



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th Floor, Amar Building
Sir P M Road
Mumbai - 400 001

Present

R.K. Moolchandani
Chief General Manager

Date: October 11, 2019
CA No 4917/ 2019

In the matter of

Surat Rough Diamond Sourcing (India) Limited
C/401-403, Diamond World, Kohinoor Road,
Mini Bazar, Varachha Road, Surat
Gujarat – 395 006

(Applicant)

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

Order

The applicant has filed the application dated April 08, 2019 (received in the Reserve Bank on April 16, 2019, read with addendum received via mail dated October 10, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder, for delay in submission of Annual Performance Reports (APR) for the years 2012 and 2014 to 2017 in contravention of Regulation 15(iii) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB



dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts are as under:

The applicant company was incorporated on November 03, 2010 (CIN U36912GJ2010PLC062808) and is engaged in business of wholesale trade in precious metals, stones and jewellery. The company had invested USD 500,000 towards equity and USD 14,500,000 towards loan in its WOS in UAE in 2011. The applicant company decided to disinvest in April 2018 and the transferred the entire stake to foreign individual for a total consideration of USD 563,380. It was observed that the applicant company had filed APRs with a delay for the years 2012, 2014-2017 in violation of Regulation 15(iii).

3. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/1287/15.20.67/2019-20 dated September 06, 2019 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on October 10, 2019 which was attended by the applicant, who submitted that the contraventions were inadvertent and requested that a lenient view may be taken in the matter.

4. It has been declared in the compounding application dated April 08, 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 also been declared in the declaration furnished along 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 been informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. 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.

The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the meeting with the Compounding Authority.



5. I have given my careful consideration to the documents on record and submissions made during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 15(iii) of Notification No.FEMA.120/2004-RB. The amount of contravention is INR 2,29,15,000 and the period of contravention is six months approximately.

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, it stands to reason that payment of an amount of Rs.50,000/- (Rupees Fifty thousand 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 contraventions committed by the applicant namely, Regulation 15(iii) of Notification No.FEMA.120/2004-RB, on payment of a sum of Rs.50,000/- (Rupees Fifty thousand 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 eleventh day of October, 2019

Sd/-
(R.K. Moolchandani)
Chief General Manager