



In the

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

Present

R. Seetharaman
Deputy General Manager

Date: December 12, 2017
CA NO: 4483/2017
In the matter of

Solutions Infini Technologies (India) Private Limited
45/B 1st Floor, 1st A Main, Sarakki Industrial Layout, 3rd Phase J.P Nagar,
Bangalore-560078

(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

Order

The applicant has filed a compounding application dated July 7, 2017 (received in the Reserve Bank of India on July 12, 2017) for compounding the contraventions of the provisions of the Foreign Exchange Management Act, 1999 (The FEMA) and the regulations issued there under. The contravention sought to be compounded relate to (i) Delay in submission of Form ODI- Part I and (ii) delayed submission of share certificate to AD bank in contravention of the provisions of Regulation 6(2)(vi) and 15(1) 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 (hereinafter referred to as Notification No FEMA 120-RB 2004).

2. The relevant facts of the case are follows:

The applicant was incorporated as Solutions Infini Technologies (India) Private Limited on April 30, 2009, with CIN NO: U72900KA2009PTC049726. The applicant is engaged in the business of providing bulk messaging and cloud telephony solutions. The applicant had remitted AED 74,500 (INR 1266741.00) in 9 tranches towards pre-incorporation expenses in an overseas WOS viz., Solutions Infini FEZ in UAE during the period September 2014 to May 2015. The applicant capitalised these pre-incorporation expenses on May 31, 2015. Form ODI for the transaction involving capitalisation of pre-incorporation expenses on May 31, 2015 was submitted with a delay on July 8, 2016 to the AD bank. The delay in submission of Form ODI- Part I was in contravention of regulation 6(2)(vi) of Notification No FEMA 120-RB 2004. The applicant declared that they had received the share certificates for the investment made in the said WOS on May 31, 2015. However, the applicant submitted the copy of the share certificate to the AD bank only on July 8, 2016. The UIN was allotted by the Bank on May 29, 2017 without prejudice to any action that may be taken by reserve bank of India on the compounding application submitted by the Indian Party. The administrative actions were completed on July 12, 2017.

3.1 Regulation 6(2)(vi) of the notification No FEMA 120-RB 2004 requires that an Indian Party has to submit 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 Regulation 15(i) of the Notification No FEMA 120-RB 2004 requires that an Indian Party, which has acquired foreign security shall receive share certificates or any other document as an evidence of investment in



the foreign entity to the satisfaction of the Reserve Bank within six months, or such further period as Reserve Bank may permit, from the date of effecting remittance or the date on which the amount to be capitalised became due to the Indian Party or the date on which the amount due was allowed to be capitalised;

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO. CEFA .No./4040/15.20.67/2017-18 dated November 7, 2017 for further submission in person and /or producing documents, if any, in support of the application. Shri. Ganesh.S. Kumar working at Guru & Jana, Chartered Accountants, an authorised representative of the applicant attended the personal hearing held on November 15, 2017. 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) of FEMA 120-RB 2004 as amended from time to time. The applicant did not contravened Regulation 15(i) of FEMA 120-RB 2004 as amended from time to time, as the applicant received the share certificate on May 30, 2015, within six months from the date of capitalisation all its pre-incorporation expenses on May 30, 2015.

The amount and period of contravention is as follows.

i) Regulation 6(2) (vi) of FEMA 120- RB 2004 as amended from time to time: The amount of contravention AED 74500.00 (INR-12,66,740.93) and the period of contravention was one year, two months and eight days.

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.15000.00 (Rupees fifteen thousand only) will meet the end of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 6(2)(vi) 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.15000.00 (Rupees fifteen thousand only) which shall be deposited by the applicant with the Reserve Bank of India, 11th 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 twelfth day of December 2017.

Sd/-

(R. Seetharaman)

Deputy General Manager