



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 J K Pandey
Chief General Manager

Date: April 13, 2018

C.A. No. 729/2017

In the matter of

M/s Infracsoft Technologies Limited
Trade Star, A Wing, 6th Floor,
J B Nagar, Andheri-Kurla Road,
Andheri East), Mumbai- 400 059
(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 thereunder, I pass the following

Order

1. The applicant has filed a compounding application dated December 04, 2017 (received at the Reserve Bank of India on December 06, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is for taking on record by the applicant, the transfer of shares by resident to non-resident without obtaining certified form FC-TRS, in contravention of Regulation 4 of Foreign Exchange Management (Transfer of issue of Security by a



Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/RB-2000 dated May 3, 2000 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 July 06, 1995 under the Companies Act, 1956 as B & K Information Technologies Pvt. Ltd. The name of the company was changed to B & K Information Technologies Ltd., on June 12, 1997. Subsequently the name of the company was changed to Infracsoft Ltd., on September 24, 1999. Finally name of the company was changed to Infracsoft Technologies Ltd., on November 20, 2001. Its main activities are to plan, design, develop, improve, market or otherwise distribute, sell, licence, install, alter, import, export, or otherwise deal in all software, hardware and programme of any kind for use in or in connection with electronic data processing equipment or products or services related to computers and microprocessor based systems, mini and microcomputers based products, mainframe and super computer, electronic and mechanical computer, peripheral equipment and terminal such as intelligent terminal and workstations, speech processing equipment, local and long distance communication networks.

3. The M/s Infracsoft Technologies Limited has filed Form FCTRS as tabulated below.

Sr. No	Name of Seller	Name of buyer	No . of shares	Sale price per share	Total consideration in INR	Date of FCTRS filing
01	Santhosh Shetty	Baring India Private Equity Fund II Limited	18,750	188.57	35,35,687.50	30-03-2017
02	Suryaprakash Tripathi		4,000	188.57	7,54,280.00	28-03-2017
03	Mahavir Tripathi		2,000	188.57	3,77,140.00	28-03-2017
04	Chetan P. Dighe		4,000	188.57	7,54,280.00	27-03-2017
05	Vinaykumar Shetty		4,000	188.57	7,54,280.00	30-03-2017
06	V. Ganesh		2,000	188.57	3,77,140.00	28-03-2017
07	Rani Joshi		3,000	188.57	5,65,710.00	28-03-2017
08	Bhaskar Iyer		6,200	188.57	11,69,134.00	27-03-2017
09	Ashutosh Kumar Jha		3,300	188.57	6,22,281.00	27-03-2017
10	Devaray Nayak		1,700	188.57	3,20,569.00	27-03-2017



11	Susan D'souza	Baring India Private Equity Fund II Limited	3,000	188.57	5,65,710.00	28-03-2017
12	Utpal Ganguly		2,700	188.57	5,09,139.00	28-03-2017
13	Girish Dalvi		1,500	188.57	2,82,855.00	27-03-2017
14	Nandkumar Aradhye		2,000	188.57	3,77,140.00	28-03-2017
15	V.S.N.L. Srinivasa Rao		1,500	188.57	2,82,855.00	28-03-2017
16	Anil Mookoni		2,000	188.57	3,77,140.00	27-03-2017
17	Siddharth Saboo		1,500	188.57	2,82,855.00	28-03-2017
18	Gopal Arjun		4,000	188.57	7,54,280.00	28-03-2017
19	Ramarao Botny		1,000	188.57	1,88,570.00	28-03-2017
20	Nitin Kamat		250	188.57	47,142.50	28-03-2017
21	Ausim Belel		200	188.57	37,714.00	27-03-2017
22	Sonali Vijayakar		300	188.57	56,571.00	28-03-2017
23	Chetana Rodrigues		300	188.57	56,571.00	27-03-2017
24	Satyanarayana Vemula		400	188.57	75,428.00	28-03-2017
25	Vinay Kar		1,000	188.57	1,88,570.00	30-03-2017
26	Rachana Murarka		50,000	188.57	94,28,500.00	28-03-2017
		Total	1,20,600		2,27,41,542.00	

The company has recorded transfers of above shares at Sr. No. 1 to 26 in their books of accounts on October 11, 2007, with a corresponding delay ranging from 09 years 05 months 16 days to 09 years 05 months 19 days approximately. The transfer of shares was taken on record by the company without obtaining duly acknowledged / certified form FC-TRS by the AD bank thereby contravening Regulation 4 of Notification No. FEMA 20/ RB-2000 dated May 3, 2000 as amended from time to time. FEMA Notification No. 20, ibid, regulates the transfer or issue of security by a person resident outside India and in terms of Regulation 4 of Notification No. FEMA 20/ 2000-RB read with A.P. (DIR Series) Circular No. 63 dated April 22, 2009, form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. Further, save as otherwise provided in the Act, Rules or Regulations made thereunder, an Indian entity shall not record in its books any transfer of security from or to such person provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of



security from or to such person, subject to such conditions as may be considered necessary.

4. The applicant was given an opportunity for personal hearing vide email dated April 04, 2018, for further submission in person and/or producing documents, if any, in support of application. The personal hearing took place on April 06, 2018, during which Mr. Vinay T Nagaonkar, Company Secretary and Ms Vaishali Sharma, Legal Counsel, represented the applicant in the cabin of Shri J K Pandey, Chief General Manager, Foreign Exchange Department, Mumbai Regional Office. The representatives of the applicant admitted the contravention committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that there was no mala fide intention by the applicant and the contravention was inadvertent. 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.

5. 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 FEMA provisions issued in terms of Regulation 4 of Notification No. FEMA 20/2000-RB. The amount of contravention is Rs. 227,41,542.00 for a period of 09 year 05 months 16 days to 09 years 05 months 19 days approximately

6. It has been declared in the compounding application dated December 04, 2017, that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated April 06, 2018, furnished with the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/ adjudication proceedings against it/him/her thereafter. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 of FEMA, 1999. Accordingly, the above contraventions which are



being compounded in this Order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.

6. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to 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.3,42,500/-(Rupees Three Lakh Forty Two Thousand Five Hundred only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 4 of 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.3,42,500/-(Rupees Three Lakh Forty Two Thousand Five Hundred only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 3rd Floor, Main Building, 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 Proceeding) Rules, 2000 dated May 3, 2000 shall apply.

8. The above order is passed only in respect of contravention of Regulation 4 of Schedule 1 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: April 13, 2018

Sd/-

(J K Pandey)
Chief General Manager