



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri G. P. Borah**  
Chief General Manager

**Date: December 13, 2017**

**C.A. No. 711/2017**

In the matter of

**InfoVision Labs India Private Limited**  
Cluster No B; Bungalow No 09  
Kapil Malhar; S.No. 184,188  
Pune 411045

**(Applicant)**

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

**Order**

1. The applicant has filed the compounding application dated August 16, 2017 (received at the Reserve Bank on August 22, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) neither the equity instruments were issued nor the money refunded to the foreign investor, a person resident outside India within 180 days of the receipt of the inward remittance (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity & (iii) delay in submission of Form FC-GPR



to the Reserve Bank after issue of shares to a person resident outside India in terms of paragraphs 8, 9(1)(A) & 9(1)(B) respectively, of Schedule 1 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 3, 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 company was incorporated on September 04, 2014 under the Companies Act, 2013. Its main activity is 1. To provide consultancy, designing, development, testing services in Digital, mobile and web-based software development area and to conduct research and developmental activities on latest technologies by developing strong tools, resources, processes and expertise 2. To provide, business solutions, business services for execution of projects, using off-shore development center and to build talent and expertise in emerging technologies like Machine Learning, Cloud Computing, Mobile, Digital, Big Data, etc. and to participate in tech-events to build brand recognition and to showcase ideas and innovations in said technology areas through software delivery services, software consulting services, software products and software frameworks. 3. To design, create, license, sell, deal with, develop, program, process, market, provide, install, implement, upgrade, maintain, support, export, import, buy, trade in software products, packages, applications, servers, software systems and to provide data services, support services, IT/IT enabled and related services including, Business Process Outsourcing, Knowledge Process Outsourcing, back office operation, legal database, content development, business system, geographical information system (GIS), web services, e-business, internet, internet gateways, computer networking, along with telecommunication and internet service provider (ISP) services, value added business reselling, domain hosting in and outside India and to deal, trade in computer software, software solutions required for the business of the company.

3. The applicant received foreign inward remittance from Mr. Satya Yalamanchi, USA & M/s InfoVision Inc., USA towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.



Sr. No.	Amount (in Rs.)	Date of receipt	Date of reporting
1	49,81,350	08-10-2014	27-10-2014
2	50,36,625	08-11-2014	21-11-2014
3	1,06,31,800	24-12-2014	22-01-2015
4	1,03,29,000	31-12-2014	22-01-2015
5	49,60,480	19-03-2015	20-03-2015
6	50,39,319	13-05-2015	25-06-2015
<b>Total</b>	<b>4,09,78,574</b>		

The applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above with a delay of 12 days approximately, in respect of remittance recorded at serial no. 6 above, beyond the stipulated time of 30 days. Whereas, in terms of Paragraph 9(1)(A) of Schedule 1 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.

4. The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr. No.	No of shares	Face value (Rs.)	Total Amount (in Rs.)	Date of allotment	Date of filling
1	49000	100	49,00,000	13-10-2014	10-12-2014
2	50000	100	50,00,000	26-11-2014	28-11-2014
3	200000	100	2,00,00,000	01-01-2015	20-04-2015
4	49604	100	49,60,400	21-03-2015	14-10-2015
5	50393	100	50,39,300	19-05-2015	24-06-2015
<b>Total</b>	<b>398997</b>		<b>3,98,99,700</b>		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 28 days to 5 months 24 days approximately, beyond the prescribed limit in respect of allotment indicated at Sr. No. 1, 3 and 4 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 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 person resident outside India.

5. The Company has received inward remittances amounting to Rs.4,09,78,574/- (Rupees Four Crore Nine Lakh Seventy Eight Thousand Five Hundred Seventy Four only) in six tranches and allotted shares in five tranches. The company has approached Reserve Bank of India on October 14, 2015 for refund of excess amount of Rs.9,63,238/- (Rupees Nine Lakh Sixty Three Thousand Two Hundred Thirty Eight only) with delay of 3 months 17 days approximately, from prescribed time period. The Reserve Bank of India, vide, letter dated February 12, 2016, accorded approval for refund of excess amount of Rs.9,63,238/- (Rupees Nine Lakh Sixty Three Thousand Two Hundred Thirty Eight only). Whereas in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of security by A person resident outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Government of India.

6. The applicant was given an opportunity for personal hearing vide e-mail dated November 14, 2017, for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on November 16, 2017, during which Shri Vinay Barigidad, Managing Director and Ms. Neha, Company Secretary, represented the applicant in the cabin of Shri G. P. Borah, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and



unintentional. The representatives of the applicant requested that in view of the foregoing a lenient view may be taken 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.

7. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were not issued to the person resident outside India within 180 days from the date of receipt of the inward remittance/share application not refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance. The contravention relates to an amount of Rs.9,63,238/- (Rupees Nine Lakhs Sixty Three Thousand Two Hundred Thirty Eight only) and the duration of 3 months 17 days, approximately.

(b) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 3 above. The contravention relates to an amount of Rs.50,39,319/- (Rupees Fifty Lakhs Thirty Nine Thousand Three Hundred Nineteen only) and with a delay of 12 days, approximately.

(c) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.2,98,60,400/- (Rupees Two Crores Ninety Eight Lakhs Sixty Thousand Four Hundred Only) with a delay ranging from ranging from 28 days to 5 months 24 days, approximately.



8. 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. 86,455/- (Rupees Eighty Six Thousand Four Hundred Fifty Five only) will meet the ends of justice.

9. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraph 8, 9(1)(A) and 9(1)(B) of Schedule 1 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. 86,455/- (Rupees Eighty Six Thousand Four Hundred Fifty Five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 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.

10. The above order is passed only in respect of contraventions of paragraph 8, 9(1) (A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: December 13, 2017

**Compounding Authority**

**Sd/-**  
**(G. P. Borah)**  
Chief General Manager