



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

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: April 26, 2019  
**C.A. BGL 357/2018**

In the matter of

**M/s Kieraya Furnishing Solutions Private Limited**  
2nd, 3rd & 4th Floor, Krishna Annex, Survey No.8/12, 9/18  
Opp Central Silk Board Junction  
Hosur Road, Sector-6, HSR Layout  
Bengaluru - 560068  
**(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 December 17, 2018, received at the office of Reserve Bank of India, Bengaluru, on December 24, 2018, and addendum to the application dated April 23, 2019, received at the office of Reserve Bank of India, Bengaluru, on April 25, 2019, 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 Kieraya Furnishing Solutions Private Limited, was incorporated on April 18, 2012, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Deputy Registrar of Companies, Karnataka. The activity undertaken by the company is to carry on the business of providing furnishing solutions by purchasing and letting on rent, furniture, fixtures, domestic equipment, home appliances, office equipment and electronic equipment. The applicant had received funds towards share application money from the foreign investors, namely, Mr. Venkat Sethuraman, USA, Mr. Salil Sethunath, UAE, M/s.Lightbox Ventures II, Mauritius, M/s. Axis Capital Partners Pte Ltd, Singapore, M/s. Lightbox Expansion Fund, Mauritius, Romnesha Lamba, Honk Kong, and M/s. Crescent Enterprises, UAE, as shown below:

**Table -1**

<b>Sr. No.</b>	<b>Date of Receipt</b>	<b>Total Amount (INR)</b>	<b>Date of Reporting to RBI / AD Bank</b>
1	09-10-2012	25,00,000.00	08-01-2013
2	03-03-2014	50,00,000.00	02-04-2014
3	01-09-2014	50,00,000.00	29-09-2014
4	02-01-2015	37,93,80,000.00	12-02-2015
5	22-12-2015	19,86,45,000.00	11-01-2016
6	28-04-2016	10.00	25-07-2016
7	17-05-2016	13,32,80,000.00	01-06-2016
8	12-09-2016	10,02,52,500.00	18-05-2018
9	14-09-2016	1,33,73,425.12	11-10-2016
10	03-10-2016	2,523.68	25-10-2016
11	14-12-2016	10,59,44,384.71	23-12-2016
12	30-12-2016	13,10,86,133.66	11-01-2017
13	22-06-2017	14,44,42,130.22	05-07-2017
14	22-06-2017	17,76,07,869.78	05-07-2017
15	20-04-2018	14,54,19,520.00	04-05-2018
16	20-04-2018	11,82,60,480.00	04-05-2018
17	24-07-2018	3,37,61,413.00	20-08-2018



18	25-07-2018	33,76,090.00	20-08-2018
19	26-07-2018	20,25,68,477.00	Reported through Single Master Form (SMF), introduced with effect from September 01, 2018
	<b>Total</b>	<b>189,98,99,957.17</b>	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank, with a delay ranging from eleven days to one year seven months and six days, beyond the stipulated time of 30 days in respect of the remittances indicated at serial numbers 1, 4, 6 and 8, in the Table 1 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 had allotted shares and filed form FC-GPRs with Reserve Bank/AD Bank as indicated below:

**Table-2**

Sl. No.	Date of Allotment	Number of shares allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	25-03-2013	250 CCDs	25,00,000.00	03-05-2013
2	25-03-2013	10 Equity	10.00	05-02-2016
3	31-03-2014	144216 Equity	49,99,968.72	23-10-2014
4	02-09-2014	144216 Equity	49,99,968.72	07-11-2014
5	03-01-2015	100 Equity 5992060 CCPs	3793,79,999.71	25-05-2015
6	22-12-2015	1324797 CCPs	1986,45,000.00	05-02-2016
7	17-05-2016	883198 CCPs	1332,79,877.39	16-06-2016
8	12-09-2016	662399 CCPs	1002,52,101.45	11-10-2016
9	05-10-2016	88320 CCPs	133,76,064.00	17-11-2016
10	14-12-2016	636023 CCPs	1059,44,259.18	10-01-2017
11	30-12-2016	782062 CCPs	1310,86,104.19	16-01-2017
12	23-06-2017	908604 CCPs	1444,41,686.48	17-07-2017



13	23-06-2017	100 Equity 1117131 CCPs	1776,07,329.20	17-07-2017
14	25-04-2018	846690 CCPs	1454,19,007.50	09-05-2018
15	25-04-2018	688559 CCPs	1182,60,008.25	09-05-2018
16	16-08-2018	100 Equity 1395568 CCPs	23,97,05,979.00	12-10-2018
	<b>Total</b>	<b>288742 Equity 250 CCDs 15325411 CCPs</b>	<b>189,98,97,363.79</b>	

The applicant filed form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from nine days to two years nine months and twelve days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 1 to 6, and 9, in the Table - 2 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 of India, 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. In respect of the delayed of reporting of form FCGPR indicated at serial number 16, the company paid the Late Submission Fee and regularized the contravention.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 4693/22.09.495/2018-19, dated April 22, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Prasanna HK, Senior Director - Finance, and Ms. Anvita Mishra, Authorised Representative, who appeared for the personal hearing on April 25, 2019, admitted the contraventions as stated in paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representatives of the applicant requested that as the contraventions were not intentional or with a malafide intention, and was mainly due to inadvertence, 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 and submission made by the applicant during the personal hearing. 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 **₹48,21,32,510.00**, and the period of delay ranges from eleven days to one year seven months and six days; and

(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 **₹60,39,01,011.15**, and the period of delay ranges from nine days to two years nine months and twelve days.

6. It has been declared in the compounding application dated December 17, 2018, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the undertaking dated December 20, 2018, furnished with the compounding application that the applicant was not under any enquiry/investigation /adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. Accordingly, the above contraventions which are being compounded in this order are subject to the veracity of the above declarations made by the applicant, and this order is without prejudice to any other action which may be taken by any authority under the extant laws, if the said declarations are subsequently discovered to be false and/or incorrect.



7. 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 contraventions are to be compounded and I consider that an amount of **₹2,48,315.00 (Rupees Two Lakh Forty Eight Thousand Three Hundred and Fifteen only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹2,48,315.00 (Rupees Two Lakh Forty Eight Thousand Three Hundred and Fifteen only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga 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 Twenty Sixth day of April 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**