



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

R Subramanian  
Regional Director

Date: April 03, 2018  
C.A. HYD 278

In the matter of

M/s. BASIX Sub-K iTransactions Limited  
3<sup>rd</sup> Floor, Surabhi Arcade  
Troop Bazar  
Bank Street, Koti  
Hyderabad - 500 001

**(Applicant)**

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

**Order**

The applicant has filed the compounding application dated January 22, 2018 received on January 24, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity/CCPS in terms of Paragraph 9(1)(A) and Paragraph 9(1)(B) respectively of Schedule 1 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 3rd May 2000 (hereinafter referred to as Notification No. FEMA 20 /2000-RB) as then applicable.

2. The relevant facts of the case are as follows:

- a) The applicant is a resident company incorporated as a Limited Company under the Companies Act, 1956 on 02.08.2010 (CIN: U74999TG2010PLC069785). The company is engaged in the business of offering facilitation services in unbanked areas as a Business Correspondent (BC) for various banks.
- b) M/s Michael and Susan Dell Foundation, a social fund, invested Rs.9 Crores in the company. As per the shareholder's agreement entered by the applicant with the investor on 15.11.2011, foreign inward remittances were received in four tranches as indicated below:

Sl No	Name of Remitter	Particulars	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Michael and Susan Dell Foundation	Tranche 1	39999999.75	21-11-2011	03-01-2012
2	Michael and Susan Dell Foundation	Tranche 2	20000000.00	04-10-2012	29.-01-2013
3	Michael and Susan Dell Foundation	Tranche 3	10000000.00	17-12-2012	19.02.2013
4	Michael and Susan Dell Foundation	Tranche4	20000000.00	15-12-2014	12-01-2015
		<b>Total</b>	<b>8,99,99,999.75</b>		

The applicant received the foreign inward remittances amounting to **Rs. 8,99,99,999.75/-** as indicated above out of which remittances amounting to **Rs. 6,99,99,999.75/-** were reported to Reserve Bank of India with delays ranging



from 13 days to 2 months 26 days approximately beyond the prescribed period of 30 days. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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.

c) The company allotted shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares/ CCPS	Amount for which shares allotted (INR)	Date of reporting
1	Michael & Susan Dell Foundation	21-11-2011	519272 CCPS	40000000.00	11-01-2012
			100 Equity		
2	Michael & Susan Dell Foundation	04-10-2012	259615 CCPS	19999999.70	12.01.2013
3	Michael & Susan Dell Foundation	04-02-2013	129807 CCPS	9999961.33	14.02.2013
4	Michael & Susan Dell Foundation	16-12-2014	222222	19999980.00	09-01-2015
			<b>Total</b>	<b>8,99,99,941.03</b>	

The applicant filed form FCGPRs for issue of shares amounting to Rs. 8,99,99,941.03/- as indicated above out of which shares amounting to Rs. 5,99,99,999.70/- were reported with delays ranging from 21 days to 2 months 9 days approximately beyond the stipulated period of 30 days. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification no. FEMA 20/2000-RB, an Indian company issuing shares in accordance with



these Regulations has to submit to Reserve Bank of India a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1613/14.66.003/2017-18 dated March 15, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on March 21, 2018 during which Shri. Jitender kalwani, Chief Financial Officer and the authorized representative and Shri. T Narendra Babu, Finance Manager represented the applicant. The authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of shortage of staff and lack of proper guidance on compliance requirements. In view of the foregoing, the representative of the applicant 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 the submissions made in this context by the applicant during the personal hearing.

4. I have given my careful consideration to the documents on record. 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 for delay in reporting the receipt of consideration towards issue of shares amounting to Rs.6,99,99,999.75/- and the delay ranges from 13 days to 2 months 26 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to



persons resident outside India and the contravention relates to an amount of Rs. 5,99,99,999.70/- and the delay ranges from 21 days to 2 months 9 days approximately.

5. It has been declared in the compounding application dated January 22, 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 declaration dated January 22, 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. 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. 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 contravention is to be compounded and I consider that an amount of **Rs.61,500/- (Rupees Sixty One Thousand Five Hundred Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 9(1)(B) of Schedule 1 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



Compounding of contraventions under FEMA 1999  
M/s BASIX Sub-K iTransactions Limited  
CA No. HYD 278

**Rs. 61,500/- (Rupees Sixty One Thousand Five Hundred Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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, Rule10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this 03<sup>rd</sup> day of April 2018

Sd/-

(R Subramanian)  
Regional Director