



In the
Reserve Bank of India
10/3/8, Nrupathunga Road,
Bengaluru-560001

Present

Eugene E Karthak
Regional Director

Date: July 18, 2017
C.A. No. BGL 209/2017

In the matter of

M/s Vizury Interactive Solutions Private Limited
5th Floor, 'Umiya Emporium', No.97, Hosur Road
Madiwala, Bengaluru 560029
(Applicant)

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

ORDER

The applicant has filed a compounding application dated February 21, 2017, received in Reserve Bank of India, Bengaluru on February 27, 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) delay in reporting receipt of foreign inward remittances towards subscription to equity, and (ii) delay in submission of Form FC-GPRs to the Reserve Bank after issue of shares to a person resident outside India, in terms of paragraphs 9(1) (A) and 9(1) (B), respectively, of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified, vide Notification No. FEMA 20/2000-RB dated May 03, 2000, and 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, M/s Vizury Interactive Solutions Private Limited, is a limited company, incorporated on December 05, 2008, under the Companies Act, 1956. The activity undertaken by



the company is Digital Marketing and Advertising. The applicant had received funds towards share application money from foreign investors namely, Mr. Benoy Koshy Thomas, UK, M/s Inventus Capital Partners, Mauritius, M/s Ojas Venture Fund PTE Limited, Singapore, and M/s NGP II Mauritius Company Limited, Mauritius, as shown below:

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI/AD
1	22-04-2009	15,00,000.23	04-08-2009 (AD)
2	02-11-2010	1,41,68,847.00	01-12-2010 (AD)
3	03-11-2010	78,61,883.00	01-12-2010 (AD)
4	11-07-2011	1,37,01,646.40	24-08-2011
5	12-07-2011	77,92,200.00	24-08-2011
6	20-01-2012	1,02,75,510.00	05-04-2012 (AD)
7	10-02-2012	1,94,43,505.20	12-03-2012
8	04-09-2012	4,70,90,000.00	26-09-2012 (AD)
9	07-09-2012	31,89,71,170.40	11-12-2014 (AD)
10	02-06-2014	14,68,62,896.60	25-06-2014 (AD)
	Total	58,76,67,658.83	

The applicant reported receipt of remittances to the Authorized Dealer Bank with a delay ranging from thirteen days to two years, two months and four days approximately, beyond the stipulated time of 30 days in respect of five remittances indicated in Sr. Nos. 1,4,5,6, and 9 above. Whereas, in terms of paragraph 9(1) (A) of Schedule I to Notification No. FEMA 20/2000-RB an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India, as per the prescribed procedure, not later than 30 days from the date of receipt of the amount of consideration.

3. The company allotted equity shares and filed FC-GPRs with RBI / AD as indicated below:



Sl. No.	Date of Allotment	Amount (INR)	Date of reporting to RBI/AD
1	07-07-2009	15,00,000.00	04-08-2009 (AD)
2	09-11-2010	141,67,868.00	06-12-2010 (AD)
3		78,61,786.00	
4	05-08-2011	77,91,168.00	30-08-2011 (AD)
5		1,37,00,946.00	
6	12-03-2012	1,02,75,446.00	27-03-2012 (AD)
7		1,94,43,138.00	
8	08-09-2012	4,70,87,094.78	11-12-2014 (AD)
9		31,89,71,170.44	
10	05-06-2014	14,68,62,896.60	11-09-2014 (AD)
	Total	58,76,61,513.82	

The applicant filed the Form FC-GPRs on allotment of shares with the Reserve Bank / Authorized Dealer with a delay, ranging from nine days to two years two months and three days approximately, beyond the prescribed period of 30 days in respect of three allotments of shares indicated in Sr. Nos. 8, 9 & 10 above. Whereas, in terms of Paragraph 9(1) (B) of Schedule I to Notification No.FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these regulations has to submit to Reserve Bank, a report in Form FC-GPR along with documents prescribed therein, within 30 days from the date of issue of shares to persons resident outside India.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter No.FE.BG.FID (CEFA) No.155/22.07.273/2017-18 dated June 14, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on July 17, 2017. Ms Roshini Venkatesh, Head-Legal and Compliance, and Shri Satyanarayanan Kunapuli, Finance Controller, represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in paragraph 2 and 3 above committed by the applicant for which compounding has been sought. The representative of the applicant requested that as the contraventions were not intentional, and were beyond the control of the applicant, 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 (read with para 8.3 of Master Direction No.4/2015-16 dated January 1, 2016, (updated as on May 26, 2016) on Compounding of Contraventions under FEMA, 1999. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9(1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs.35,22,40,527.00**, and the period of delay ranges from thirteen days to two years, two months and four days approximately.

(b) Paragraph 9(1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPRs to the Reserve Bank, after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **Rs.51,29,21,162.00**, and the period of delay ranges from nine days to two years, two months and three days 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. 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 are to be compounded, and I consider that an amount of **Rs.6,04,200.00 (Rupees Six Lakh Four Thousand and Two Hundred only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, contraventions of Paragraphs 9(1) (A) and 9(1) (B) of Schedule I to 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.6,04,200.00 (Rupees Six Lakh Four Thousand and Two Hundred only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupatunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, and payable at Bengaluru 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 Eighteenth day of July, 2017.

Sd/-

(Eugene E Karthak)
Regional Director