

Ministry of Information Technology & Artificial Intelligence Regulation Bureau
Government of India

Penalty Notice

Reference No: ITA/AI-4582/2025

Date: 07 June 2025

To:

Aurabyte Technologies Pvt. Ltd.

Reg. No: 29AAYCA2349L1ZX

3rd Floor, Nimbus Tech Park, Sector 62, Noida, Uttar Pradesh – 201309

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Subject: Imposition of Penalty for Unauthorized Testing of Generative AI Application in Live Environment
Dear Compliance Officer,

This letter serves as formal notification of a regulatory breach committed by your organization under the Digital Ethics and AI Safety Framework (DEASF) 2024, Section 6(b)(ii), relating to the unauthorized deployment and testing of a generative AI application titled "AuroraBot-GenX".

During a routine inspection conducted on May 28, 2025, it was found that your firm executed live user trials of the AI model on unsuspecting participants without prior approval from the AI Ethics Review Committee (AERC) and without deploying the mandatory consent infrastructure outlined in Rule 11(a) of the framework.

Nature of Violation

Unauthorized live deployment of Gen-AI chatbot without AERC clearance.

Failure to implement user consent mechanisms.

Lack of a fallback protocol in case of hallucinations or offensive content generation.

Inadequate documentation and audit logs for content moderation.

Penalty Imposed

In view of the above violations and under the authority granted by Section 14(b) of the DEASF 2024, the following penalties are imposed:

Penalty Description Amount (INR)

Regulatory Fine – Class B AI Breach 15,00,000

Data Compliance Recovery Fee (DCRF) 2,50,000

Mandatory Audit Supervision Fee (MASF) 75,000

Total Penalty Amount Payable 18,25,000

Next Steps

Payment of the total fine must be made within 15 working days from the date of issuance.

A compliance report must be submitted by June 30, 2025, including:

Revised testing protocols.

Proof of AI Ethics Committee approvals for future tests.

Consent architecture integrated into your testing systems.

Failure to comply within the stipulated time will result in further action, including license suspension for AI testing privileges and potential criminal proceedings under the Techno-Legal Cyber Act 2023.

Issued by:

Dr. Meenal Rajput

Deputy Director – Enforcement & AI Ethics

Ministry of Information Technology & AI Regulation Bureau

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