



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th Floor, Amar Building
Sir P M Road
Mumbai - 400 001

Present

R.K. Moolchandani
Chief General Manager

Date: August 10, 2018
CA No 4710 / 2018

In the matter of

Wipro Limited
Doddakannelli, Sarjapur Road
Bangalore - 560035

(Applicant)

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

Order

The applicant has filed the application dated May 21, 2018 (received in the Reserve Bank on May 23, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The applicant has sought the compounding for issuance of corporate guarantees by the applicant on behalf of its overseas step-down subsidiaries beyond the 1st level subsidiary, without prior approval of the Reserve Bank of India. The above amounts to the contravention of Regulation 6(4) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA



120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts of the case are as under: The applicant was incorporated as Wipro Limited, on December 29, 1945 (CIN: L32102KA1945PLC020800). The applicant is engaged in the business of providing software and IT services including software development, software customization, self-developed software sales and related technical consultancy and support services, system integration, system maintenance, system operation support etc.

The applicant incorporated multiple wholly owned subsidiaries (WOSs) abroad, out of which three, namely, Wipro Holdings (Mauritius) Limited, Wipro Cyprus Private Limited and Wipro LLC (formerly known as Wipro Inc.), were incorporated on April 30, 1997, July 30, 2007 and May 24, 1999 respectively. The applicant issued corporate guarantees in favor of step-down subsidiaries (SDSs) of these WOSs, beyond the 1st level, without prior approval of the Reserve Bank of India, in contravention of Regulation 6(4) of Notification No. FEMA 120/2004-RB. The details of such corporate guarantees issued are as follows:

S.No.	Name of WOS	Name of SDS	Value of guarantee in USD and equivalent INR	Guarantee start date	Ratification date by RBI (deemed post-facto approval)
1	Wipro Holdings (Mauritius) Limited	Newlogic Technologies Gmbh (3 rd level SDS)	USD 1,08,50,000 Rs. 47,71,83,000/-	20.03.2007	30.05.2017
2	Wipro Cyprus Private Limited	Unza Nusantara SDN, BHD (3 rd level SDS)	USD 6,00,00,000 Rs. 2,43,78,00,000/-	10.09.2007	30.05.2017



3	Wipro Cyprus Private Limited	Unza (Malaysia) SDN BHD (4 th level SDS)	USD 1,38,37,066 Rs. 57,67,28,910.88/-	12.05.2008	30.05.2017
4	Wipro Cyprus Private Limited	PT Unza Vitalis (3 rd level SDS)	USD 65,33,997 Rs. 27,23,36,994.96/-	12.05.2008	30.05.2017
5	Wipro LLC	Infocrossing LLC (2 nd level SDS)	USD 50,00,000 Rs. 22,10,50,000/-	01.09.2008	30.05.2017
6	Wipro LLC	Infocrossing LLC (2 nd level SDS)	USD 7,50,00,000 Rs. 3,82,12,50,000/-	31.03.2009	30.05.2017
7	Wipro LLC	Infocrossing LLC (2 nd level SDS)	USD 1,55,86,470 Rs. 75,08,00,259.90/-	18.05.2009	30.05.2017
Total			USD 18,68,07,533 Rs. 855,71,49,166/-		

3. In terms of Regulation 6(4) of Notification No. FEMA.120/2004-RB, as then applicable, "An Indian Party may extend a loan or a guarantee to or on behalf of the Joint Venture/ Wholly Owned Subsidiary abroad, within the permissible financial commitment, provided that the Indian Party has made investment by way of contribution to the equity capital of the Joint Venture."

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/665/15.20.67/2018-19 dated August 01, 2018 for further submission in person and/or producing documents, if any, in support of the



application. The personal hearing was held on August 08, 2018 during which Shri Sanaullah Khan, Company Secretary, Wipro Limited, represented the applicant. The representative of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations due to ignorance and requested that a lenient view may be taken in the matter.

It has been declared in the compounding application dated May 21, 2018, 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 also been declared in the declaration dated May 21, 2018, furnished along 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 been informed of initiation of any such enquiry/investigation/adjudication proceedings against it/him/her thereafter. 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.

The application is, therefore, being considered on the basis of the averments made in the application, the documents produced, and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 6(4) of Notification No.FEMA.120/2004-RB. The amount of contravention is Rs. 855,71,49,166/- and the period of contravention ranges from eight years one month to ten years two months approximately.

6. 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am



persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 69,17,862/- (Rupees sixty nine lakh seventeen thousand eight hundred and sixty two only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contraventions committed by the applicant namely, Regulation 6(4) of Notification No.FEMA.120/2004-RB, on payment of a sum of Rs. 69,17,862/- (Rupees sixty nine lakh seventeen thousand eight hundred and sixty two only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar 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 Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this the tenth day of August, 2018

Sd/-

(R.K. Moolchandani)
Chief General Manager