



In the

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

Present

**Ajay Kumar Misra**  
**Chief General Manager**

Date: May 16, 2019  
CA No 4826 / 2018

In the matter of

**Mckinsey & Company India LLP**  
**21<sup>st</sup> Floor, Express Towers**  
**Nariman Point, Mumbai -400021**

**(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 November 21, 2018 (received in the Reserve Bank on November 30, 2018), for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The applicant has sought to be compounded for delay in reporting the receipt of remittances [in Form Foreign Direct Investment – LLP(I)], beyond the stipulated time period of 30 days, in contravention of Regulation 5(9) read with para 7(i) of Schedule 9 of 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 amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts as provided in the application are, as under: The applicant is a Limited Liability Partnership (LLP) (LLPIN - AAB-6563), incorporated vide Limited Liability Partnership Agreement dated July 19, 2013, between M/s McKinsey & Company, Inc. India, a company incorporated in USA, M/s McKinsey India Holdings Inc., a company incorporated in USA, M/s McKinsey Knowledge Centre India Pvt. Ltd., a company incorporated in India and M/s Visual Graphics Computing Services India Pvt. Ltd., a company incorporated in India, as partners. The applicant LLP is engaged in the business of providing management, consultancy services and other consulting management tools and solutions.

The following foreign inward remittances received by the applicant LLP as capital contributions, were reported with a delay beyond the stipulated time period of 30 days:

S.No.	Name of remitter	Amount received (INR)	Date of receipt	Date of reporting to RBI
1	McKinsey & Company, Inc. India	49,99,000	14.08.2013	17.10.2014
2	-do-	1,99,96,000	14.08.2013	17.10.2014
3	McKinsey India Holdings Inc	49,99,000	16.08.2013	17.11.2014
4	-do-	1,99,96,000	16.08.2013	17.11.2014
5	McKinsey & Company, Inc. India	1,24,97,500	22.04.2014	09.10.2018
6	McKinsey India Holdings Inc	1,24,97,500	22.04.2014	20.11.2018
7	McKinsey & Company, Inc. India	1,24,97,500	21.11.2014	23.04.2019
8	McKinsey India Holdings Inc	1,24,97,500	21.11.2014	23.04.2019
Total		9,99,80,000		



Delay in reporting of receipt of FDI by an LLP in Form I, beyond the stipulated time period of 30 days, is in contravention of Regulation 5(9) read with paragraph 7(i) of Schedule 9 of FEMA 20/2000 –RB.

3. Regulation 5(9) of Notification No. FEMA 20/2000-RB states that, “A person resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India, (other than an entity in Pakistan or Bangladesh), not being a registered Foreign Institutional Investor or Foreign Venture Capital Investor or Qualified Foreign Investor registered with SEBI or Foreign Portfolio Investor registered in accordance with SEBI guidelines, may contribute foreign capital either by way of capital contribution or by way of acquisition/ transfer of profit shares in the capital structure of an LLP under Foreign Direct Investment, subject to the terms and conditions as specified in Schedule 9.”

Further, Paragraph 7(i) of Schedule 9 of the abovementioned regulations specifies a time period of 30 days from the date of receipt of the amount of consideration, within which the LLP shall submit a report in Form Foreign Direct Investment – LLP(I) to the Reserve Bank of India.

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/6552/15.20.67/2018-19 dated May 06, 2019 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on May 14, 2019 during which Shri Raman Sharma, Advocate, represented the applicant. The representative of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations and requested that a lenient view may be taken in the matter.

It has also been declared in the compounding application dated November 21, 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/him/her 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 personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 5(9) read with para 7(i) of Schedule 9 of Notification No. FEMA 20/2000-RB. The amount of contravention is Rs. 9,99,80,000/- and the period of contravention ranges from 1 year and 2 months to 4 years and 6 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 I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules 2000. Accordingly, it stands to reason that payment of an amount of Rs. 10,35,250/- (Rupees ten lakhs thirty five thousand two hundred and fifty 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 5(9) read with para 7(i) of Schedule 9 of Notification No. FEMA 20/2000-RB , on payment of a sum of Rs.



10,35,250/- (Rupees ten lakhs thirty five thousand two hundred and fifty 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 16th day of May, 2019

**Sd/-**  
**(Ajay Kumar Misra)**  
**Chief General Manager**