



In the

Reserve Bank of India
Foreign Exchange Department
3rd Floor
15, Netaji Subhas Road
Kolkata – 700 001

Present

Intiyaz Ahmad
Deputy General Manager

Date: March 11, 2019
C.A.092/2019

In the matter of

M/s DCG Ailabs Academy Pvt. Ltd.
2nd Floor, DG-4, Sector-II, Salt Lake City
Kolkata-700 091
West Bengal
(Applicant)

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

Order

The applicant had filed a compounding application dated December 13, 2018 (received at Reserve Bank on December 18, 2018) 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 is for delay issuance of shares beyond the stipulated 60 days of the receipt of inflow to a person resident outside India in terms of Paragraph 2 to Schedule 1 of Foreign Exchange Management (Transfer or Issue of Security by a



Person Resident Outside India) Regulations, 2000 notified, vide Notification No. FEMA 20(R) dated November 07, 2017 (herein after referred to as Notification No.FEMA20(R)).

2. The relevant facts of the case are as follows. The applicant, M/s DCG Ailabs Academy Pvt. Ltd., was incorporated under Companies Act, 2013, on November 7, 2017 and is in the business of Educational certification courses on artificial intelligence {NIC-2008: P85499}.

3. The applicant allotted equity shares on October 31, 2008 to the foreign investor within the stipulated period from receipt of foreign inward remittances, in terms of paragraph 2 of Schedule 1 to Notification No. FEMA 20(R).

The applicant allotted shares against the inward remittance as detailed below:

Table: Allotment of shares

Sl. No.	Inflow (INR)	Date of inflow	Date of allotment of shares	Delay in issue of shares (days)
1	16,02,403.00	4-Dec-17	15-Feb-18	13

Also, in terms of paragraph 2 of Schedule 1 to Notification No. FEMA 20(R), the shares are to be allotted within 60 days of the receipt of inflow. However, the applicant has issued shares to the remitter with a delay of 13 days, beyond the stipulated period of 60 days from the receipt of remittance.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.KOL.FED.FID.1365/06.01.002/2018-19 dated March 4, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant, represented by Mr. Pratik Baid (Authorized Representative), appeared for personal hearing on March 11, 2019. The representative of the applicant admitted the contraventions as stated in para 3 of this Order.



5. It has been declared in the compounding application dated December 13, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration 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/him/her 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 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.

6. I have given careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened provisions of paragraph 2 of Schedule 1 of Notification No. FEMA 20(R) dated November 7, 2017. The contravention relates to an amount of INR 16,02,403 and the period of delay, rounded off to the next month, is 1 month.

7. In terms of section 13 of the FEMA any person contravening any provision of the act shall be liable for a penalty upto thrice the sum of the contravention upon adjudication. However, considering the circumstances which led to the delay and other relevant facts of the case I am inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of Rs. 58,012 (Rupees Fifty Eight Thousand Twelve only) will meet the end of justice.

8. Accordingly, I compound the admitted contravention viz. Paragraph 2 of Schedule 1 of Notification No. FEMA 20(R) dated November 7, 2017 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceeding) Rules, 2000 on payment of an amount Rs. 58,012 (Rupees Fifty Eight Thousand Twelve only), which are to be deposited by the



applicant with the Reserve Bank of India, Kolkata by a demand draft in favor of Reserve Bank of India and payable at Kolkata within 15 days from the date of issue of the order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceeding) Rules, 2000 dated May 03, 2000 shall apply.

9. The application is disposed off accordingly.

Dated this Eleventh day of March, Two Thousand and Nineteen.

Sd/
(Imtiyaz Ahmad)
Deputy General Manager