



In the
Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

V R Venkatesh
General Manager

Date: December 24, 2019
C.A.959/2019

In the matter of

M/s. e-GITS India Pvt Ltd.
301, NSIC – Software Technology Park
Sector - B-24, Guindy Industrial Estate
Ekkaduthangal
Chennai- 600 004

(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 September 16, 2019 (received at Reserve Bank on September 18, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in



filing the annual return in respect of the Foreign Liabilities and Assets (FLA Return) in terms of Paragraph 9(2) of Schedule I 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 then applicable (herein after referred to as Notification no. FEMA 20/2000-RB) and Regulation 13.1(3) of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time (herein after referred to as Notification No. FEMA 20(R)/2017-RB)

2. The relevant facts of the case are as follows: The applicant company was incorporated on December 10, 2001 under the provisions of the Companies Act, 1956 (Registration No. U72200TN2001PTC048133) and is engaged in business of research and experimental development on social sciences and humanities.

3. The company has delayed filing FLA Returns for eight years as shown below:

Sl. No.	Particulars	Financial Year	Due date of filing return	Date of actual filing
1	FLA Return	2010-11	15.07.2011	25.04.2019
2	FLA Return	2011-12	15.07.2012	25.04.2019
3	FLA Return	2012-13	15.07.2013	25.04.2019
4	FLA Return	2013-14	15.07.2014	25.04.2019
5	FLA Return	2014-15	15.07.2015	25.04.2019
6	FLA Return	2015-16	15.07.2016	25.04.2019
7	FLA Return	2016-17	15.07.2017	25.04.2019
8	FLA Return	2017-18	15.07.2018	25.04.2019

Whereas in terms of Para 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time, all Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time.



4. The applicant has filed a compounding application dated September 16, 2019 wherein it has been declared in the compounding application that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration 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/him/her thereafter. Accordingly, the above contravention which is 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated December 20, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on December 24, 2019 during which Shri Shanmugasundaram Kolandasamy, Director, represented the applicant. The authorized representative of the applicant admitted the contravention as stated in paragraph 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested Reserve Bank 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 and submissions made in this context by the applicant during the personal hearing.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:



(a) Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) of Notification No. FEMA 20(R)/2017-RB due to delay in filing annual returns in respect of Foreign Liabilities and Assets (FLA) as detailed in paragraph 3 above

7. In terms of Section 13 of the FEMA, 1999 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 **₹80,000/-** (Rupees eighty thousand only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) of Notification No. FEMA 20(R)/2017-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 **₹80,000/-** (Rupees eighty thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 accordingly.

Dated this twenty fourth day of December 2019.

Sd/-
V R Venkatesh
General Manager