



In the  
**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5th floor, Amar Building  
P M Road  
Mumbai - 400 001

Present  
**Sharmila Thakur**  
**General Manager**

Date: December 26, 2017  
CA No 4508 / 2017

In the matter of

**Intricast Overseas LLP**  
**703, Surmount Tower, opp ISKCON temple**  
**S G Road**  
**Ahmedabad 380015**  
**(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 Aug 11, 2017 (received in the Reserve Bank on Sep 4, 2017), 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 disinvestment from the JV within one year of initial investment without approval of RBI. The above is in contravention of paragraph 16(1)(v) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 7, 2004, as amended from time to time (hereinafter referred to as Notification No FEMA 120-RB 2004).

2. The relevant facts of the case are follows:



The applicant was incorporated as Intricast Overseas LLP on June 16, 2016 bearing LLPIN AAG-7866 with two designated partners and having its registered office at 703, Surmount Tower, Opp ISKCON temple, S G Road, Ahmedabad. The LLP was formed to invest in an overseas joint venture by the name of USA Indian Grocers Group LLC, formed with two foreign partner.

The applicant remitted USD 102,000/- or INR 67,00,453/- in July 2016 towards equity of the JV. However, the JV could not commence any activity and remained inoperative since its incorporation. With the consent of all partners, it was decided to dissolve the company with effect from March 1, 2017. The entire investment, lying in a bank in USA was repatriated in two tranches on Feb 22, 2017 and March 2, 2017. The company filed an APR for the period from July 18, 2016 to Dec 31, 2016.

3. According to regulation 16(1)(v) of Notification No FEMA 120-RB 2004 as amended from time to time, an Indian party may disinvest from its overseas JV without any write-off of its initial investment provided it has been in operation for at least one year. According to paragraph 16 (1) (v), the disinvestment would be permissible provided “the overseas concern has been in operation for at least one full year and the Annual Performance Report together with the audited accounts for that year has been submitted to the Reserve Bank.”

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/4662/15.20.67/2017-18 dated Nov 24, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The personal hearing was held on Dec 1, 2017 in which Shri Anand Lavangia, Company Secretary, was authorised by Intricast Overseas LLP to represent the LLP in the matter of compounding. Shri Lavangia explained that in view of no business prospects as assessed by the partners, it was decided to wind up the JV as soon as possible and cut the losses.

5. I have carefully considered the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 16 (1) (v) of FEMA 120-RB 2004 as amended from time to time. The amount of contravention is considered to be the



value of the investment made i.e USD 102,000/- equivalent to INR 67,00, 453/- and which was disinvested without following the due process as laid down in Reg 16(1)(v) of FEMA 120.

6. In terms of provisions of section 13 of FEMA, any person contravening any provision of the Act shall be liable to pay up to three times the sum involved in the contravention upon adjudication. However, taking into account the relevant facts and circumstance 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 Rs.83,502/- (Rupees Eighty Three Thousand Five Hundred Two only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 16(1) (v) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 7, 2004, as amended from time to time, by the applicant based on the facts discussed above in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of Rs.83,502/- (Rupees Eighty Three Thousand Five Hundred Two only) which shall be deposited by the applicant with the Reserve Bank of India, 11th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001 by a Demand Draft drawn in favour of "Reserve Bank of India" and payable at " Mumbai" within a period of 15 days from the date of the order. In case of failure to deposit the compounded amount within the abased ove mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 shall apply. The application is disposed accordingly.

Dated this the twenty sixth day of December 2017.

Sd/-

(Sharmila Thakur)  
General Manager