



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

Present  
**H. Thangzuan**  
**Chief General Manager**

Date: December 19, 2019  
C.A.121/2019

In the matter of  
**DANIELI INDIA LIMITED**  
Technopolis, 5th Floor, B-Wing, Block-BP, Plot No. IV, Sector V,  
Salt Lake, Kolkata  
WB 700091  
(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 August 30, 2019 (received at Reserve Bank on September 03, 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 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, DANIELI INDIA LIMITED, was incorporated on October 31, 1996 and is in the business of Manufacture of machinery for metallurgy (NIC Code 2008 - 28230).

3. The company had received the under mentioned foreign inward remittance towards subscription to equity shares from its foreign investor, Industrielle Beteiligung SA, as given in Table 1 below:

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	Industrielle Beteiligung SA	1,21,35,75,000.00	EUR 16500000	16-Oct-15	14-Jun-18	942
	<b>Total</b>	<b>1,21,35,75,000.00</b>				

As observed from Table 1 above, the inflow had been reported to the Reserve Bank of India with a delay of 942 days beyond the stipulated period of 30 days, as provided in Para 9 (1) (A) of FEMA 20/2000-RB dated May 3, 2000 and subjected to compounding.

4. The Company had contravened in terms of the Para 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 as given in table 2.

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 (For computation of compounding purpose)*	Delay beyond 30 days, if any (days)
1	1,21,35,75,000.00	1,21,35,75,000.00	16-Oct-15	16-Oct-15	27-Jun-16	225
	<b>1,21,35,75,000.00</b>	<b>1,21,35,75,000.00</b>				

\*FCGPR was acknowledged vide letter dated KOL.FED.FID/902/03.39.926/2018-19 dated December 06, 2018.

As can be observed from Table 2 above, the reporting of FCGPR was with a delay of 225 days beyond the stipulated 30 days and subjected to compounding.



5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.KOL.FED.FID.949 /06.01.002/2019-20 dated December 09, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant, represented by Smt. Rajeswari Annamalai (Authorized Representative), appeared for personal hearing on December 19, 2019. The representative of the applicant admitted the contraventions as stated in para 3 and 4 of this Order.

6. It has been declared in the compounding application dated August 30, 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.

7. 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 para 9(1)(A) & 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 03, 2000. The contravention relates to an amount of INR 242,71,50,000.

8. In terms of section 13 of the FEMA any person contravening any provision of the act shall be liable for a penalty upto thrice the sum of the contravention upon adjudication. However, considering the circumstances which led to the delay and other relevant facts of the case I am 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. 6,86,666 (Rupees Six Lakh Eighty Six Thousand Six Hundred and Sixty Six only)** will meet the end of justice.

9. Accordingly, I compound the admitted contravention viz. paragraph 9(1)(A) & 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 **Rs. 6,86,666 (Rupees Six Lakh Eighty Six Thousand Six Hundred and Sixty Six 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.

10. The application is disposed off accordingly.

Dated this Nineteenth day of December, Two Thousand and Nineteen.

Sd/-

(H. Thangzamuan)

Chief General Manager