



In the

**Reserve Bank of India**

Foreign Exchange Department

Pandit Jawaharlal Nehru Marg

Bhubaneswar-751 001

Present

**Shri Pintun Sutar**  
**Deputy General Manager**  
**Compounding Authority**

Date: December 21, 2018

C.A. No. BHU19/2018

In the matter of

**M/s. Sunzo Engineering (India) Private Limited**

Plot No. #k-2/293, Kalinga Nagar, Khandagiri

Bhubaneswar, Odisha-751003

**(Applicant)**

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

**Order**

The applicant has filed a compounding application dated November 14, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is; delay in issue of shares beyond 60 days in terms of paragraph 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/ 2017-RB dated November 7, 2017 and as amended from time to time (hereinafter referred to as Notification No.FEMA 20(R)/2017-RB).



M/s. Sunzo Engineering (India) Private Limited  
CA No. BHU19/2018

2. The relevant facts of the case are as follows: The applicant company was incorporated on May 12, 2016 and deals in site preparation including drilling, boring and core sampling for construction, geophysical, geological or similar purposes. The applicant company had received foreign inward remittance of ₹ 21,20,125 from the foreign investor, M/s. Guangzhou Wanhou Investment Co. Limited, China on February 7, 2018 and issued shares to the foreign investor on June 6, 2018 after a delay of 58 days beyond the stipulated period of 60 days for issuance of shares contravening paragraph 2 of Schedule I to FEMA Notification No. 20(R)/2017-RB dated November 7, 2017; whereas, in terms of paragraph 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/ 2017-RB dated November 7, 2017, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration.

3. The applicant was given an opportunity for personal hearing and the same was intimated to the company vide the Reserve Bank's letter FED(Bhu) No. 140/08.02.257/2018-19 dated November 23, 2018 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant, vide its mail dated December 7, 2018 has opted out from appearing in personal hearing stating that they have already submitted the reasons for delay in reporting in their application and that their case may be considered based on material already submitted. The applicant, in the compounding application, had admitted the contraventions as stated in para 2 above for which compounding has been sought. 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.

4. I have given my careful consideration to the documents available on record and submission made by the applicant in the compounding application. Accordingly, I hold that the applicant company has contravened the FEMA provisions issued in terms of paragraph 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of



M/s. Sunzo Engineering (India) Private Limited  
CA No. BHU19/2018

Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/ 2017-RB dated November 7, 2017 due to delay in issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 21,20,125 (Rupees twenty one lakh twenty thousand one hundred and twenty five only) and delay of one month and 28 days, approximately.

5. It has been declared in the compounding application dated November 14, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated November 14, 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/him/her 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 contravention which is being compounded in this Order is 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.

6. In terms of Section 13 of the FEMA, 1999 if any person contravening any provision of the Act, or contravenes any rule, regulation, notification, direction or order issued in exercise of the powers under this Act, or contravenes any condition subject to which an authorization is issued by the Reserve Bank, She/he, upon adjudication, shall be liable to a penalty up to thrice the sum involved in such contravention. However, taking into account the relevant facts and circumstances of the case as stated in the foregoing paragraphs, I am of the view that an amount of ₹ 60,600/- (Rupees sixty thousand six hundred only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 2 of Schedule I to Notification No. FEMA 20(R)/ 2017-RB dated November 7, 2017 by the applicant on the facts discussed above in terms of the Foreign Exchange



M/s. Sunzo Engineering (India) Private Limited  
CA No. BHU19/2018

(Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **60,600/-** (Rupees sixty thousand six hundred only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Bhubaneswar by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bhubaneswar 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 off accordingly.

Dated this 21<sup>st</sup> day of December, 2018.

Sd/-

(Pintun Sutar)

Deputy General Manager