



In the

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

Present

Shri. Subrata Das  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)

Date: February 14, 2020  
CA HYD 465

In the matter of

M/s. Kilaru Naturals Private Limited  
Suite No. 201, 2nd floor, Ashoka Capitol Building  
Road No. 2, Banjara Hills, Hyderabad - 500034

**(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 October 21, 2019 received on October 28, 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 are (i) Delay in reporting receipt of foreign inward remittances towards the subscription of equity, (ii) Delay in submission of form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India and (iii) Delay in refund of unallotted share application money and Delay in receipt of shortfall amount of consideration after allotment of shares, (iv) Delay in filing of FLA returns in terms of



Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 8, Paragraph 9(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 20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable respectively.

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, 1956 on August 08, 2011, with CIN: U01403TG2011PTC075861. The company is engaged in the business of "Retail sale of seeds, fertilisers, pesticides, machinery equipments and hand tools."

b) The applicant had received inward remittances from a foreign investor as indicated below:

S.No	Name of the remitter	Amount (₹)	Date of receipt	Date of reporting
1	Triumph Agri Pte Ltd	12,30,177	17.11.2014	18.02.2015
2	Triumph Agri Pte Ltd	14,60,673	29.12.2014	18.02.2015
3	Triumph Agri Pte Ltd	7,88,750	07.01.2015	18.02.2015
4	Triumph Agri Pte Ltd	7,03,800	22.01.2015	18.02.2015
5	Triumph Agri Pte Ltd	7,11,045	18.02.2015	26.02.2015
6	Triumph Agri Pte Ltd	43,17,425	26.02.2015	03.03.2015
7	Triumph Agri Pte Ltd	30,83,750	27.02.2015	03.03.2015
8	Triumph Agri Pte Ltd	62,49,500	22.04.2015	20.05.2015
9	Triumph Agri Pte Ltd	6,009.50	01.10.2019	Not applicable
	<b>Total</b>	<b>1,85,51,129.50</b>		

he applicant reported receipt of remittances towards share subscription amounting to ₹ 1,85,45,120/- from 18.02.2015 to 20.05.2015 to the Regional Office of Reserve Bank of India out of which remittances amounting to ₹ 34,79,600/- were reported with delays



ranging from 12 days to 2 months 1 day approximately as indicated above. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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.

c) The applicant allotted equity shares and filed forms FC-GPR as indicated below:

S.No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (₹)	Date of reporting to RBI
1.	Triumph Agri Pte Ltd	08.01.2015	2,31,973	34,79,595	18.09.2017
2.	Triumph Agri Pte Ltd	02.03.2015	5,88,110	88,21,650	18.09.2017
	<b>Total</b>		<b>8,20,083</b>	<b>1,23,01,245</b>	

The applicant filed forms FC-GPR for the allotment of shares amounting to ₹ 1,23,01,245/- as indicated above which were reported with delays ranging from 2 years 5 months 17 days to 2 years 7 months 11 days approximately beyond the prescribed limit. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d) The applicant has brought back the shortfall amount of consideration of ₹ 6009.50 after allotment of shares, with delay of 4 years 6 month 29 days approximately beyond the stipulated time from the date of allotment of shares as indicated below in



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contravention of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable.

SI No	Name of Remitter	Amount (₹)	Date of Allotment	Date of Receipt
1	Triumph Agri Pte Ltd	6,009.50	02.03.2015	01.10.2019

e) The applicant has received an amount of ₹ 62,49,500/- on 22.04.2015 towards FDI and refunded the partial un-allotted amount of ₹ 60,90,362/- on 25.08.2015. Further, the applicant has refunded the balance un-allotted amount of ₹ 1,59,138/- through the Authorized Dealer bank to the investor on 23.01.2020 with approval of Reserve Bank, with a delay of 4 years 2 months 18 days approximately as indicated below, in contravention of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable.

S No	Un-allotted balance amount (₹)	Date of receipt of remittance	Date of request for refund
1	1,59,138	22.04.2015	09.01.2020

f) The applicant had filed FLA (Foreign Liabilities and Assets) returns for the financial years from 2014-15 to 2018-19 with delays ranging from 4 months 10 days to 4 years 4 months 25 days approximately as indicated below:

S No	Financial Year	Due date to file	Actual Date of filing
1	2014-15	15.07.2015	10.12.2019
2	2015-16	15.07.2016	10.12.2019
3	2016-17	15.07.2017	10.12.2019
4	2017-18	15.07.2018	10.12.2019
5	2018-19	31.07.2019*	10.12.2019

\*Due date of filing for the financial year 2018-19 extended from July 15, 2019 to July 31, 2019.



Whereas in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable, all Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1794/14.66.003/2019-20 dated February 06, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated February 10, 2020 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/submission 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 provisions issued in terms of:-

(a) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares to persons resident outside India amounting to ₹ 34,79,600/- and the period of contravention ranges from 12 days to 2 months 1 day approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in submission of form FC-GPR to Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of



₹ 1,23,01,245/- as indicated above and the period of contravention ranges from 2 years 5 months 17 days to 2 years 7 months 11 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in receipt of shortfall amount of consideration of ₹ 6009.50 and the period of contravention is 4 years 6 months 29 days approximately and also delay in refund of balance un-allotted share application money ₹ 1,59,138/- and the period of contravention is 4 years 2 months 18 days approximately.

(d) Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB for delay in filing of FLA returns for five financial years viz, 2014-15 to 2018-19 and the period of contravention ranges from 4 months 10 days to 4 years 4 months 25 days approximately.

5. It has been declared in the compounding application dated October 21, 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 October 21, 2019 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 ₹ 99033/- (**Rupees Ninety nine Thousand Thirty Three Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 8, Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB as then applicable and Regulation 13.1(3) to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as then applicable by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ **99033/- (Rupees Ninety nine Thousand Thirty Three 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 14<sup>th</sup> day of February 2020

Sd/-

(Subrata Das)  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)