



In the
Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

V R Venkatesh
General Manager

Date: October 21, 2019
C.A.918/2019

In the matter of

M/s. RUv2 Enterprises Pvt Ltd.
21/6, Krishnaswamy Avenue
Mylapore
Chennai – 600 004

(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 May 30, 2019 (received at Reserve Bank on June 07, 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 reporting to Reserve Bank the inflow of funds received from a person resident outside India for allotment of



shares in terms of Paragraph 9(1)A of Schedule I 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 3, 2000, as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on November 30, 2012 under the provisions of the Companies Act, 1956 (Registration No. U15200TN2012PTC088717) and is engaged in the business of other semi-processed, processed or instant foods n.e.c. except farinaceous products and malted foods and manufacturing activities like manufacture of egg powder, sambar powder etc. The applicant has received one foreign inward remittance from Shri Narayanan Krishnakumar, USA towards subscription to shares and reported the same to the Reserve Bank as detailed below:

Sl. No	Amount of Foreign Inward Remittance (₹)	Date of receipt	Period till contravention exists
1	50,00,000.00	27.09.2017	31.08.2018

The applicant reported receipt of remittance to the Reserve Bank on date indicated above with a delay of ten months four days approximately beyond the stipulated time of 30 days. Whereas, in terms of paragraph 9 (1) A of Schedule I 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.

3. The company allotted 22222 equity shares against the above remittance on 19.02.2018 and filed Form FC-GPR with Reserve Bank. The Form FCGPR was processed in terms of Notification No. FEMA 20(R)/2017-RB dated November 7, 2017 as amended from time to time.

4. The applicant was advised about the contraventions vide memorandum dated May 24, 2019. The applicant has filed a compounding application dated May 30, 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 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. Accordingly, the above contraventions which are being compounded in 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 October 15, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing scheduled on October 18, 2019 during which Shri R U Srinivas, Director of the company, represented the applicant. The authorized representative of the applicant admitted the contravention as stated in paragraph 2 above for which compounding has been sought. During the personal hearing, it was submitted that the delay was unintentional. In view of the above, they requested Reserve Bank to take a lenient view in the matter. 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 during the personal hearing.

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

- (a) Paragraph 9(1)A of Schedule I to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittance towards subscription of shares as detailed in paragraph 2 above. The contravention relates to an amount of



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₹50,00,000.00 with duration of contravention being ten months four 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 am persuaded to take a lenient view on the amount for which the contraventions are to be compounded and I consider that an amount of **₹16,440/-** (Rupees sixteen thousand four hundred and forty only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 9(1)A of Schedule I to Notification No. FEMA 20/2000-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 **₹16,440/-** (Rupees sixteen thousand four hundred and forty 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 twenty first day of October, 2019.

Sd/-
V R Venkatesh
General Manager