



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
11th floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400 001

Present

Shekhar Bhatnagar
Chief General Manager

Date: September 11, 2017
CA No 4347 / 2017

In the matter of

Analec Infotech Private Limited
90/31-B, 1st Floor, Malviya Nagar
New Delhi - 110012

(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 April 10, 2017 (received in the Reserve Bank on April 19, 2017), for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in intimation of downstream investment to SIA/DIPP/FIPB within 30 days of such investment. The above amounts to the contravention of Regulation 14(6)(ii)(a) of 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 3, 2000 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts are as under: The applicant was incorporated as Analec Infotech Private Limited on June 10, 2003 under the Companies Act, 1956 (CIN: U72900DL2003PTC120833). The applicant is a subsidiary of Analec Singapore Pte. Ltd., and is engaged in the business of providing IT enabled services, web based research, call center services, consultancy and advisory services etc. The applicant made downstream investment in M/s Leap Learning Solutions Pvt. Ltd., a private limited company incorporated in India, engaged in the business of providing education and online training in language learning etc., as follows:

S.No.	No. of equity shares subscribed/acquisition by way of transfer	Amount of investment (INR)	Date of investment	Date of intimation to SIA/DIPP/FIPB
1	25688	86,31,168	03.12.2014	09.08.2016
2	2648	8,89,728	03.12.2014	09.08.2016
3	9958	1,19,99,390	29.07.2015	09.08.2016
4	1301996	1,30,19,960	20.04.2016	09.08.2016
5	15062	37,75,000	13.07.2016	09.08.2016

There was a delay in intimating SIA/DIPP/FIPB, beyond the stipulated time period of 30 days, in the first four cases when the investment was made, in contravention of Regulation 14(6)(ii)(a) of Notification No. FEMA 20/2000-RB.

3. According to Regulation 14(6)(ii)(a) of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time, as then applicable, "Downstream investments by Indian companies will be subject to the following conditions: (a) such a company has to notify Secretariat for Industrial



Assistance, DIPP and FIPB of its downstream investment in the form available at....within 30 days of such investment...”.

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/118/15.20.67/2017-18 dated July 06, 2017 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on September 04, 2017 during which Shri Sachin Vasudeva, Chartered Accountant, represented the applicant. The representative of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations 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 Regulation 14(6)(ii)(a) of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time. The amount of contravention is Rs. 3,45,40,246/- and the period of contravention ranges from 3 months to 1 year 8 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. 80,333/- (Rupees eighty thousand three hundred and thirty three 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 contravention



committed by the applicant namely, Regulation 14(6)(ii)(a) of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 80,333/- (Rupees eighty thousand three hundred and thirty three 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 eleventh day of September, 2017

Sd/-

(Shekhar Bhatnagar)
Chief General Manager