



In the

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

Present

**Shri P J Thomas**  
**Regional Director**

Date: May 04, 2018  
**C.A. BGL 291/2018**

In the matter of

**M/s Asset Trackr Private Limited**  
No. 421, 2<sup>nd</sup> Floor, 27<sup>th</sup> Main  
Sector 1, H S R Layout  
Bengaluru - 560102  
**(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 March 16, 2018, received at this office of Reserve Bank of India, Bengaluru on March 21, 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, (ii) refund of excess share application money to the foreign investors, beyond the prescribed period of 180 days from the date receipt of the inward remittances, 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 Asset Trackr Private Limited, was incorporated on August 25, 2011, under the Companies Act, 1956. The company is engaged in the business of computer consultancy and computer facilities management. The applicant had received funds towards share application money from the foreign investors, namely, Mr. Boppana Vijaya Nagarjuna Prasad, Singapore, Mr. Hanumantha Ravu, USA, and Mr. Joseph K Basani, USA, as shown below:

**Table – 1**

<b>Sl. No</b>	<b>Date of Receipt</b>	<b>Amount (INR)</b>	<b>Date of Reporting to RBI /AD</b>
1	11-06-2013	6,50,000.00	06-08-2013
2	03-07-2013	8,32,070.40	06-08-2013
3	09-10-2013	8,69,940.00	07-11-2013
4	17-10-2013	9,12,681.00	07-11-2013
5	15-04-2013	1,98,912.00	08-05-2013
6	09-07-2013	12,99,244.65	23-08-2013
7	17-10-2013	17,52,457.80	07-11-2013
8	12-03-2014	9,617.60	19-03-2014
9	04-02-2013	10,40,860.55	28-05-2014
10	09-07-2013	4,69,458.83	23-08-2013
11	11-10-2013	17,06,790.40	07-11-2013
12	12-03-2014	38,921.23	19-03-2014
13	26-06-2014	17,94,740.00	25-11-2014
14	26-06-2014	17,85,000.00	25-11-2014
	<b>Total</b>	<b>1,33,60,694.46</b>	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from four days to three months and twenty nine days approximately, beyond the stipulated period of 30 days in respect of remittances as indicated at serial numbers 1, 2, 6, 9, 10, 13 and 14 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 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 refunded excess share application money beyond 180 days from the date of receipt of inward remittances, with the prior approval of the Reserve Bank of India.

(i) The company had received an inward remittances of **Rs.32,64,691.40**, in four tranches from June 11, 2013, to October 17, 2013, from the non-resident investor, Mr. Boppana Vijaya Nagarjuna Prasad, Singapore, and allotted 12,990 CCPS for total consideration of **Rs.32,55,910.00**. The excess share application money of **Rs.8,781.40**, was refunded with a delay beyond the stipulated period, on February 27, 2018, to the non-resident investor. The amount of contravention is **Rs.8,781.40**, and the period of delay is three years ten months and eleven days approximately;

(ii) The company had received an inward remittances of **Rs.32,60,232.05**, in four tranches from April 15, 2013, to March 12, 2014, from the non-resident investor, Mr. Hanumantha Ravu, USA, and allotted 520 equity shares & 12,990 CCPS for total consideration of **Rs.32,55,910.00**. The excess share application money of **Rs.4,322.05**, was refunded with a delay beyond the stipulated period, on February 27, 2018, to the non-resident investor. The amount of contravention is **Rs.4,322.05**, and the period of delay is three years five months and sixteen days approximately; and

(iii) The company had received an inward remittances of **Rs.32,56,031.01**, in four tranches from February 04, 2013, to March 12, 2014, from the non-resident investor, Mr. Joseph K Basani, USA, and allotted 520 equity shares & 12,990 CCPS for total consideration of **Rs.32,55,910.00**. The excess share application money of **Rs.121.01**, was refunded with a delay beyond the stipulated period, on February 27, 2018, to the non-resident investor. The



amount of contravention is **Rs.121.01**, and the period of delay is three years five months and sixteen days approximately.

(iv) The company had received an inward remittances of **Rs.17,94,740.00**, on June 26, 2014, from the non-resident investor, Mr. Boppana Vijaya Nagarjuna Prasad, Singapore, and allotted 7,447 equity shares for total consideration of **Rs.17,94,727.00**. The excess share application money of **Rs.13.00**, was refunded with a delay beyond the stipulated period, on February 27, 2018, to the non-resident investor. The amount of contravention is **Rs.13.00**, and the period of delay is three years two months and two days approximately; and

(v) The company had received an inward remittances of **Rs.17,85,000.00**, on June 26, 2014, from the non-resident investor, Mr. Hanumantha Ravu, USA, and allotted 7,406 equity shares for total consideration of **Rs.17,84,846.00**. The excess share application money of **Rs.154.00**, was refunded with a delay beyond the stipulated period, on February 27, 2018, to the non-resident investor. The amount of contravention is **Rs.154.00**, and the period of delay is three years two months and two days approximately

The company was given approval to refund the total excess share application money of Rs.13,391.46, to the non-resident investors, vide Reserve Bank's letter FE.BG.FID.No.3223/21.08.929/2017-18 dated February 23, 2018. Whereas, in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000- RB, dated May 3, 2000, read with A.P. (DIR Series) Circular No. 20 dated December 14, 2007, the excess amount need to be refunded within 180 days from the date of receipt of inward remittance.

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	02-12-2013	97,67,730.00	28-05-2014
2	25-08-2014	35,79,573.00	25-11-2014
		<b>1,33,47,303.00</b>	

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 months and one day to four months and twenty seven days approximately, beyond the prescribed period of 30 days, in respect of the allotments as indicated in serial numbers 1 and 2 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 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 persons resident outside India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 4115/22.08.929/2017-18 dated May 02, 2018, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Vikas Minda, Director, and Ms. C A Ritu Agarwala, Consultant, who appeared for the personal hearing on May 04, 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 wilful 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:

(i) 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.78,71,374.43**, and the period of delay ranges from four days to three months and twenty nine days approximately;

(ii) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, as the applicant has refunded the excess amount of **Rs.13,391.46**, received towards share application money, with a delay ranging from three years two months and two days to three years ten months and eleven days approximately as detailed in paragraph 3 above; and

(iii) 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.1,33,47,303.00**, and the period of delay ranges from two months and one day to four months and twenty seven days approximately.

7. It has been declared in the compounding application dated March 16, 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 dated March 16, 2018, furnished as part of 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.31,280.00 (Rupees Thirty One Thousand Two Hundred and Eighty 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.31,280.00 (Rupees Thirty One Thousand Two Hundred and Eighty only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> 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 Fourth day of May, 2018.

Sd/-

**(P J Thomas)**  
**Regional Director**