



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

Sh. Nirmal Chand
Regional Director

Date: November 10, 2017
CA No CHA 13/2017

In the matter of

Socomo Technologies Pvt. Ltd.
Plot No 5, Sector 28 B, Madhya Marg,
Chandigarh - 160 009

(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 there under, I pass the following

Order

The applicant has filled a compounding application dated October 24, 2017 (received at the Reserve Bank on October 25, 2017) 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 pertain to (i) delay in reporting of inward remittance against issue of equity shares(ii) delay in submission of FC-GPR to the Reserve Bank after issue of shares and (iii) delay in application for refund of excess amount which are in contravention of Para 9(1) (A), Para 9(1) (B) and Para 8 respectively of Schedule 1 to Foreign Exchange Management



(Transfer or issue of Security by a person Resident Outside India) Regulation,2000 notified vide Notification No. 20/2000RB dated May 3, 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:

The applicant Company, Socomo Technologies Pvt. Ltd. is a private Limited company incorporated on December 18, 2012 under the companies Act 1956. The applicant is engaged in the business of Technology enabled services, IT research, development, training & implementation, customer support services etc.

3. The applicant company received foreign inward remittances towards investment in equity shares from non-residents as under:

S N	Inflow Amount (in Rs.)	Date of inflow	Due date for reporting to RBI (30 days of receipt of FDI)	Actual Date of reporting to RBI	Delay (in days) [Excluding mandated period of 30 days] [4-3]
1.	1,43,120.00	10.12.2015	09.01.2016	19.08.2016	223 days

The above remittance was not reported to Reserve Bank of India within the prescribed time period. The applicant reported the receipt of remittances to Reserve Bank of India **with delay of 223 days**, in contravention of Para 9(1) (A) of Schedule 1 to Notification No.FEMA 20/2000RB dated May 3, 2000, in terms of which an Indian company issuing shares 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.

4. Against the above remittances the applicant company issued shares and reported the same to RBI as under:

SN	Total value of shares	Shares issued on	Due date for reporting to RBI	Date of reporting to	Delay (in days) [Excluding mandated
----	--------------------------	---------------------	----------------------------------	-------------------------	--



			(30 days of issue of shares)	RBI	period of 30 days]
1.	6155280.00	25.03.2015	24.04.2015	02.03.2016	313 days
	1533840.00				
	4980000.00				
	1533840.00				
	1653360.00				
2	1533840.00	25.03.2015	24.04.2015	02.03.2016	313 days
3	22226256.00	07.07.2015	06.08.2015	23.08.2016	383 days
	9510273.00				
4	1533420.00	23.04.2015	23.05.2015	23.08.2016	458 days
	6206700.00				

SN	Total value of shares	Shares issued on	Due date for reporting to RBI (30 days of issue of shares)	Date of reporting to RBI	Delay (in days) [Excluding mandated period of 30 days]
5	33005000.00	17.12.2015	16.01.2016	28.07.2016	194 days
	109754.23				
	148374.13				
	6574014.00				
	1643750.00				
	1,20,307.10				
6	33153120.00	17.12.2015	16.01.2016	01.09.2017	594 days
7	1533840.50	25.03.2015	24.04.2015	01.09.2017	861 days
	4601520.01				
	3047760.00				
8	796950.00	17.12.2015	16.01.2016	20.07.2017	551 days
Total- 14,16,01,198.50					



The applicant reported the allotment of shares to Reserve Bank with delay ranging **from 194 to 861 days**. The delay in reporting to Reserve Bank of India in form FCGPR, beyond the prescribed period in respect of allotment of the above shares is in contravention of paragraph 9(1) (B) of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000, in terms of which an Indian company issuing shares in accordance with these regulations has to submit to Reserve Bank of India a report in Form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to a person resident outside India.

5. The applicant company issued shares and applied for permission to refund of excess amount as under –

S. N	Date of Inflow	Amount	Amount of shares issued	Excess amount (for Refund)	Date of application for permission to refund	Delay (in days)
1	04.02.2015	6170000	6155280	14,720.00	13.01.2017	709 days
2	28.05.2015	22250646	22226256	24,390.00	13.01.2017	596 days
3	25.06.2015	9514500	9510273	4,227.00	13.01.2017	568 days
4	14.04.2015	1555000	1533420	21,580.00	13.01.2017	640 days
5	23.11.2015	813538	796950	16,588.00	13.01.2017	417 days
Total -				81,505.00		

The applicant allotted the shares and applied for permission to refund the excess amount with delay ranging **from 417 to 709 days**. The delay in applying for refund of excess amount, beyond the prescribed period is in contravention of paragraph 8 of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000, in terms of which an Indian company in accordance with these regulations has to issue the shares and/ or



refund the excess amount within 180 days from the date of receipt of the amount of consideration.

6. The applicant was given an opportunity for personal hearing vide letter No.CHD.FE.CG/FID/358/03.01.465/2017-18 dated November 06, 2017 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its e-mail dated November 09, 2017 had informed that the company does not wish to appear for personal hearing and requested to proceed with compounding without personal hearing. The application is, therefore, being considered on the basis of the averments made in the application, and documents produced.

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

- a. Paragraph 9 (1) (A) of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of foreign inward remittance towards subscription to equity as detailed in paragraph 3 above. The contravention relates to an amount of **Rs. 1,43,120.00 with delay of 223 days.**
- b. Paragraph 9 (1) (B) of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FCGPR to 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. 14,16,01,198.50** with delay ranging **from 194 to 861 days.**
- c. Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in issue of shares and application for permission to refund the excess amount as detailed in paragraph 5 above. The contravention relates to an amount of **Rs. 81,505.00** for refund with delay ranging **from 417 to 709 days.**



8. In terms of Section 13 of 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 contravention is to be compounded and I consider that an amount of **Rs. 3,08,687.00 (Rupees Three Lac Eight Thousand Six Hundred Eighty Seven only)** will meet the ends of justice.

9. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant namely, Para 9(1) (A), Para 9(1) (B) and Para 8 of schedule 1 to of Notification No.FEMA 20/2000RB dated May 3, 2000 read with AP(Dir Series) Circular No 73 dated June 8, 2007 on the facts discussed above, on payment of an amount of **Rs. 3,08,687.00 (Rupees Three Lac Eight Thousand Six Hundred Eighty Seven only)** which shall be deposited by the applicant with the Reserve Bank of India ,Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at “Chandigarh” **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 10th day of November 2017.

Sd/-

Nirmal Chand



Regional Director