



In the

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

Present

**Shri Eugene E Karthak**  
**Regional Director**

Date: November 30, 2017  
**C.A. BGL 243/2017**

In the matter of

**M/s Mathworks India Private Limited**  
9<sup>th</sup> Floor, 'B' Wing, Etamin Block  
Prestige Technology Park II  
Marathahalli, Sarjapur Ring Road  
Bengaluru - 560103

**(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 July 04, 2017, received at this office of Reserve Bank of India, Bengaluru on July 06, 2017, 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) allotment of shares prior to receipt of share application money, and (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: M/s Mathworks India Private Limited, was incorporated on January 25, 2008, under the Companies Act, 1956. The company is engaged in the business of developing, designing, manufacturing, assembling, licensing, sub-licensing, testing, selling, marketing, exporting, importing and otherwise dealing in all kinds of computer software for all industries. The applicant had received funds towards share application money from the foreign investor, namely, M/s The Mathworks INC, USA, as shown below:

**Table – 1**

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	01-04-2008	9,99,234.00	27-09-2011
2	11-04-2008	27,49,234.00	27-09-2011
3	03-06-2008	4,71,234.00	27-09-2011
4	19-06-2008	28,000.00	27-09-2011
5	23-07-2015	91,68,024.00	18-08-2015
6	24-01-2017	105,30,00,000.00	08-02-2017
	<b>Total</b>	<b>106,64,15,726.00</b>	

The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from three years, two months and nine days to three years, four months and twenty seven days approximately, beyond the stipulated period of 30 days in respect of remittances as indicated in Table-1 above at serial numbers 1 to 4. 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. On June 05, 2008, the company had allotted 4,25,000 equity shares, 10,000 equity shares being towards subscription to Memorandum of Association (MoA),



(9,999 shares to M/s The Mathworks INC, USA, and 1 share to Mr. John N Little, USA), and 4,15,000 equity shares on private placement, (4,10,100 shares to M/s The Mathworks INC, USA, and 4,900 share to Mr. John N Little, USA). However, share amount of Rs.28,000.00, was received with a delay of fourteen days. Further, on June 05, 2008, the company had allotted 75,000 equity shares, to M/s The Mathworks INC, USA, for a total consideration of Rs.91,68,024.00, whereas the inward remittance was received only on July 23, 2015, with a delay of seven years, one month and eighteen days approximately, in contravention of terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB.

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

**Table – 2**

<b>Sl. No.</b>	<b>Date of Allotment</b>	<b>Amount (INR)</b>	<b>Date of reporting to RBI/AD</b>
1	05-06-2008	42,50,000.00	15-07-2011
2	05-06-2008	91,68,024.00	30-09-2015
3	26-01-2017	105,30,00,000.00	08-02-2017
	<b>Total</b>	<b>106,64,18,024.00</b>	

The applicant filed the Form FC-GPRs on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank with a delay ranging from three years and ten days to seven years, two months and twenty five days approximately, beyond the prescribed period of 30 days in respect of allotment of shares indicated in Table - 2 above at serial numbers 1 and 2. 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 persons resident outside India.

5. The applicant was given an opportunity for personal hearing, vide the Reserve Bank's letter FE.BG.FID (CEFA) No. 1604/22.09.558/2017-18 dated November 22, 2017, for further submission in person, and/or producing



documents, if any, in support of the application. The applicant's authorized representatives Mr. Kumar Bakthavatchalu, Finance and Operations Controller and Mr. Anup Vijay Kulkarni, Associate, J.Sagar Associates, who appeared for the personal hearing on November 28, 2017, 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, they 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 remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs.42,47,702.00**, and the period of delay ranges from three years, two months and nine days to three years, four months and twenty seven days approximately;
- (b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to receipt of the share application money of **Rs.91,96,024.00**, post allotment of shares, with a delay ranging from fourteen days to seven years, one month and eighteen days approximately, as detailed in paragraph 3 above; 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 persons resident outside India, as detailed in paragraph 4 above. The contravention relates to an amount of **Rs.1,34,18,024.00**, and the



period of delay ranges from three years and ten days to seven years, two months and twenty five 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.2,09,600.00 (Rupees Two Lakh Nine Thousand and Six Hundred only)**, will meet the ends of justice.

8. 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, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs.2,09,600.00 (Rupees Two Lakh Nine Thousand and Six Hundred 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” 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 Thirtieth day of November, 2017.

Sd/-

**(Eugene E Karthak)**  
**Regional Director**