



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Pawanjeet Kaur Rishi**  
**Assistant General Manager**

Date: June 06, 2019  
CA No 4874 / 2019

In the matter of

**Reyami Steel Construction and Engineering Pvt Ltd**  
**C/O R.N.Merwah & CO. LLP**  
**4/80 Janpath**  
**New Delhi 110001**

**(Applicant)**

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

**Order**

The applicant has filed the application dated January 18, 2019 (received in the Reserve Bank on January 22, 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 the receipt of investment by way of capital contribution without RBI approval. The above amounts to the contravention of Regulation 3 of Foreign Exchange Management (Investment in Firm or Proprietary Concern in India ) Regulations, 2000 notified vide Notification No. FEMA 24/2000-RB dated May 3, 2000 and as amended from time to time now subsumed into



FEMA 20 ( R ) wef November 7, 2017(hereinafter referred to as Notification No. FEMA 24/2000-RB).

2. The relevant facts are as under: The Partnership Firm Reyami Steel Construction and Engineering (hereinafter referred to as Reyami) was engaged in the business of providing engineering services related to steel manufacturing and construction and other related services etc. The initial capital of Reyami at the time of execution of partnership deed was agreed at Rs.10,00,000 to be contributed by the partners. Out of this, Rs.4,90,000 was contributed by Mr.Rashid Mubarak Saif Al Reyami, a person resident outside India on July 21, 2009. On behalf of the non-resident, the amount was transferred by Mr.Marar, an Indian resident to Mr.H.Velayudhan, an NRI and Managing Partner of Reyami. Reyami failed to obtain prior permission with regards to the investment by way of capital contribution of Rs.4,90,000 by Mr.Mubarak Saif Al Reyami, a person resident outside India thereby contravening Regulation 3 of FEMA 24. The partnership firm was dissolved on March 31, 2016 and is represented by Reyami Steel Construction and Engineering Pvt Ltd.

3. According to Regulation 3 of Notification No.FEMA.24/2000-RB dated May 03, 2000 as amended from time to time, “save as otherwise provided in the Act or rules or regulations made or directions or orders issued thereunder, no person resident outside India shall make any investment by way of contribution to the capital of a firm or a proprietary concern or any association of persons of India:

Provided that the Reserve Bank may, on an application made to it, permit a person resident outside India subject to such terms and conditions as may be considered necessary to make an investment by way of contribution to the capital of a firm or a proprietary concern or any association of persons in India”.

4. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA No./6894/15.20.67/2018-19 dated May 23, 2019 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was attended by the applicant on May 28, 2019. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.



5. I have given my careful consideration to the documents on record. It was observed that the applicant has contravened the provisions of Regulation 3 of Notification No.FEMA.24/2000-RB dated May 3, 2000, as amended from time to time. The amount and period of contravention is as follows:.

Regulation 3 of Notification FEMA.24/2000-RB – Amount of contravention – Rs.4,90,000 - 7 years approx.

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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 53,675/- (Rupees fifty three thousand six hundred and seventy five only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Regulation 3 of Notification No.FEMA.24/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 53,675/- (Rupees fifty three thousand six hundred and seventy five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 the 06th day of June, 2019

**Sd/-**  
**(Pawanjeet Kaur Rishi)**  
**Assistant General Manager**