



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present

Smt. Anupam Sonal
Chief General Manager

Date: July 10, 2018
C.A.NDL 278/2018

In the matter of

Keduventures Smart Services Private Limited
LIG Flat No. 1, Ground Floor, Pocket 3, Sector 2, Rohini, Delhi 110085

(Applicant)

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

Order

The applicant has filed compounding application dated March 28, 2018 (received in Reserve Bank of India on April 5, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares in terms of Paragraph 9(1)(A) 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 as amended from time to time (hereinafter referred to as FEMA 20/2000- RB), as then applicable and (ii) delay in submission of form FC-GPR after allotment of shares in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

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

- a) The applicant company was incorporated under the Companies Act, 2013 on January 12, 2015 and allotted registration No. U80900DL2015PTC275255 by Registrar of Companies. The company is engaged in providing education support services to schools in India.
- b) The company had received a total of 23 foreign inward remittances from March 17, 2015 to January 31, 2018 for issue of equity shares, out of which, on 14 occasions, the company had reported inward remittances with delay ranging from 1 day to 2 months and 27 days (as detailed hereunder) beyond the prescribed period in contravention of Paragraph 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

Contravention of Para 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB			
S.No.	Date of Receipt	Amount (Rs.)	Date of reporting to RBI
1	17.03.2015	3,33,333.00	12.06.2015
2	07.05.2015	29,99,300.00	12.06.2015
3	30.07.2015	66,65,967.00	21.09.2015
4	04.03.2016	63,99,300.00	06.05.2016
5	28.07.2016	91,66,000.00	22.11.2016
6	22.09.2016	49,99,300.00	30.12.2016
7	29.09.2016	49,99,300.00	30.12.2016
8	27.10.2016	49,99,300.00	31.01.2017
9	30.11.2016	19,99,300.00	31.01.2017
10	26.12.2016	29,99,300.00	31.01.2017
11	01.02.2017	24,99,300.00	17.03.2017
12	01.03.2017	14,99,300.00	10.06.2017
13	27.03.2017	69,99,300.00	04.05.2017
14	12.06.2017	29,99,300.00	13.07.2017
		5,95,57,600.00	

Whereas, in terms of Paragraph 9 (1) (A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to Reserve Bank of India, receipt of amount of consideration towards share subscription not later than 30 days from the date of receipt of the said amount.

- c) The company had allotted equity shares on 24 occasions, out of which, on 15 occasions had reported it in form FC-GPR with a delay ranging from 13 days to 6 months and 8 days (as detailed hereunder) beyond the prescribed period in contravention of Paragraph 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000, as then applicable.

Contravention of Para 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB				
S. No.	Date of Allotment	No. of Shares Allotted	Amount (Rs.)	Date of reporting to RBI
1	18.03.2015	33333	3,33,330.00	08.07.2015
2	14.09.2015	205333	20,53,330.00	16.01.2016
3	29.09.2015	461263	46,12,630.00	16.01.2016
4	16.10.2015	543597	54,35,970.00	16.01.2016
5	30.01.2016	500000	50,00,000.00	10.05.2016
6	10.03.2016	639930	63,99,300.00	12.07.2016
7	30.07.2016	916600	91,66,000.00	12.01.2017
8	27.09.2016	499930	49,99,300.00	12.01.2017
9	06.10.2016	499930	49,99,300.00	12.01.2017
10	12.11.2016	499930	49,99,300.00	20.06.2017
11	02.12.2016	199930	19,99,300.00	18.02.2017
12	05.01.2017	299930	29,99,300.00	17.02.2017
13	09.02.2017	249930	24,99,300.00	14.06.2017
14	08.03.2017	149930	14,99,300.00	13.07.2017
15	04.04.2017	699930	69,99,300.00	14.06.2017
			6,39,94,960.00	

Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, 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 a person resident outside India.

Thus, there are contraventions of Paragraph 9(1) (A) and 9(1) (B) of Schedule 1 to FEMA Notification No 20 /2000-RB dated May 3, 2000, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/or by producing documents, if any, in support of the application. Sh. Neeraj Marwah, CFO and Sh. Amit Popli, Manager appeared for the personal hearing on July 06, 2018 on behalf of the company. The representatives of the applicant company admitted the contraventions committed by them for which the company has sought compounding. They stated that delay was due to various reasons such as non-receipt of FIRC from AD bank, problem in e-Biz portal, misinterpretation of due dates mentioned in UIN allotment letters etc.

The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as submissions made in this context by the applicant during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

(a) Paragraph 9 (1) (A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, due to delay in reporting the inflow of funds from a person resident outside India. The contravention relates to an amount of Rs.5,95,57,600.00 and the duration of contravention is ranging from 1 day to 2 months and 27 days.

(b) Paragraph 9 (1) (B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, due to delay in filing of form FC-GPR with RBI. The contravention relates to an amount of Rs.6,39,94,960.00 and duration of contravention ranges from 13 days to 6 months and 8 days, beyond the prescribed period of 30 days.

5. It has been declared in the compounding application dated March 28, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated January 10, 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. 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.

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 contraventions are to be compounded and I consider that an amount of **Rs.54,155/- (Rupees Fifty four thousand one hundred fifty five only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9 (1)(A) and 9 (1)(B) of Schedule 1 to FEMA 20/2000-RB by the applicant on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of Rs.54,155/- (Rupees Fifty four thousand one hundred fifty five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi-100001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 10 th day of July, 2018.

Sd/-

(Anupam Sonal)
Chief General Manager