



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri J. K. Pandey**  
Chief General Manager

**Date: December 28, 2018**

**C.A. No. 797/2018**

In the matter of

**Kennigton Industries Private Limited**  
103, Sumer Kender Premises CHS Ltd. P. B. Marg  
Near Mahendra Tower  
Worli, Mumbai – 400018

**(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**

1. The applicant has filed the compounding application dated September 18, 2018, (received at the Reserve Bank of India on September 24, 2018) 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 are (i) delay in reporting receipt of foreign inward remittance towards subscription to equity and (ii) delay in submission of Form FC-GPR 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 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 3, 2000 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 company was originally incorporated on November 25, 1992, under the Companies Act, 1956 as Adukia Securities Private Limited. The name of company was changed to Kennigton Securities Private Limited on March 10, 1997. The name of the company was again changed to Kennigton Fabrics Private Limited on October 9, 2002. The name of the company finally changed to Kennigton Industries Private Limited on June 26, 2014. Its main activities are (i) to carry on the business of spinners, weavers, manufacturers, traders, ginners, packers and balers of cotton , jute, hemp, silk, artificial silk, rayon, man-made synthetics, fibre polyester, acrylic, polypropylene, staple fibers, wool and other fibers and fibrous and the business of weaving or otherwise manufacturing bleaching, dying, printing, finishing or otherwise processing and selling yarn, cloth, linen, other goods and fabrics whether knitted or looped and of buying, selling, importing, exporting and/or otherwise dealing in cotton, silk, art silk, rayon, man-made synthetics, fibers, staple fibers, wool hemp and other fibrous material yarn cloth, linen rayon to run handloom mill, power loom mill, textiles ,=mills, commission agent and trading in textiles and all type of yarns. (ii) To establish, organize, manage, run, conduct, contract, develop, handle, own, operate and to do the business of Container Freight Station (CFS) and to act as Custom House Agent (CHA). (iii) To carry on all or any of the business of buyers, sellers, suppliers, traders, merchants, importers, exporters, indenters, brokers, agents, assemblers, packers, stockists, distributors and dealers of and in all kind of agriculture produces.

3. The applicant received foreign inward remittances from non-resident investors towards equity / compulsorily convertible preference shares/ compulsorily convertible debentures and reported the same to the Reserve Bank of India as indicated in the table.



Sr. No.	Amount received in INR	Date of receipt	Date of reporting	Delay
1	95,43,600.00	19-12-2011	10-01-2012	No
2	53,02,000.00	19-12-2011	10-01-2012	No
3	74,22,800.00	19-12-2011	10-01-2012	No
4	89,78,128.00	26-03-2012	08-06-2012	1M 12D
5	1,65,09,663.00	28-03-2012	08-06-2012	1M 10D
6	1,99,18,466.00	30-03-2012	08-06-2012	1M 8D
7	1,08,48,101.00	22-03-2013	15-05-2013	23D
8	1,08,53,962.00	26-03-2013	15-05-2013	19D
9	1,08,63,555.00	02-04-2013	15-05-2013	12D
10	73,56,842.00	31-03-2016	06-05-2016	5D
11	1,97,99,727.00	31-03-2016	05-05-2016	4D
12	1,52,21,714.00	04-04-2016	29-04-2016	No
Total	14,26,18,558.00			

The applicant reported receipt of remittances to the Reserve Bank of India with a delay ranging from 4 Days to 1 Month 12 Days, approximately, listed at serial no. 4 to 11 above. Whereas in terms of paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report foreign inward remittances 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.

4. The company allotted equity shares/ compulsorily convertible preference shares/ compulsorily convertible debentures and filed FC-GPR as indicated below:

Sr. no	No. of shares	FV in INR	Premium in INR	Amount involved in INR	Date of allotment	Date of filing	Delay
1	676746	1.00	99.00	6,76,74,600.00	29-05-2012	03-08-2013	1Y 1M 4D
2	325656	1.00	99.00	3,25,65,600.00	11-09-2013	28-10-2013	16D
3	423783	100.00	0.00	4,23,78,300.00	21-05-2016	20-06-2016	No
			Total	14,26,18,500.00			

The applicant filed form FC-GPR as indicated at serial No. 1 to 2 above with a delay ranging from 16 Days to 1 Year 1 Month 4 Days, approximately. Whereas, in terms of Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an



Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

5. The applicant was given an opportunity for personal hearing vide e-mail dated December 13, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on December 21, 2018, during which Ms Dhara Vasa, Company Secretary, Shri Mayank Bhimsaria, Senior Manager and Ms. Vandana Kumari, CA represented the applicant in the cabin of Shri J. K. Pandey, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. 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 submitted along with the application.

6. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittances towards subscription to equity as detailed in paragraph no.3 above. The contravention relates to an amount of Rs.10,51,28,444.00 (Rupees Ten Crore Fifty-One Lakh Twenty-Eight Thousand Four Hundred Forty-Four Only) and the delay ranges from 4 Days to 1 Month 12 Days, approximately.

(b) Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank of India after issue



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of shares to persons resident outside India as detailed in para 4 above. The contravention relates to an amount of Rs.10,02,40,200.00 (Rupees Ten Crore Two Lakh Forty Thousand Two Hundred Only) and the delay ranges from 16 Days to 1 Year 1 Month 4 Days, approximately.

7. It has been declared in the compounding application dated September 18, 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 further been stated in the declaration dated September 18, 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 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.

8. 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 Rs. 117,583.00 (Rupees One Lakh Seventeen Thousand Five Hundred Eighty Three only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1) (A) and 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB by the applicant as stated above on the facts discussed



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above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs. 117,583.00 (Rupees One Lakh Seventeen Thousand Five Hundred Eighty Three only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at "Mumbai" 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.

10. The above order is passed only in respect of contraventions of para 9 (1) (A) and 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: December 28, 2018.

**Compounding Authority**

**Sd/-**  
**(J. K. Pandey)**  
Chief General Manager