



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
3rd Floor, Main Building
Ram Bagh Circle, Tonk Road
Jaipur-302 004

Present

G Sreekumar
Regional Director

Date: September 05, 2018
C.A. JAI 8/2018

In the matter of

M/s. Bubugao Communication Private Limited
Taurus 340, Opp. Metro Pillar No.93, New Sanganer Road,
Jaipur – 302019 (Rajasthan)

(APPLICANT)

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

ORDER

The applicant has filed a compounding application dated March 27, 2018 forwarded vide its letter dated April 12, 2018 (received at Reserve Bank of India, Jaipur on April 19, 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 of inflow of funds received from a person resident outside India for allotment of shares ; (ii) delay in submission of form FC-GPR on allotment of shares with Reserve Bank 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 May 3, 2000, as then applicable. (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant was incorporated on September 19, 2014 under the provisions of the Companies Act, 2013 (Registration Number U32309RJ2014PTC046272) and is engaged in the business of Mobile



related services. The applicant received foreign inward remittances from (i) Mr. Shunxiang Zhou of Canada and (ii) Wang Chang Qing of China towards subscription to equity shares and reported the same to the Reserve Bank of India as below:

S.no	Amount of Inward Remittance in Rs.	Date of Receipt	Date of Reporting
1	79,33,447.50	12.11.2014	13.12.2014
2	38,10,157.36	12.11.2014	13.12.2014
3	79,33,447.50	12.11.2014	13.12.2014
4	73,22,947.50	12.11.2014	13.12.2014
5	30,00,000.00	18.11.2014	13.12.2014
6	6,36,200.00	06.08.2015	15.09.2015
7	76,34,400.00	06.08.2015	03.09.2015
8	69,98,200.00	06.08.2015	03.09.2015
9	30,55,370.50	10.06.2015	24.08.2015

The applicant reported receipt of remittances to the Reserve Bank of India, Jaipur on the dates indicated above and with a delay ranging from one day to 44 days approximately beyond the stipulated time of 30 days in respect of the Remittances at Sr. No. 1 to Sr. No.4, Sr. No. 6 and Sr. No. 9. Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03,2000, 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 allotted equity shares and filed FCGPR as indicated below:

S.no	Date of Allotment	Amount (INR)	Date of Reporting
1	18.11.2014	2,70,00,000.00	16.03.2015
2	18.11.2014	30,00,000.00	16.03.2015
3	07.08.2015	1,52,68,800.00	23.06.2017
4	07.08.2015	30,55,370.00	08.05.2017



The applicant filed the form FC-GPR on allotment of shares with Reserve Bank of India, Jaipur with a delay of two months 26 days to one year and 10 months approximately beyond the stipulated time of 30 days in respect of abovementioned allotments. Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, 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 issue of shares to person resident outside India.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FE.JP.No.1093/06.10.395/2017-18 dated June 13, 2018 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA, 1999. The applicant vide letter no. BBG/51/2018-19 dated June 25, 2018 had shown its inability to appear for personal hearing and requested the Bank to process the application on the basis of documents submitted with the compounding application. The company has requested to take a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents submitted with the application.

5. It has been declared in the compounding application dated March 27, 2018 forwarded to us vide letter dated April 12, 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 March 27, 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.



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6. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:

(a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 3,06,91,570.36 with duration of contravention ranging from one day to one month and 14 days approximately;

(b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India. The contravention relates to an amount of ₹ 4,83,24,170.00 with the duration of contravention ranging from two months and 26 days to one year and ten months approximately;

7. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to a penalty upto 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 that an amount of ₹ 1,31,385.00 (Rupees one lakh thirty one thousand three hundred and eighty five only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely contravention of paragraphs 9 (1)(A) and 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 ₹ 1,31,385.00 (Rupees one lakh thirty one thousand three hundred and eighty five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302 004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur within a period of **15 days** from the date of this order.



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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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 5th day of September 2018

Sd/-

(G Sreekumar)
Regional Director for Rajasthan and
Chief General Manager, Jaipur.