



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

Smt Rachna Dikshit
General Manager

Date: January 10, 2018
CA No CHA 15/2017

In the matter of

Packetvideo India Private Limited
C-157,Phase-VII, Industrial Area
Mohali- 160 059

(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 there under, I pass the following

Order

The applicant has filed a compounding application dated December 13, 2017 (received at the Reserve Bank on December 18, 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 pertain to Para 8 of Schedule 1 to Foreign Exchange Management (Transfer or issue of Security by a person Resident Outside India) Regulation,2000 notified vide Notification No. 20/2000RB dated May 3, 2000 and as amended from time to time (hereinafter referred to as Notification No.FEMA 20/2000-RB) as the inflows received were not in accordance with eligible mode of payment under Schedule-I of FEMA 20/2000RB dated May 03, 2000.

2. The relevant facts of the case are as follows:

The applicant Company, Packetvideo India Pvt. Ltd.(PVI) is a subsidiary company



of Packetvideo Corporation, USA(holding company). PVI was incorporated on December 21, 2005 under the companies Act 1956. The applicant is engaged in the business of developing and exporting multimedia software for mobile devices.

3. The company has received foreign inward remittances, for issue of equity shares to foreign investor Packetvideo Corporation, USA, However the manner of receipt of inflows was in **contravention of para 8 of Schedule 1 to RBI notifications FEMA 20/2000-RB dated May 03, 2000** as the inflows received were not in accordance with eligible mode of payment under Schedule-I of FEMA 20/2000RB dated May 03, 2000. Consolidated details are given below

Total amount of contravention*	Date of Inflow	Date of application to RBI for refund	Delay	Date of refund
49,99,000	11.10.2005	15.09.2017	4357 days	20.11.2017

* Amount mentioned is sum of all inflows received during period of Oct 2005 to March 2006 and period of contravention was calculated from the date of first inflow.

4. The applicant applied for permission to unwind the transaction and refund the amount on September 15, 2017 with delay of 4357 days. The delay in applying for permission to unwind the transaction is in contravention of paragraph 8 of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000.

5. The applicant was given an opportunity for personal hearing vide letter No CHD.FECG/FID/521/03.01.251/2017-18 dated December 19, 2017 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide letter dated December 28, 2017 had informed that the company does not wish to appear for personal hearing and requested to proceed with compounding without personal hearing. The application is, therefore, being considered on the basis of the averments made in the application, and documents produced.

6. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB as the inflows received were not in accordance with eligible mode of payment under Schedule-I of FEMA 20/2000RB dated May 03, 2000 as detailed in paragraph 3 above.

7. In terms of Section 13 of 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 contravention is to be compounded and I consider that an amount of **Rs. 84,366.00 (Rupees Eighty Four Thousand Three Hundred Sixty Six only)** will meet the ends of justice.

8. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant namely, Para 8 of Schedule 1 to of Notification No.FEMA 20/2000RB dated May 3, 2000 read with AP(Dir Series) Circular No 73 dated June 8, 2007 on the facts discussed above, on payment of an amount of **Rs. 84,366.00 (Rupees Eighty Four Thousand Three Hundred Sixty Six only)** which shall be deposited by the applicant with the Reserve Bank of India ,Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at "Chandigarh" **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 10th day of January 2018.

Sd/-

Rachna Dikshit
General Manager