



In the

Reserve Bank of India  
Foreign Exchange Department  
Central Vista, Sector 17, P.B.No.2  
Chandigarh-160017

Present

Shri Vikramjit Singh Randhawa  
Assistant General Manager

Date: June 04, 2019

CA No. CHA 43/2019

In the matter of

**M/s Ssvk Agro Tech Pvt Ltd**  
29, Second Floor,  
Nehru Shopping Complex,  
Lawrence Road,  
Amritsar, Punjab-143001

(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 there under, I pass the following

### **Order**

The applicant has filed a compounding application dated April 30, 2019 for compounding of contravention of the provision of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is the delay in refunding the excess inflow amount; in terms of Paragraph 2 of Schedule 1 to to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20 (R)/ 2017-RB dated November 7, 2017, as amended from time to time (hereinafter referred to as Notification No. FEMA 20 (R)/2017-RB).



2. The relevant facts of the case are as follows:

The applicant company was incorporated on August 14, 2018 under the Companies Act 2013. The applicant is engaged in the business of Manufacture of other animal feeds n.e.c.

3. The applicant allotted shares to foreign investor but failed to refund the excess inflow money within stipulated time period of 75 days from the date of inflow as per the details given below.

Sr	Date of inflow	Amount	Share amount	Excess amount	Date of Refund Application	Delay (in days)
1	03.10.2018	58,016	50,000	8,016	25.01.2019	39 Days

As mentioned above, there was delay of **39 days** in refunding the excess amount. This is contravention of **para 2 of schedule 1 to FEMA 20(R)/ 2017-RB dated November 07, 2017.**

4. The applicant was given an opportunity for personal hearing vide our letter No. CHD.FE.CG/FID/1170/03.01.011/2018-19 dated May 27, 2019 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its letter dated June 01, 2019 had informed that it was opting out of personal hearing and requested to proceed with the compounding. The application for compounding is, therefore, being considered on the basis of the averments made in the application along with the documents produced.

5. It has been declared in the compounding application dated April 30, 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 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 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 my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened the FEMA provisions



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issued in terms of **Paragraph 2 of schedule 1 to FEMA 20(R)/ 2017-RB dated November**

**07, 2017** due to delay in refunding the excess amount beyond the stipulated time as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **8,016/- with a delay of 39 days.**

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 contravention is to be compounded and I consider that amount of penalty of ₹ **87 (Rs Eighty Seven only)** will meet the ends of justice.

9. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contravention committed by the applicant, namely contravention of 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20 (R)/ 2017-RB dated November 7, 2017 on the facts discussed above, on payment of an amount of ₹ **87 (Rs Eighty Seven only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at "Chandigarh" **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: the 4<sup>th</sup> day of June 2019.

Sd/-

Vikramjit Singh Randhawa  
Assistant General Manager



FED, CEFA  
Compounding of Contravention under FEMA, 1999  
Ssvk Agro Tech Pvt Ltd [CA No. CHA 43 /2019]