



In the

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

Present

Neena Asthana Amin
Deputy General Manager

Date: November 14, 2019
CA No 4949/ 2019

In the matter of

M/s Millenium Aero Dynamics Pvt. Ltd.
Level III, Whitehall, 143, August Kranti Marg
Kemps Corner, Mumbai- 400 036
(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 May 24, 2019 (received at the Reserve Bank on May 24, 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 pertain to (i) Non-submission of documentary evidence of investment within the stipulated time period. (ii) Non-submission of APRs for the years 2012 to 2017, and (iii) Disinvestment with write off without arriving at the fair value.



The above amount to the contravention of Regulations 15(i), 15 (iii) and 16(1)(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 remitted USD 33,500/- on November 22, 2010 towards 50% stake in the overseas JV viz. IIAAT Millennium Holding Company in Russia. While the applicant submitted an alternate proof of investment (in lieu of share certificates), for the investment of USD 2,728.56 on August 25, 2014 (with delay), no proof of investment /share certificate was submitted by the applicant for the balance amount of USD 30, 771.44, thereby contravening Regulation 15(i) of Notification No. FEMA 120 dated July 07, 2004. Further, APRs for the years ending 2012 to 2017 were not reported by the applicant, thereby contravening Regulation 15(iii) of Notification No. FEMA 120 dated July 07, 2004. Due to non-co-operation extended by the overseas JV partner, the applicant decided to write-off their investment in the overseas JV and the same was done without obtaining fair valuation certificate, thereby contravening Regulation 16(1)(iii) of Notification No. FEMA 120 dated July 07, 2004. The administrative action for the contravention is complete.

3. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA/2155/15.20.67/2019-20 dated October 25, 2019 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on November 06, 2019. The representative of the applicant submitted that the failure to comply with the FEMA regulations was inadvertent and unintentional. 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.

4. 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 Regulations 15(i), 15 (iii)



and 16(1)(iii) of Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time.

The total amount of contravention is USD 33,500/- (Rs. 15,32,123/-) and period of contravention is approximately nine years.

5. It has been declared in the compounding application dated May 24, 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 been declared in the Annexure of the Compounding Application dated May 24, 2019, that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application. 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. 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.2,09,193/- (Rupees Two lakhs nine thousand one hundred and ninety three 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, Regulations 15(i), 15 (iii) and 16(1)(iii) of Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time, on payment of a sum of Rs. 2,09,193/- (Rupees Two lakhs nine thousand one hundred and ninety three only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai- 400 001 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 14th of November, 2019

Sd/-

**(Neena Asthana Amin)
Deputy General Manager**