



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: January 10, 2020  
**C.A.958/2019**

In the matter of

**M/s. Leon De Paz Pvt Ltd.**  
No.30, Francois Martin Street  
Kurusikuppam  
Pondicherry - 605 001

**(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 24, 2019 (received at Reserve Bank on September 27, 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 refund of consideration in terms of Paragraph 2(3) of Schedule I to Foreign Exchange



M/s.Leon De Paz Pvt Ltd -C.A.958/2019

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 07, 2017 and 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 April 03, 2018 under the provisions of the Companies Act, 2013 (Registration No. U74999PY2018PTC008275) and is engaged in the business of specialized design activities. The applicant received three foreign inward remittances amounting to ₹1,18,946.25 between 19.06.2018 and 03.10.2018 from (i) Ms. Virginia Leon Carretero, Spain and (ii) Ms. Maria Salome Depaz Depaz, Spain towards subscription to capital instruments. Against the above remittances, the company allotted capital instruments and filed the FC GPRs with Reserve Bank.

3. The company refunded the balance considerations of ₹8,707.66 and ₹10,425.15 after allotting shares as detailed below:

Sl. No.	Date of receipt	Amount (₹)	Date of refund
1	20.06.2018	8,707.66	08.04.2019
2	03.10.2018	10,425.15	29.03.2019

The considerations were refunded to the investors with delay ranging from three months 12 days to seven months five days beyond the stipulated time. Whereas in terms of paragraph 2(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB, if capital instruments are not issued within 60 days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance within 15 days from the date of completion of 60 days.

4. The applicant was advised about the contravention vide memorandum dated July 24, 2019. The applicant has filed a compounding application dated September 24, 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



M/s.Leon De Paz Pvt Ltd -C.A.958/2019

belief. It has been declared in the declaration 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/him/her thereafter. 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated January 07, 2020 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant vide mail dated January 08, 2020 informed of not appearing for the personal hearing scheduled on January 09, 2020. 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.

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

- a) Paragraph 2(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB due to delay in refund of excess consideration received towards subscription to capital instruments. The contravention relates to an amount of ₹19,132.81 with the duration of contravention ranging from three months 12 days to seven months five 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 consider that an amount of **₹814/-** (Rupees eight hundred and fourteen only) will meet the ends of justice.



M/s.Leon De Paz Pvt Ltd -C.A.958/2019

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 2(3) of Schedule I 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 of **₹814/-** (Rupees eight hundred and fourteen 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 tenth day of January, 2020.

**Sd/-**

**R Karthikeyan**

**Assistant General Manager**