



In the

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

Present

**H. Thangzamuan**  
**Chief General Manager**

Date: May 29, 2019  
C.A.101/2019

In the matter of

**M/s Argo Tech India Private Limited**  
**Suite-2A/1, Poonam Building, 5/2, Russell Street**  
**Kolkata-700071**  
(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 25, 2019 (received at Reserve Bank on March 26, 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 and



also for delay in allotment of shares beyond the stipulated 180 days of the receipt of inflow to a person resident outside India in terms of Paragraph 8 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 Argo Tech India Private Limited, was incorporated under Companies Act, 1956, on July 30, 2010 and is in the business of wholesale of plastic materials in primary forms (NIC Code 2008-46693). The company had received the foreign inward remittances towards subscription to equity shares from its foreign investors, 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	Argo Tech LLC	15,42,967.80	34,980.00	30-Sep-10	21-Jan-16	1909
2	Argo Tech LLC	6,71,477.85	14,985.00	17-Feb-11	21-Jan-16	1769
3	Argo Tech LLC	6,69,379.95	14,985.00	17-Mar-11	21-Jan-16	1741
4	Argo Tech LLC	6,68,780.55	14,985.00	21-May-11	21-Jan-16	1676
5	Argo Tech LLC	6,65,034.30	14,985.00	24-Jun-11	21-Jan-16	1642
6	Argo Tech LLC	12,92,715.00	24,980.00	24-Nov-11	21-Jan-16	1489
7	Argo Tech LLC	53,30,400.00	9,99,700.00	13-Mar-13	26-Jul-13	105
	<b>Total</b>	<b>1,08,40,755.45</b>	<b>11,19,600.00</b>			

All the aforementioned inward remittances have been reported to the Reserve Bank of India with a delay beyond the stipulated period of 30 days with a delay ranging from 105 days to 1909 days, leading to contravention of Para 9 (1) (A) of FEMA 20/2000-RB dated May 3, 2000.



3. The company allotted shares as per details in Table 2 below:

**Table 2: Allotment of shares and refund of excess share capital**

S. No.	Inflow (INR)	Inflow for which shares have been allotted	Date of Inflow	Date of allotment of shares	Amount for which shares issued (INR)	Delay in allotment beyond 180 days
1	15,42,967.80	10,00,000.00	30-Sep-10	02-Nov-10	10,00,000	0
		5,42,967.80	30-Sep-10	15-Mar-11		0
2	6,71,477.85	6,71,477.85	17-Feb-11	15-Mar-11	16,00,000	0
3.A	6,69,379.95	385554.35	17-Mar-11	15-Mar-11		0
3.B		283825.6	17-Mar-11	28-Jan-13	503	
4	6,68,780.55	6,68,780.55	21-May-11	28-Jan-13	29,10,350	438
5	6,65,034.30	6,65,034.30	24-Jun-11	28-Jan-13		404
6	12,92,715.00	12,92,715.00	24-Nov-11	28-Jan-13		251
7	53,30,400.00	53,30,400.00	13-Mar-13	07-Sep-13		53,30,400

Also, in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000, the shares are to be allotted within 180 days after the receipt of inflow. However, the applicant has issued shares to the remitter with a delay beyond the stipulated period of 180 days (Table 2 except Sr. No.3A) from the receipt of remittance.

4. 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 3:

**Table 3: Allotment of shares and reporting of FCGPR**

S. No.	Amount for which shares have been issued	Date of allotment of shares	Date of reporting of allotment of shares to RBI	Delay beyond 30 days, if any (days)
1	10,00,000.00	02-Nov-10	16-Apr-18	2692
2	16,00,000.00	15-Mar-11	16-Apr-18	2559
3	29,10,350.00	28-Jan-13	16-Apr-18	1874
4	53,30,400.00	07-Sep-13	14-Nov-18	1864
	<b>1,08,40,750.00</b>			

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.KOL.FED.FID.1727 /06.01.002/2018-19 dated May 14, 2019, for further submission in person and/or producing documents, if any, in support of



the application. The applicant, represented by Mr. S. Ravishankar (Authorized Representative), appeared for personal hearing on May 29, 2019. The representative of the applicant admitted the contraventions as stated in para 2, 3 and 4 of this Order.

6. It has been declared in the compounding application dated March 25, 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 paragraph 8, 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 2,45,91,861.

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.1,88,384 (Rupees One Lakh Eighty Eight Thousand Three Hundred and Eighty Four only)** will meet the end of justice.



9. Accordingly, I compound the admitted contravention viz. paragraph 8, 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.1,88,384 (Rupees One Lakh Eighty Eight Thousand Three Hundred and Eighty Four 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 Twenty Ninth day of May, Two Thousand and Nineteen.

Sd/-  
(H. Thangzaman)  
Chief General Manager