



In the

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

Present

**Sh.T.K.Singh**  
**General Manager**

Date: August 18, 2017  
C.A.NDL 247/2017

In the matter of

**Red Brick Lane Marketing Solutions Private Limited**  
C-12/14, DLF Phase I, Gurgaon, Haryana 122002

**(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 a compounding application dated June 15, 2017 (received in Reserve Bank of India on June 20, 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) 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

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



- a) The applicant company was incorporated under the Companies Act, 1956 on January 12, 2012 and allotted registration No. U51909HR2012PTC044780 by Registrar of Companies. The company is engaged in the business of providing Digital Signal Processing, TV Analytics and Cross Platform Advertising service.
- b) The company had received a total of 9 foreign inward remittances from February 27, 2013 to August 13, 2015 for issue of equity shares/CCPs, out of which, on 3 occasions, the company had reported inward remittances with a delay ranging from 21 days to 6 months and 23 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.

<b>Contravention of Para 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB</b>			
<b>S.No.</b>	<b>Date of Receipt</b>	<b>Amount (Rs.)</b>	<b>Date of reporting to RBI</b>
1	27.02.2013	2,49,300.00	22.10.2013
2	22.04.2013	1,12,652.27	12.06.2013
3	19.09.2013	13,49,300.00	29.01.2014
	<b>Total</b>	<b>17,11,252.27</b>	

Whereas, in terms of Paragraph 9 (1) (A) of Schedule 1 to FEMA 20/2000-RB, 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 8 occasions, out of which, on 3 occasions, company reported it in form FC-GPR with a delay ranging from 25 days to 2 months and 14 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.

<b>Contravention of Para 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB</b>				
<b>S.No.</b>	<b>Date of Allotment</b>	<b>No. of Shares /CCPs Allotted</b>	<b>Amount (Rs.)</b>	<b>Date of reporting to RBI</b>
1	09.01.2014	1556	50,00,003.72	05.03.2014
2	24.02.2014	108	2,48,940.00	09.06.2014
3	10.03.2014	419	13,46,402.03	09.06.2014
		<b>Total</b>	<b>65,95,345.75</b>	



Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to 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 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.

3. The applicant company 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. Deepak Baid, Director & COO of the applicant company and Ms. Tripti Bardia, Consultant appeared for the personal hearing on August 17, 2017 on behalf of the applicant company. The representatives of the applicant company admitted the contraventions committed by them for which the company has sought compounding. They stated that the company was not aware of the FEMA compliances which led to these contraventions and as such requested for 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 submissions made in this context by the applicant company 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 due to delay in reporting the inflow of funds from a person resident outside India. The contravention relates to an amount of Rs.17,11,252.27 and the duration of contravention is ranging from 21 days to 6 months and 23 days.

(b) Paragraph 9 (1) (B) of Schedule 1 to FEMA 20/2000-RB due to delay in filing of form FC-GPR with RBI. The contravention relates to an amount of Rs.65,95,345.75 and duration of contravention ranges from 25 days to 2 months and 14 days.

5. 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. 22,720/-(Rupees Twenty two thousand seven hundred and twenty only)** will meet the ends of justice.

6. 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 22,720/- (Rupees Twenty two thousand seven hundred and twenty 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 18th day of August, 2017.

Sd/-

**(T.K.Singh)**  
**General Manager**