



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th floor, Amar Building
Fort, Mumbai - 400 001

Present

Meenakshi Ganju
Deputy General Manager
Date: February 11, 2020
C.A. 5043/2019

In the matter of

Sapiens Technologies (1982) India Pvt. Ltd.
Unit 1, 7th & 8th Floor, Building No.11
SEZ-Cessna Business Park, Kadubeesanahalli
Varthur Hobli, Outer Ring Road
Bangalore (East)-560087

(Applicant)

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

Order

The applicant has filed the application dated October 23, 2019 (received in the Reserve Bank of India on October 25, 2019) 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 relate to delayed submission of APRs for the year 2015, thereby contravening Regulation 15(iii) of Notification No. FEMA 120/ 2000-RB.

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

2.1 The applicant company incorporated as IBEXI Solutions Pvt. Ltd. on November 19, 2001, its name was subsequently changed to Sapiens Technologies (1982) India Pvt. Ltd.,



on December 30, 2016 and is engaged in business of software supply and consultancy services.

2.2 The applicant company invested GBP 30,000 on February 6, 2014 towards overseas direct investment (ODI) in a wholly owned subsidiary (WOS) viz., IBEXI Solutions UL Ltd. in UK. The applicant submitted annual performance report (APR) for the year 2015 with delay on February 15, 2016 thereby contravening Regulation 15(iii) of Notification No. FEMA 120/ 2000-RB.

3. The following are the observed contraventions:

3.1 Whereas Regulation 15(iii) of Notification No. FEMA 120/2004-RB states that an Indian Party, which has acquired foreign securities in terms of the Regulations in Part- I shall submit to the Reserve Bank, through the designated Authorised Dealer, every year on or before a specified date, an Annual Performance Report (APR) in Part III of Form ODI, as prescribed by the Reserve Bank from time to time, in respect of each JV or WOS outside India, and other reports or documents as may be prescribed by the Reserve Bank from time to time.

4. The applicant was given an opportunity for personal hearing vide letter No.FE.CO.CEFA.No./3812/15.20.67/2018-19 dated January 23, 2020 for further submission in person and/ or producing documents, if any, in support of the application. Ms. Aarti Karwande, Partner, Hinesh R.Doshi & CO LLP, representing the applicant, submitted during the personal hearing held on February 5, 2020, that the contraventions on the part of the applicant were unintentional and arose out of lack of knowledge about the legal requirements associated with the transaction, which the applicant had entered with an intention of setting up business abroad. The representative of the applicant also requested for a lenient view on the contraventions, in view of the fact, that they had approached the transaction only from a technical background and could not understand the 'legal complexities' of the matter. The application for compounding was considered based on the averments made in the application as well as other documents and submissions made in this context by the applicant.

5. I have given my careful consideration to the documents on record and submissions made by the representative of the applicant during the personal hearing and thereafter.



Accordingly, I hold that the applicant contravened the following Regulations of Notification No. FEMA120/2004-RB dated July 7, 2004:

(i) Regulation 15(iii) - The period of contravention as declared by the applicant is for one financial year, i.e. 2015.

6. It has been declared in the compounding application dated October 23, 2019, 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 dated October 10, 2019, 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 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.

7. 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 contravention is to be compounded and I consider that payment of an amount of ₹10,000/- (Rupees Ten Thousand only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contravention of Regulation 15(iii) of Notification No. FEMA 120/2004-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 ₹10,000/- (Rupees Ten Thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai – 400 001 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.



FED CEFA
Sapiens Technologies (1982)
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The application is disposed accordingly.

Dated this the 11th day of February , 2020

Sd/-
(Meenakshi Ganju)
Deputy General Manager