



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**R Karthikeyan**  
**Assistant General Manager**

Date: December 30, 2019  
**C.A.957/2019**

In the matter of

**M/s. Orbitronics Enterprises Pvt Ltd.**  
"NILA", old no.8A, 2<sup>nd</sup> street  
Srinivasapuram, Thiruvanmiyur  
Chennai 600 041

**(Applicant)**

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/orders made there under, I pass the following

### **Order**

The applicant has filed a compounding application dated September 16, 2019 (received at Reserve Bank on September 17, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in submission of Form FC-GPR to Reserve Bank on allotment of shares in terms of



Paragraph 9(1)B of Schedule I 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 then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on November 21, 2011 under the provisions of the Companies Act, 1956 (Registration No. U51102TN2011PTC083209) and is engaged in the business of wholesale trading in branded electrical appliances. The company is no longer in existence as it has been struck off by RoC, Chennai on February 18, 2019 based on application for voluntary closure. The applicant had received one foreign inward remittance of ₹6,15,395/- from Shri Kanthasamy Ratnavel Pandian, USA and Smt. Geetha Meenatshi Kanthasamy, USA towards subscription to capital instruments and reported the same to the Reserve Bank.

3. The company allotted capital instruments and filed FC-GPRs as indicated below:

Sl. No.	No. of shares allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	40000	10	4,00,000.00	05.03.2012	11.07.2019
2	21500	10	2,15,000.00	17.05.2012	11.07.2019

The applicant filed the forms FC-GPR as indicated above with delay ranging from seven years 25 days to seven years three months seven days approximately beyond the stipulated time of 30 days. Whereas in terms of paragraph 9(1)B of Schedule I 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.

4. The applicant was advised about the contraventions vide memorandum dated August 09, 2019. The applicant has filed a compounding application dated September 16, 2019 wherein it has been declared in the compounding application that the particulars given by the applicant in the application are true and correct to the best of



their knowledge and belief. It has been declared in the declaration furnished with the compounding application that the applicant was under enquiry/investigation/adjudication by Directorate of Enforcement (DoE) as on the date of the application. The company had failed to file Form FCGPR and hence was referred to DoE vide letter dated June 09, 2016. Accordingly, Reserve Bank vide letter Che.FED.FID/913/25.27.999/2019-20 dated October 18, 2019 had sought comments from DoE to be furnished within 30 days as to whether it had objection, if any, in terms of the proviso to Rule 8(2) to Compounding Rules to compounding the contraventions sought to be compounded by the applicant. A reminder dated November 19, 2019 was issued to DoE in this regard giving them 7 days to respond. DoE has not furnished any response whatsoever. Accordingly, the above contravention which is being compounded in 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.

**5.** The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated December 23, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing scheduled on December 27, 2019 during which Smt. Geetha Meenatshi Kanthasamy, erstwhile Director, represented the applicant. The authorized representative of the applicant admitted the contravention as stated in paragraph 3 above for which compounding has been sought. It had been submitted that the delay was unintentional. In view of the above, they requested Reserve Bank to take a lenient view in the matter. 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 during personal hearing.

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



(a) Paragraph 9(1)B of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of ₹6,15,000.00 with the duration of contravention ranging from seven years 25 days to seven years three months seven days approximately;

7. In terms of Section 13 of the FEMA, 1999, 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 **₹24,410/-** (Rupees twenty four thousand four hundred and ten only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 9(1)B of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **₹24,410/-** (Rupees twenty four thousand four hundred and ten only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 accordingly.

Dated this thirtieth day of December, 2019.

**Sd/-**  
**R Karthikeyan**  
**Assistant General Manager**