



Reserve Bank of India
Foreign Exchange Department
10/3/8, Nrupathunga Road,
Bengaluru-560001

Present

Gopal B Terdal
Assistant General Manager

Date: January 5, 2017
C.A. BGL195/2016

In the matter of

M/s. Intalio Software India Pvt. Ltd.
1st Floor, 19 KN Govinda Reddy Layout,
Arekere Mico Layout, Bannerghatta Road
Bengaluru - 560076

(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 November 22, 2016 (received at the Reserve Bank on November 23, 2016) 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) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India and (iii) issue of equity shares to the foreign investors prior to the receipt of inward remittances in terms of paragraphs 9(1)(A) , 9(1)(B) and 8 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. Intalio Software India Pvt. Ltd., was incorporated on June 03, 2013, under the Companies Act, 1956. The



main business activity of the company is to carry on business as consultants in the field of computerization and development of systems & Applications software and to otherwise deal in systems design, software engineering, programming, software export, data processing, training, research, development of software packages and computerization. The applicant received funds towards share application money from two foreign investors viz. Intalio Pte Ltd, Singapore., and Intalio Inc, USA., as shown below:

Sr. No.	Date of Receipt	Amount (INR)	Date of Reporting
1	11.02.2014	99,000	14.04.2016
2	02.06.2014	999	21.12.2015
	Total	99,999	

The applicant reported the receipt of remittances to the Bengaluru Regional Office with delay ranging from 1 year 5 months 19 days to 2 years 1 month 1 day approximately beyond the stipulated time of 30 days in respect of both the remittances indicated 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. The company allotted equity shares and filed FC-GPR with RBI as indicated below:

S. No.	Date of Allotment	Amount (INR)	Date of Reporting
1	03.06.2013	99,999	05.03.2016
	Grand Total	99,999	

The applicant filed the Form FC-GPR on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India, with a delay of 2 years 8 months 2 days approximately beyond the prescribed period of 30 days. Whereas in terms of Paragraph 9(1) (B) of Schedule I to Notification No.FEMA.20/2000-RB, an Indian company issuing shares in accordance with these regulations has to submit to Reserve Bank a report in



Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to persons resident outside India.

4. The applicant company had allotted equity shares to the foreign investors as indicated below:

Sr. No.	Amount (Rs.)	Date of receipt of funds	Date of allotment of shares
1	99000	11.02.2014	03.06.2013
2	999	02.06.2014	03.06.2013
	99,999		

The applicant company had allotted shares to the foreign investors towards subscription to Memorandum of Association and Articles of Association of the company prior to receipt of foreign inward remittances aggregating to Rs.99,999/- which was received with delay ranging from 8 months 8 days to 11 months 30 days approximately, i.e. without having sufficient share application money, in contravention of Para 8 of Schedule 1 to Notification No. FEMA .20/2000 – RB.

5. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter No. FE.BG.FID (CEFA) No. 2507 /22.09.856/2016-17 dated December 8, 2016, for further submission in person and/or producing documents, if any, in support of the application. Shri. Praveen Kumar Daga, Practicing Chartered Account, who represented the applicant appeared for the personal hearing on December 16, 2016. The authorized representative of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with a malafide intention and it was mainly due to inadvertence and the same will not be repeated. In view of the above, he 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. 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 remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs.99,999/-** and the duration of the contravention ranges from 1 year 5 months 19 days to 2 years 1 month 1 day approximately;

(b) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **Rs. 99,999/-** and the period of contravention is 2 years 8 months 2 days approximately.

(c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB as the applicant allotted shares to the foreign investors prior to the receipt of foreign inward remittance as detailed in paragraph 4 above. The contravention relates to an amount of **Rs.99,999/-** and the period of contravention ranges from 8 months 8 days to 11 months 30 days approximately.

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 contraventions are to be compounded and I consider that an amount of **Rs.30,700/- (Rupees Thirty Thousand Seven Hundred only)** will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 9(1)(B) and 8 of Schedule I to Notification No. FEMA 20/2000-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.30,700/- (Rupees Thirty Thousand Seven Hundred only)** which shall be deposited



by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru-560001 by a demand draft drawn in favour of the “Reserve Bank of India” and 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 Fifth day of January 2017.

Sd/-

(Gopal B Terdal)

Assistant General Manager