



In the
Reserve Bank of India
Foreign Exchange Department
3rd Floor
15, Netaji Subhas Road
Kolkata – 700 001

Present
Raj Kumar Das
Deputy General Manager

Date: July 17, 2019
C.A.104/2019

In the matter of

M/s AAKAR INNOVATIONS PRIVATE LIMITED
81/3, Amar Chakraborty Road (N), P.O. Kharga
Dist. Murshidabad, Berhampore,
W.B 742103
(Applicant)

In exercise of the powers 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 had filed a compounding application dated March 28, 2019 (received at Reserve Bank on April 02, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded is for delay in submission to the Reserve Bank of both Form ARF after receipt of inflow from a person resident outside India and Form FC-GPR after issue of shares to a person resident outside India beyond the stipulated 30 days in terms of Paragraph 9(1)(A) and 9(1)(B) respectively to Schedule 1 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 AAKAR INNOVATIONS PRIVATE LIMITED, was incorporated under Companies Act, 1956, on August 23, 2011. The applicant is in the business of Manufacture of other Special-purpose Machinery (NIC Code 2008 - 28299). The applicant had received foreign inward remittances for subscription to equity shares from Lesing Mauritius Limited, a Body Corporate incorporated outside India and reported the same with a delay beyond the stipulated period of 30 days as given in Table 1 below:

Table 1: Details of inflow of foreign inward remittances

| S. No. | Name of Investor | Inflow (INR) | Inflow (USD) | Date of inflow | Date of reporting of inflow to RBI | Delay beyond 30 days (Days) |
|--------|--------------------------|------------------|--------------|----------------|------------------------------------|-----------------------------|
| 1 | Lesing Mauritius Limited | 1552000 | Vostro A/c | 13-Nov-2014 | 31-Mar-15 | 108 |
| 2 | Lesing Mauritius Limited | 1548000 | Vostro A/c | 28-May-2015 | 29-Sep-18 | 1190 |
| | Total | 31,00,000 | | | | |

3. The applicant reported the allotment of shares (in form FC-GPR) to the Bank with a delay beyond the stipulated period of 30 days as detailed in Table 2:

Table 2: Allotment of shares and reporting of FCGPR

| S. No. | Inflow (INR) | Amount for which shares have been issued | Date of inflow | Date of allotment of shares | Date of reporting of allotment of shares to RBI | Delay beyond 30 days, if any (days) |
|--------|---------------------|--|----------------|-----------------------------|---|-------------------------------------|
| 1 | 15,52,000.00 | 15,52,000.00 | 13-Nov-14 | 01-Dec-14 | 30-Nov-18 | 1430 |
| 2 | 15,48,000.00 | 15,48,000.00 | 28-May-15 | 17-Jun-15 | 25-Jan-19 | 1288 |
| | 31,00,000.00 | 31,00,000.00 | | | | |



4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.KOL.FED.FID.46/06.01.002/2019-20 dated July 09, 2019 for further submission in person and/or producing documents, if any, in support of the application. On the date of personal hearing, i.e. July 17, 2019, the applicant represented by Shri Sumit Agarwal (Authorized Representative) admitted the contraventions as stated in para 2 & 3 of this Order.

5. It has been declared in the compounding application dated March 28, 2019 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 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 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.

6. I have given 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 provisions of paragraph 9(1)(A) and 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000RB dated May 03, 2000. The total contravention relates to an amount of INR 62,00,000.

7. In terms of section 13 of the FEMA, any person contravening any provision of the act shall be liable for a penalty up to thrice the sum of the contravention upon adjudication. Considering the circumstances which led to the delay and other relevant facts of the case, I am, however, inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of Rs. 48,125 (Rupees Forty Eight Thousand One Hundred and Twenty Five only) will meet the end of justice.



8. Accordingly, I compound the admitted contravention viz. 9(1)(A) and 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 03, 2000 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceeding) Rules, 2000 on payment of an amount of Rs. 48,125 (Rupees Forty Eight Thousand One Hundred and Twenty Five only) which are to be deposited by the applicant with the Reserve Bank of India, Kolkata by a demand draft in favor of Reserve Bank of India and payable at Kolkata within 15 days from the date of issue of the order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceeding) Rules, 2000 dated May 03, 2000 shall apply.

The application is disposed of accordingly.

Sd/-

(Shri Raj Kumar Das)

Deputy General Manager

Dated this Seventeenth day of July, 2019