



In the
Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Smt. K S Jyotsna
General Manager

Date: November 20, 2019
C.A. BGL 465/2019

In the matter of

M/s Reitzel Speciality Foods Private Limited
Gold Coin Building 1, 1st Floor
Gherkin Corner, #34, Meanee Avenue
Bengaluru - 560042

(Applicant)

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

Order

The applicant has filed a compounding application dated August 01, 2019, received at the office of Reserve Bank of India, Bengaluru, on August 05, 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 reporting receipt of foreign inward remittance towards subscription to equity, in terms of Paragraph 9(1)(A) 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 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 Reitzel Speciality Foods Private Limited, was incorporated on October 08, 2013, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The activity undertaken by the Company is



buying, importing, exporting and whole sale trading of all kind of food products. The applicant had received funds towards share application money from the non-resident investor, namely, M/s Reitzel SA, Switzerland, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	02-04-2014	18,49,331.00	05-05-2014
2	22-07-2015	66,17,000.00	23-01-2017
		84,66,331.00	

The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from three days to one year five months and two days, beyond the stipulated period of 30 days, in respect of the remittances indicated in the Table – 1, above. Whereas, in terms of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report 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.

3. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1195/22.09.505/2019-20, dated November 08, 2019, and email dated November 14, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Madhwesh K, Practicing Company Secretary, who appeared for the personal hearing on November 19, 2019, admitted the contravention as stated in paragraph 2 above, committed by the applicant, for which compounding has been sought. The representative of the applicant requested that as the contravention was not intentional or with a malafide intention, and was mainly due to inadvertence, a lenient view may be taken in disposal of the application. 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 and thereafter.

4. I have given my 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 the FEMA provision issued in terms of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittance, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹84,66,331.00**, and the period of delay ranges from three days to one year five months and two days.

5. It has been declared in the compounding application dated August 01, 2019, 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 undertaking dated November 18, 2019, furnished as part of 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, 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 contravention which is being compounded in this order is 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. 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 contravention is to



be compounded and I consider that an amount of **₹20,700.00, (Rupees Twenty Thousand and Seven Hundred only)**, will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹20,700.00, (Rupees Twenty Thousand and Seven Hundred only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, payable at Bengaluru 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 of accordingly.

Dated this, the Twentieth day of November, 2019.

Sd/-

(K S Jyotsna)
General Manager