



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

Shri. P Kalyan Chakravarthy
Assistant General Manager

Date: December 11, 2019
C.A. HYD 463

In the matter of

M/s. Industrial Kinetic Lab India Private Limited
Plot No: 28, Phase III, IDA Cherlapally
Hyderabad-500051

(Applicant)

In exercise of the powers conferred under sub-section 1 of Section 15 of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, I pass the following

Order

The applicant has filed the compounding application dated September 11, 2019 received by us on October 18, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contravention sought to be compounded is delay in receipt of share application money from the person resident outside India after allotment of shares in terms of Paragraph 2 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(R)/2017-RB dated November 07, 2017.



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

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 2013 on March 15, 2019 (CIN: U29119TG2019FTC131324). The company is engaged in the business of “Manufacturing and trading of bearing, gears and gearing”.
- b) The applicant had received inward remittances amounting to ₹ 9,98,999.54 from M/s IKL Global FZE, had allotted 99,900 equity shares amounting to ₹ 9,99,000/- and filed form FC-GPR to the Regional Office of Reserve Bank of India. There are no contraventions existing with respect to reporting of inward remittances and reporting of allotment of shares as on date.
- c) The applicant has received total subscription amount in two tranches amounting to ₹ 9, 98,999.54, after the allotment of shares with delays ranging from 28 days to 29 days approximately beyond the prescribed time in contravention of Paragraph 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB.

SI No	Name of Remitter	Amount (INR)	Date of allotment of shares	Date of Receipt
1	IKL Global FZE	8,54,750	15.03.2019	12.06.2019
2	IKL Global FZE	1,44,249.54	15.03.2019	13.06.2019
	Total	9,98,999.54		

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank’s letter No. HY.FE.FID/ 1335 /14.66.003/2019-20 dated December 10, 2019 for further submission in person and/or producing documents, if any, in support of the application.



(b) The applicant vide e-mail dated December 10, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts and documents made therein along with the compounding application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:

(a) Paragraph 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in receipt of share application money from the person resident outside India after allotment of shares. Here, the amount of contravention is ₹ 9,98,999.54 and the period of contravention ranges from 28 days to 29 days approximately.

5. It has been declared in the compounding application dated September 11, 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 declaration dated September 11, 2019 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 under 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.



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 **₹ 54,995/- (Rupees Fifty Four Thousand Nine Hundred Ninety Five Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention, namely, the contravention of Paragraph 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 54,995/- (Rupees Fifty Four Thousand Nine Hundred Ninety Five Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 11th day of December 2019.

Sd/-
(P. Kalyan Chakravarthy)
Assistant General Manager