



In the

Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

Shri J. K. Pandey
Chief General Manager

Date: November 20, 2018

C.A. No. 789/2018

In the matter of

ES Online Services (India) Private Limited
14th Floor, North Block, R-Tech Park
Western Express Highway, Goregaon (East)
Mumbai- 400 063

(Applicant)

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

Order

1. The applicant has filed the compounding application dated July 30, 2018 (received at the Reserve Bank of India on August 21, 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 remittance towards subscription to equity and (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India in terms of Paragraphs 9 (1) (A) and 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 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: The applicant company was incorporated on April 07, 2017, under the Companies Act, 2013, as ES Online Services (India) Private Limited. Its main activities are i) to carry on the business of providing a range of consultancy, marketing and support services, global data analytics, software for development and facilitation of cross border trade for Indian buyers and sellers, product development, providing support services to other entities, to act as services providers and market development in connection with the operation of website for online marketplaces. ii) To carry on the business of facilitating online commerce, net marketing, consumer and other goods, creating virtual malls, stores, shops, creating shopping catalogues, providing or facilitating secure payments processing, net commerce solution for business to business and business to consumer entities, but does not include banking and money circulating business. To carry on the business of ecommerce portal operating an e-platform which offers all kinds of services by leveraging technology, online marketing, social media marketing, digital media marketing, branding, product launching and media planning. Further, the company will not carrying any multi level marketing or network marketing activity on incorporation. iii) To develop, design, acquire, adopt, deal, host and install website on internet or electronic sites, platform, for marketing and trading of goods, raw materials, merchandise, articles, machineries, plant, apparatus, appliances, equipment and commodities of every kind, class and description and supply and provide services of all kind and to act as sellers, buyers, importers, exporters, retailers, whole-sellers, suppliers, consigners, brokers, stockiest, agents, sub-agents, merchants, distributors, consultants for E-Commerce and E- Business. iv) To establish set up, organise, maintain, support and host auctions, chatting, individual web sites, instant messaging services, internet applications, internet business applications, mobile internet applications and services, running & managing/maintaining servers, web browsers, web design development, web site promotion, webmasters.



3. The applicant received foreign inward remittances towards allotment of equity / compulsory convertible preference share/ compulsory convertible debentures and reported the same to the Reserve Bank of India as indicated in the table.

Sr. No.	Amount received in INR	Date of receipt	Date of reporting	Delay
1	10.00	12-06-2017	26-09-2017	2M 15D
2	99,990.00	12-06-2017	11-07-2017	No
3	25,70,00,000.00	22-06-2017	12-01-2018	5M 21D
4	32,20,00,000.00	24-07-2017	12-01-2018	4M 19D
Total	57,91,00,000.00			

The applicant reported receipt of remittances to the Reserve Bank of India with a delay ranging from 02 Months 15 Days to 05 Months 21 Days, approximately, in respect of remittances listed at serial no. 01, 03 & 04 above. 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 foreign inward remittances 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.

4. The company allotted equity shares/ compulsory convertible preference share/ compulsory convertible debentures and filed FC-GPR as indicated below:

Sr. No.	No. of shares	FV in INR	Amount involved in INR	Date of allotment	Date of filing	Delay
1	10000	10	1,00,000.00	23-06-2017	26-09-2017	2M 4D
2	25700000	10	25,70,00,000.00	30-06-2017	07-02-2018	6M 9D
3	32200000	10	32,20,00,000.00	24-07-2017	07-02-2018	5M 15D
		Total	57,91,00,000.00			

The applicant filed form FC-GPR as indicated at serial No. 01 to 03 above with a delay ranging from 02 Months 04 Days to 06 Months 09 Days, approximately. 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 a report in Form FC-GPR along with



documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

5. The applicant was given an opportunity for personal hearing vide e-mail dated October 30, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on November 12, 2018, during which Shri Ashish Singru, Director of the applicant company represented the applicant in the cabin of Shri J. K. Pandey, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. 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 submitted along with the application.

6. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. 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 due to the delay in reporting of receipt of foreign inward remittances towards subscription to equity as detailed in paragraph no.3 above. The contravention relates to an amount of Rs.57,90,00,010.00 (Rupees Fifty-Seven Crore Ninety Lakh Ten Only) and the delay ranging from 02 Months 15 Days to 05 Months 21 Days, approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India as detailed in para 4 above. The



contravention relates to an amount of Rs.57,91,00,000.00 (Rupees Fifty-Seven Crore Ninety-One Lakh Only) and the delay ranging from 02 Months 04 Days to 06 Months 09 Days, approximately.

7. It has been declared in the compounding application dated July 30, 2018, that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has further been stated in the declaration 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/him/her 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. 2,20,500/- (Rupees Two Lakh Twenty thousand Five Hundred Only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1) (A) and 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB by the applicant as stated above on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs. 2,20,500/- (Rupees Two Lakh Twenty thousand Five Hundred Only) which shall be deposited by the applicant with the Reserve Bank



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ES Online Services (India) Private Limited
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of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at "Mumbai" 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.

10. The above order is passed only in respect of contraventions of para 9(1)(A) and 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: November 20, 2018.

Compounding Authority

Sd/-

(J. K. Pandey)

Chief General Manager