



In the

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

Present

Jyoti Kumar Pandey
Chief General Manager

Date: July 5, 2016
CA No 4273 / 2017

In the matter of

Aurionpro Solutions Limited
35th Floor, Sunshine Tower, Tulsi Pipe Road
Dadar West, Mumbai - 400013

(Applicant)

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

Order

The applicant has filed the application dated December 19, 2016 (received in the Reserve Bank on January 13, 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 are (i) routing a remittance through an Authorized Dealer that was not the designated Authorized Dealer for the overseas entity (ii) delay in filing Form ODI and undertaking ODI transactions without the allotment of UIN (Unique Identification Number) (iii) non-submission of Annual Performance Reports (APR) within the stipulated time period and (iv) reporting of



disinvestment beyond the stipulated time period. The above amount to the contravention of Regulations 6(2)(v), 6(2)(vi), 15(iii) and 16 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 are as under: The applicant was incorporated as Aurionpro Solutions Limited on October 31, 1997 (CIN: L99999MH1997PLC111637). The applicant is engaged in the business of providing technology products and solutions in corporate banking, treasury, fraud prevention and risk management, internet banking etc. A Wholly Owned Subsidiary (WOS), namely, SPS Corporation, was acquired by the applicant in USA in September, 2006, through Share Purchase Agreement, effective retrospectively from April 1, 2006.

The applicant company made the following Overseas Direct Investments in the WOS:

S.No.	Date of remittance	Amount of investment (USD)	Amount of investment (INR)	Purpose of remittance
1	05.09.2006	150000	6952500	Equity investment
2	13.10.2006	770000	35035000	Equity investment
3	15.11.2006	680000	30749600	Equity investment
4	08.01.2007	900000	40095000	Equity investment
5	22.03.2007	900000	39429000	Working capital loan
6	05.09.2007	865595	35454771	Equity investment
7	19.03.2009	940000	47397150	Equity investment
	Total	5205595	235113021	

The Form ODI for the above investments was filed with delay, thus contravening Regulation 6(2)(vi) of Notification No. FEMA 120/2004-RB. The UIN was allotted on 12.08.2008.



Further, the remittance of USD 940,000 was made through SBI which was not the designated AD for investments in the concerned overseas entity, which was in contravention of Regulation 6(2)(v) of Notification No. FEMA 120/2004-RB.

The Annual Performance Reports (APRs) for the years 2007-09 were submitted with a delay beyond the stipulated time period, thus contravening Regulation 15 (iii) of Notification No. FEMA 120/2004-RB.

Further, the disinvestment was reported with a delay beyond the stipulated time period. However, since there was no inflow of funds on account of merger, a lenient view is being taken and this contravention is not being considered for the imposition of the compounding amount.

3. In terms of Regulation 6(2)(vi) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, an Indian party is permitted to make Overseas Direct Investment in certain cases, provided "The Indian Party submits Part I of Form ODI, duly completed, to the designated branch of an authorized dealer".

In terms of Regulation 6(2)(v) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, an Indian party is permitted to make Overseas Direct Investment in certain cases, provided, "The Indian Party routes all transactions relating to the investment in a Joint Venture/Wholly Owned Subsidiary through only one branch of an authorized dealer to be designated by it."

Further, in terms of Regulation 15 (iii) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, "An Indian Party which has acquired foreign security in terms of the Regulation in Part I shall submit to the Reserve Bank, through the designated Authorized Dealer, every year on or before a specified date, an Annual performance Report (APR) in Part III of Form ODI in respect of each JV or WOS outside India.....".

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/11904/15.20.67/2016-17 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 of the applicant, Shri Vipul Parmar, Finance Head of the applicant, Shri Rajesh .P. Shah, FCA, and Shri Kartik Badiani, FCA, represented the applicants. The representatives 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. 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 Regulations 6(2)(v), 6(2)(vi), and 15(iii) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time. The amount of contravention is Rs. 23,51,13,021/- and the period of contravention ranges from one year to seven years 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. 15,00,189/- (Rupees fifteen lakh one hundred and eighty nine 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, Regulations 6(2)(v), 6(2)(vi) and 15(iii) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time, on payment of a sum of Rs. 15,00,189/- (Rupees fifteen lakh one hundred and eighty nine 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 fifth day of July, 2017

Sd/-

(Jyoti Kumar Pandey)
Chief General Manager