



In the

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

Present

**R. Seetharaman**  
**Deputy General Manager**

**Date: June 30, 2017**  
**CA NO: 4272/2017**

In the matter of

**Aurionpro Solutions Limited**  
**35<sup>th</sup> Floor, Sunshine Tower, Tulsi Pipe Road. Dadar West,**  
**Mumbai- 400013**

**(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

The applicant has filed a compounding application dated December 19, 2016 (received in the Reserve Bank of India on January 13, 2017) for compounding the 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 are (i) the amount repatriated on disinvestment is less than the fair value of the JV under automatic route (ii) proceeds of disinvestment were repatriated after 90 days and (iii) Delay in APRs for the years 2011-12 and 2012-13. The above were in contravention of Regulation 16(1)(iii), 16(2) and 15(iii) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified



FED, CEFA  
Aurionpro Solutions Limited  
CA No. 4272/2017

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 Aurionpro Solutions Limited on October 31, 1997 under the Companies Act, 1956. (CIN NO: L99999MH1997PLC111637). The applicant is engaged in the business of providing solutions in corporate banking, treasury, fraud prevention and risk management, internet banking, governance and compliance. The Intellivisions Software Limited merged with Aurionpro Solutions Limited with effect from March 12, 2015 pursuant to the scheme of Amalgamation approved by the High Court, Bombay. The erstwhile Intellivisions Software Limited had formed a 95:05 JV in UAE with Mr. Chetan Mukundlal Sonawala in March 2012 with an amount of AED 142500/- and named Intellivisions Arabia FZC. The JV was voluntarily closed with effect from January 27, 2014. The disinvestment proceeds of US AED 75939/- was received in July 7, 2015. The details of the remittances made to the above JV and of disinvestment are as under:

Date	Details	Amount	Amount in INR	Remarks
March 5, 2012	Investment	AED 142500/-	1970775/--	UIN No : HYJAZ20120241
January 27, 2014	Closed the JV	AED 75939/-	-	Disinvestment at less than the value of the certified by a Chartered Accountant.
July 7, 2015	Receipt of the proceeds of disinvestment	AED 75939/-	1303828.56	Repatriation beyond 90 days.

The applicant disinvested the shares by dissolving the JV (Intellivisions Arabia FZC) at the amount less than the fair value of the JV and reported to the Bank on July 22, 2016. The proceeds of disinvestment of shares of Intellivisions Arabia FZC were repatriated by the applicant beyond 90 days and delayed submission of the APRs for the years 2011-12 and 2012-13, thus contravening the provision of regulation 16(1)(iii), 16(2) and 15(iii) of Notification No FEMA 120-RB 2004).

3.1 Regulation 16(1)(iii) of the said notification requires that, if the shares are not listed on the stock exchange and the shares are disinvested by a private arrangement,



FED, CEFA  
Aurionpro Solutions Limited  
CA No. 4272/2017

the share price is not less than the value certified by a Chartered Accountant / Certified Public Accountant as the fair value of the shares based on the latest audited financial statements of the JV / WOS.

3.2 Regulation 16(2) of the said notification requires that sale proceeds of shares / securities shall be repatriated to India immediately on receipt thereof and in any case not later than 90 days from the date of sale of the shares / securities and documentary evidence to this effect shall be submitted to the Regional office of the Reserve Bank through the designated authorized dealer.

3.3 Regulation 15(iii) of the said notification requires that the IP to submit to the Reserve Bank, through the designated Authorised Dealer, every year on or before a specified date, an Annual Performance Report (APR) in Part III of Form ODI, as prescribed by the Reserve Bank from time to time, in respect of each JV or WOS outside India, and other reports or documents as may be prescribed by the Reserve Bank from time to time.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO. CEFA .No./11903/15.20.67/2016-17 dated May 30, 2017 for further submission in person and /or producing documents, if any, in support of the application. The personal hearing was held on June 27, 2017 during which Shri Amit Sheth, Co-Chairman, Shri. Vipul Parmar, Finance Head, Shri Kartik Badiani, Chartered Accountant and Shri Rajesh Shah, Chartered Accountant represented the applicants. 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 16(1)(iii), 16(2) and 15(iii) of FEMA 120-RB 2004 as amended from time to time. The amount and period of contravention is as follows.

i) Regulation 16(1)(iii) -As specified in Para 2 above. Amount of contravention-Rs.56745/- (AED3305/-) and the period of contravention is two years and six months approximately



FED, CEFA  
Aurionpro Solutions Limited  
CA No. 4272/2017

ii) Regulation 16(2) -As specified in Para 2 above. Amount of contravention- Rs.1,303,828.56/- (AED75939 /-) and the period of contravention two years and three months approximately.

iii) Regulation 15(iii) – Amount of contravention- Rs.1970775/- for delayed submission of 2 numbers of APR (i.e. for the year 2011-12 and 2012-13).

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.92,009/- (Rupees ninety two thousand and nine only) will meet the end of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 16(1)(iii), 16(2) and 15 (iii) 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.92,009/- (Rupees ninety two thousand and nine only) which shall be deposited by the applicant with the Reserve Bank of India, 11<sup>th</sup> 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 thirtieth day of June, 2017.

-sd-

(R. Seetharaman)



Deputy General Manager

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