



In the

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

Present

**Meenakshi Ganju**  
**Deputy General Manager**  
Date: November 15, 2019  
C.A. 4946/2019

In the matter of

**Pragmasys Consulting LLP**  
**Axis Block F, Pinnac Memories, Phase II, S.No.7&8**  
**Near City Pride Multiplex, Kothrud**  
**Pune- 411038**

**(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 May 15, 2019 (received in the Reserve Bank of India on May 22, 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 Form ODI Part I in respect of their remittance of USD 50,000 on November 20, 2015 towards investment in overseas WOS viz. Pragmasys Consulting LLC in USA thereby contravening Regulation 6(2)(vi) of Notification No. FEMA 120/2004-RB, dated July 07, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB). The applicant reported APRs for the years 2015 and 2016 with delay on December 28, 2018, thereby contravening Regulation 15(iii) of Notification No. FEMA 120/2004-RB. Further, the applicant submitted FLA returns for the years 2016 and 2017



with delay on October 29, 2018 and for the year 2018 with delay on November 17, 2018, thereby contravening Regulation 15(iv) of Notification No. FEMA 120/2004-RB.

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

2.1 The applicant company incorporated as Pragmasys Consulting LLP (ID: AAA-1394) on May 21, 2010 under the Limited Liability Partnership Act, 2008, is in the business of providing business process consultancy, software products implementation and advisory services, system integration and business intelligence services, etc. The applicant remitted USD 50,000 on November 20, 2015 towards investment in overseas WOS viz. Pragmasys Consulting LLC in USA. The applicant submitted Form ODI Part I for the above remittance with delay on November 16, 2018, in contravention of Regulation 6(2)(v) of Notification No. FEMA 120/2004-RB.

2.2 The applicant reported APRs for the years 2015 and 2016 with delay on December 28, 2018, thereby contravening Regulation 15(iii) of Notification No. FEMA 120/2004-RB.

2.3 Further, the applicant submitted FLA returns for the years 2016 and 2017 with delay on October 29, 2018 and for the year 2018 with delay on November 17, 2018, thereby contravening Regulation 15(iv) of Notification No. FEMA 120/2004-RB.

3. The following are the observed contraventions:

3.1 Whereas Para 6(2)(vi) of Notification No. FEMA 120/2004-RB states that the Indian Party submits duly completed Part I of the Form ODI, as prescribed by the Reserve Bank from time to time, to the designated branch of an authorised dealer.

3.2 Whereas Para 15(iii) of Notification No. FEMA 120/2004-RB states that an Indian Party, which has acquired foreign security 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.

3.3 Whereas Para 15(iv) of Notification No. FEMA 120/2004-RB states that Indian companies, which have made overseas direct investments under the provisions of this Notification, shall submit an 'Annual Return on Foreign Liabilities and Assets' in the format and by a specified dates prescribed by the Reserve Bank from time to time, to the Director,



Balance of Payment Statistics Division, Department of Statistics and Information Management (DSIM), Reserve Bank of India.

4. The applicant was given an opportunity for personal hearing vide letter No.FE.CO.CEFA.No./5456/15.20.67/2018-19 dated March 14, 2019 for further submission in person and/ or producing documents, if any, in support of the application. Shri Aswad Gurjar, Partner, Pragmasys Consulting LLP, who represented the company during the personal hearing held on November 7, 2019 represented 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 he 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 representatives 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) Para 6(2)(vi)- The amount of contravention, as declared by the applicant is ₹33,09,500/- and the period of contravention is from November 20, 2015 to November 16, 2018.

(ii) Para 15(iii) - The period of contravention as declared by the applicant is from financial years 2015 and 2016 to December 28, 2018.

(iii) Para 15(iv)- The period of contravention as declared by the applicant is for years 2016 and 2017 to October 29, 2018 and for the year 2018 till November 17, 2018.

6. It has been declared in the compounding application dated May 15, 2019, that the particulars given by the applicant in the application, are true and correct to the best of her knowledge and belief. It has been declared in the declaration dated May 15, 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 Rs.67,500/- (Rupees Sixty Seven Thousand and Five Hundred only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contravention of the Regulations 6(2)(vi), 15(iii) and 15(iv) 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 Rs.67,500/- (Rupees Sixty Seven Thousand and Five Hundred 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.

The application is disposed accordingly.

Dated this day the 15<sup>th</sup> day of November, 2019

**Sd/-**

**(Meenakshi Ganju)**

**Deputy General Manager**