	28-07-2016
12	31-03-2016	10,00,000.00	04-10-2016
13	28-04-2016	11,00,000.00	04-10-2016
14	31-05-2016	6,50,000.00	28-07-2016
15	14-06-2016	3,50,000.00	28-07-2016



16	20-08-2016	45,00,012.00	07-09-2016
17	15-09-2016	746,99,988.00	05-10-2016
18	16-08-2017	64,12,450.00	21-08-2017
	Total	1008,12,350.00	

The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from fourteen days to one year, three months and nine days approximately, beyond the stipulated period of 30 days in respect of remittances as indicated in Table-1 above at serial numbers 1 to 15. 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 allotted shares prior to the receipt of inward remittances or allotted shares beyond 180 days from the date of receipt of inward remittances, without prior approval from Reserve Bank of India.

(i) The company had allotted 999 equity shares worth Rs. 99,900.00, to the non-resident investor, M/s Wishary Co. Ltd, South Korea, as subscription to Memorandum of Association, on November 07, 2014. However, the inward remittance of Rs. 9,99,900.00, pertaining to the aforesaid allotment was received after the allotment of shares, with a delay, on March 25, 2015. The amount of contravention is Rs. 99,900.00, and the period of delay is four months and thirteen days approximately;

(ii) The company had utilized the excess share application money of Rs.9,00,000.00, after subscription towards Memorandum of Association, from the inward remittance received on March 25, 2015, during the allotment of 82,999 equity shares issued on December 10, 2015. However, the company



had allotted shares beyond 180 days from the date of receipt of the inward remittance without prior approval of Reserve Bank of India. The amount of contravention is Rs.9,00,000.00, and the period of delay is two months and twenty four days approximately;

(iii) The Company had received an inward remittance of Rs. 15,00,000.00, from the non-resident investor, M/s Wishary Co. Ltd, South Korea, on May 26, 2015. However, the company had allotted shares to the non-resident investor on December 10, 2015, beyond 180 days from the date of receipt of inward remittance without prior approval of Reserve Bank of India. The amount of contravention is Rs.15,00,000.00, and the period of delay is eighteen days approximately; and

(iv) The company had allotted 47,001 equity shares worth Rs.47,00,100.00, to the non-resident investor, M/s Wishary Co. Ltd, South Korea, on March 28, 2016. However, a part of the share application money, amounting to Rs.10,00,0000.00, pertaining to the aforesaid allotment, was received after the allotment of shares, on March 31, 2016. The amount of contravention is Rs.10,00,000.00, and the period of delay is three days approximately.

In terms of Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, as amended from time to time, read with A.P. (DIR Series) Circular No.20 dated December 14, 2007, an Indian company accepting FDI has to receive the share application money from the non-resident investor prior to the allotment of shares, and the shares have to be issued/amount to be refunded within 180 days of from the date of receipt of inward remittance. The total amount of contravention is **Rs.34,99,900.00**, and the period of delay ranges from three days to four months and thirteen days approximately.

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	07-11-2014	99,900.00	29-08-2016
2	10-12-2015	82,99,900.00	08-06-2017
3	28-03-2016	47,00,100.00	24-03-2017
4	31-05-2016	17,50,000.00	29-08-2016
5	18-06-2016	3,50,000.00	29-08-2016
6	26-08-2016	45,00,000.00	10-09-2016
7	15-09-2016	746,99,900.00	10-10-2016
8	28-08-2017	64,12,400.00	23-09-2017
	Total	1008,12,200.00	

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 one month and eleven days to one year eight months and twenty two days approximately, beyond the prescribed period of 30 days in respect of allotment of shares as indicated at serial number 1 to 5, 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 the 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 person/s resident outside India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 3600/22.10.031/2017-18 dated March 22, 2018, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives Mr. Ravichandran Muniswarachar, Director, Ms. Madhumita Sarkar, Company Secretary and Ms. Rashmi Lohani, Authorised Representative from Deloitte, who appeared for the personal hearing on March 23, 2018, 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. 1,51,99,900.00**, and the period of delay ranges from fourteen days to one year three months and nine days approximately;

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to allotment of shares prior to receipt of inward remittances, and allotment of shares beyond 180 days from the date of receipt of inward remittances, without prior approval from Reserve Bank of India as detailed in paragraph 3 above. The total amount of contravention is **Rs.34,99,900.00**, and the period of delay ranges from three days to four months and thirteen days approximately; 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 person/s resident outside India, as detailed in paragraph 4 above. The contravention relates to an amount of **Rs. 1,51,99,900.00**, and the period of delay ranges from one month and eleven days to one year eight months and twenty two days approximately.

7. It has been declared in the compounding application dated December 08, 2017, 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 December 06, 2017, 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 **Rs. 1,06,830.00, (Rupees One Lakh Six Thousand Eight Hundred and Thirty 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 **Rs. 1,06,830.00, (Rupees One Lakh Six Thousand Eight Hundred and Thirty 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 Twenty Seventh day of March, 2018.

Sd/-

(Eugene E Karthak)
Regional Director