



In the

Reserve Bank of India  
Foreign Exchange Department  
5<sup>th</sup> Floor, Amar Building  
Sir PM Road  
Mumbai – 400001

Present

R. Seetharaman  
Deputy General Manager

Date: July 31, 2017  
CA NO: 4359/2017

In the matter of

Greytip Software Private Limited  
29/30, Grape Garden, 17<sup>th</sup> H Main, 6<sup>th</sup> Block, Koramangala,  
Bengaluru- 560095

(Applicant)

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

The applicant has filed a compounding application dated April 25, 2017 (received in the Reserve Bank of India on April 27, 2017) for compounding the 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) capitalization of software exports made to WOS without submitting Softex and ODI part I to Reserve Bank and delayed submission of the Annual Performance Report (APR) for the years financial years ending March 2012, 2013 and 2014. The above were in contravention of Regulation 6(2)(vi), 12(1), 12(3) and 15(iii) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004



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notified vide Notification No 120/2004-RB dated July 4, 2004, as amended from time to time.(hereinafter referred to as Notification No FEMA 120-RB 2004).

2. The relevant facts of the case are follows: The applicant was incorporated as Greytip Software Private Limited on November 29, 1994 under the Companies Act, 1956. (CIN NO: U72200KA1994PTC016628). The applicant is engaged in the business of providing HR and Payroll software and allied activities. The applicant incorporated a WOS Viz., Greytip Software, FTZ in UAE on January 8, 2012. Equity contribution was made in the form of capitalisation of software export receivables worth AED 1,00,000/- (Rs.12,56,839/-) on April 1, 2012. The same was done without submitting Form ODI-part I and Form Softex, thereby contravening the provision of Regulation 6(2)(vi) and regulation 12 of Notification No FEMA 120-RB 2004. The applicant also reported Annual Performance Reports (APRs) for the years 2013, 2014 and 2015 with delay, thereby contravening regulation 15 (III) Notification No FEMA 120-RB 2004. The ODI- Part 1 and APRs were reported to Reserve Bank by the Authorised Dealer Bank on December 19, 2016 and February 15, 2017 respectively and all the transactions were regularised on April 25, 2017.

3.1 Regulation 6(2)(vi) of the said notification requires that the Indian Party to submit Part I of the Form ODI, duly completed, to the designated branch of an authorised dealer.

3.2 Regulation 12(1) of the said notification requires An Indian Party exporting goods / software / plant and machinery from India towards equity contribution in a Joint Venture or Wholly Owned Subsidiary outside India shall declare it on GR / SDF / SOFTEX form, as the case may be, which shall be superscribed as "Exports against equity participation in the JV / WOS abroad", and also quoting Identification Number, if already allotted by Reserve Bank.

3.3 Regulation 12(3) of the said notification requires that an Indian Party capitalising exports under Regulation 11 shall, within six months from the date of export, or any further time as allowed by Reserve Bank, submit to Reserve Bank copy/ies of the



share certificate/s or any document issued by the Joint Venture or Wholly Owned Subsidiary

outside India to the satisfaction of Reserve Bank evidencing the investment from the Indian Party together with the duplicate of GR / SDF / SOFTEX form through the branch of an authorised dealer designated by it.

3.4 Regulation 15(iii) of the said notification requires to 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. The APR, so required to be submitted, has to be based on the audited annual accounts of the JV / WOS for the preceding year, unless specifically exempted by the Reserve Bank.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO. CEFA .No./114/15.20.67/2016-17 dated July 6, 2017 for further submission in person and /or producing documents, if any, in support of the application. The personal hearing was held on July 19, 2017 during which Shri Navin Agarwal, Head Finance, Greytip Software Private Limited represented the applicants. The application is considered on the basis of the averments made and documents produced in the application.

5. I have given my careful consideration of the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 6(2)(vi), 12(1), 12(3) and 15(iii) of FEMA 120-RB 2004 as amended from time to time. The amount and period of contravention is as follows.

i) Regulation 6(2)(vi) of FEMA 120-RB 2004: Amount of contravention- AED 1,00,000/- (Rs.12,56,839/-) and the period of contravention is nine years approximately



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- ii) Regulation 12(1) of FEMA 120-RB 2004: Amount of contravention- AED 1,00,000/- (Rs.12,56,839/-) and the period of contravention is less than one year approximately.
- iii) Regulation 12(3) of FEMA 120-RB 2004: Amount of contravention- AED 1,00,000/- (Rs.12,56,839/-) and the period of contravention is less than one year approximately
- iv) Regulation 15(iii) of FEMA 120-RB 2004: delayed submission of 3 numbers of APR (i.e. for the years 2012-13, 2013-14 and 2015-16).

6. In terms of provisions of section 13 of FEMA, any person contravening any provision of the Act shall be liable to pay up to three times the sum involved in the contravention upon adjudication. However, taking into account the relevant facts and circumstance 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.1,24,375/- (Rupees One lakh twenty four thousand three hundred and seventy five only) will meet the end of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 6(2)(vi), 12(1), 12(3) and 15 (iii) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 4, 2004, as amended from time to time, by the applicant stated above on the facts discussed above in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of Rs.1,24,375/- (Rupees One lakh twenty four thousand three hundred and seventy five only) which shall be deposited by the applicant with the Reserve Bank of India, 11<sup>th</sup> Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001 by a Demand Draft drawn in favour of "Reserve Bank of India" and payable at "Mumbai" within a period of 15 days from the date of the 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 shall apply.

The application is disposed accordingly.

Dated this the thirty-first day of July, 2017.



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Sd/-

(R. Seetharaman)  
Deputy General Manager