



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: November 27, 2019  
**C.A. BGL 484/2019**

In the matter of

**M/s Expleo Technologies India Private Limited**  
Xylem, 2A, Plot No. 4 & 4A  
Dyavasandra Indl. Area, Mahadevapura  
Bengaluru – 560048

**(Applicant)**

In exercise of the powers under Section 15(1) of the Foreign Exchange Management Act, 1999, and the Regulations / Rules / Notifications / Orders framed there under, I pass the following

### **ORDER**

The applicant has filed a compounding application dated August 08, 2019, received at this office of Reserve Bank of India, Bengaluru on August 09, 2019, and addendum to the application dated November 18, 2019, received on November 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 contraventions sought to be compounded are, (i) delay in reporting receipt of foreign inward remittances towards subscription to equity, (ii) refund of excess share application money beyond 180 days from the date of receipt of inward remittance, (iii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A), 8 and 9(1)(B), respectively, 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 May 03, 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, M/s Expleo Technologies India Private Limited, was originally incorporated as M/s Silver Atena Electronic Systems (India) Private Limited, on June 25, 2008, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Assistant Registrar of Companies, Karnataka. Subsequently, the name of the company has been changed as M/s Assystem Technologies India Private Limited on March 27, 2015, and further to M/s Expleo Technologies India Private Limited on March 16, 2019, under the Companies Act, 2013, as per the certificate of incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of computer programming, consultancy and related activities. The applicant had received funds towards share application money from the non-resident investors, namely, M/s True Pearl Limited, Mauritius, M/s Assilver Systems Limited, UK, M/s Silver Antena Limited, UK and M/s Assystem, France as shown below:

**Table – 1**

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	24-07-2008	97,272.00	17-11-2008
2	14-08-2008	11,925.00	17-11-2008
3	19-09-2008	313,54,436.00	17-11-2008
4	13-10-2008	236,57,839.00	17-11-2008
5	25-04-2012	155,87,301.60	22-05-2012
6	21-12-2016	703,97,782.40	ARF not reported
	<b>Total</b>	<b>14,11,06,556.00</b>	

The applicant company had already been compounded by Reserve Bank, for the contravention in respect of delay in reporting the inward remittances as indicated at serial numbers 1 to 5 in Table – 1, to Reserve Bank of India, in violation of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000, vide Order C.A. BGR 22/2012, dated April 02, 2013.



The company had not reported the inward remittance mentioned at serial number 6, in the Table – 1 above, to AD/RBI. Since, reporting in form ARF was discontinued with effect from September 01, 2018, (date on which Single Master Form (SMF) reporting in FIRMS portal was implemented) the delay/contravention period for non-reporting of the said inward remittance has been considered till August 31, 2018. Thus the delay would be one year seven months and eleven days, beyond the stipulated period of 30 days in respect of the remittance as indicated at serial number 6, in the Table-1 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures 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.

3. It is observed that the company had allotted shares to the non-resident investors in terms of Paragraph 8 of Schedule 1 to Notification no. FEMA 20/2000- RB, dated May 3, 2000. However, in the below mentioned instances, the company had refunded the excess share application money, beyond 180 days from the date of receipt of inward remittance with prior approval of RBI:

i) The company had received inward remittances of ₹97,272.00, and ₹11,925.00, amounting to ₹1,09,197.00, on July 24, 2008, and August 14, 2008, respectively, from the non-resident investor, M/s True Pearl Limited, Mauritius. The company had allotted 9999 equity shares worth ₹99,990.00, on August 26, 2008, to the non-resident investor, leaving behind an excess of ₹9,207.00. The said excess share application money was refunded to the investor on September 14, 2012, with a delay, beyond 180 days from the date of receipt of remittances, with prior approval of Reserve Bank of India;

ii) The company had received inward remittance of ₹3,13,54,436.00, on September 19, 2008, from the non-resident remitter, M/s True Pearl Limited, Mauritius, on behalf of non-resident investor, M/s Silver Antena Limited, United Kingdom. The company had allotted 3135359 equity shares worth ₹3,13,53,590.00, on October 13, 2008, to the non-resident investor, leaving



behind an excess of ₹846.00. The said excess share application money was refunded to the non-resident investor, M/s Silver Antena Limited, United Kingdom, on September 14, 2012, beyond 180 days from the date of receipt of remittances, with prior approval of Reserve Bank of India.; and

iii) The company had received inward remittance of ₹2,36,57,839.00, on October 13, 2008, from the non-resident remitter, M/s Assilver Systems Limited, on behalf of non-resident investor, M/s Silver Antena Limited, United Kingdom. The company had allotted 2365783 equity shares worth ₹2,36,57,830, on December 10, 2008, to the non-resident investor, leaving behind an excess of ₹9.00. The said excess share application money was refunded to the non-resident investor, M/s Silver Antena Limited, United Kingdom, on September 14, 2012, with a delay, beyond 180 days from the date of receipt of remittances, with prior approval of Reserve Bank of India.

The company was given approval to refund the aforesaid excess money, vide RBI's letter FE.BG.FID.No. 1148/ 21.07.027/2012-13, dated September 04, 2012. Whereas, in terms of Paragraph 8 of Schedule 1 to Notification no. FEMA 20/2000- RB dated May 3, 2000 and as amended from time to time, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded/shares shall be allotted to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security /shares shall be allotted, if such amount is outstanding beyond a period of 180 days from the date of receipt. The total amount of contravention involved in the aforesaid instances is ₹10,062.00, and the period of delay ranges from three years five months and three days to three years seven months and four days.

4. The applicant company had allotted equity shares and filed form FC-GPRs with Reserve Bank/AD as indicated below:



Table – 3

Sl. No.	Date of Allotment	Number of equity shares allotted	Amount (INR)	Date of reporting to RBI/AD
1	26-08-2008	9999	99,990.00	17-11-2008
2	13-10-2008	3135359	3,13,53,590.00	30-12-2009
3	10-12-2008	2365783	2,36,57,830.00	30-12-2009
4	21-08-2012	1488858	1,48,88,580.00	17-10-2012
5	23-12-2016	7039778	7,03,97,780.00	02-04-2019
	<b>Total</b>	<b>14039777</b>	<b>1403,97,770.00</b>	

The applicant company had already been compounded by Reserve Bank, for the contravention in respect of delay in reporting the allotment of shares as indicated at serial numbers 1 to 4 in Table – 1, to Reserve Bank of India, in violation of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000, vide Order C.A. BGR 22/2012, dated April 02, 2013. Subsequently, the applicant had allotted shares to the non-resident investor on one occasion and filed the form FC-GPR on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank with a delay of two years two months and eleven days, beyond the prescribed period of 30 days in respect of allotment of shares as indicated at serial number 5, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to person/s resident outside India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1343/22.07.027/2019-20, dated November 21, 2019, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representative Mr. Venukumar H J, Assistant Manager - Finance, who appeared for the personal hearing on November 25, 2019, admitted the contraventions as stated in paragraphs 2, 3 and 4 above, committed by the applicant, for which



compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, the authorized representative requested to take a lenient view in disposal of the application. 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 personal hearing and thereafter.

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

(a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittance received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹7,03,97,782.40**, and the period of delay is one year seven months and eleven days;

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to refund of excess share application money, beyond 180 days from the date of receipt of inward remittance, as detailed in paragraph 3 above. The total amount of contravention is **₹10,062.00**, and the period of delay ranges from three years five months and three days to three years seven months and four days; and

(c) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to person/s resident outside India, as detailed in paragraph 4 above. The contravention relates to an amount of **₹7,03,97,780.00**, and the period of delay is two years two months and eleven days.



7. It has been declared in the compounding application dated August 08, 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 undertaking, furnished as part of 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, 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 is 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 **₹3,27,608.00, (Rupees Three Lakh Twenty Seven Thousand Six Hundred and Eight only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 8 and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹3,27,608.00, (Rupees Three Lakh Twenty Seven Thousand Six Hundred and Eight only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, payable at Bengaluru, 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 Twenty Seventh day of November 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**