



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

R Subramanian
Regional Director

Date: June 11, 2018
C.A. HYD 292

In the matter of

M/s Timla Foods Private Limited
Survey No.120/5, D.No. 4-123/1
Dommera Pochampally (Village)
Qutbullapur Mandal, Hyderabad - 500 043

(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 compounding application dated January 29, 2018 received by us on February 28, 2018 for compounding of contraventions of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded is (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity in terms of Paragraph 9(1)(A) of Schedule 1 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 3rd May 2000 (herein after referred to as Notification no. FEMA 20/2000-RB) as then applicable.



2. The relevant facts of the case are as follows:

- a) The applicant is a resident company originally incorporated as M/s Appino Digital Private Limited under the Companies Act, 2013 on May 26, 2015 and later changed its name to M/s Timla Foods Private Limited with effect from January 09, 2016 (CIN: U15316TG2015PTC099083). The company is engaged in the business of manufacturing food products, snacks and popcorn (FMCG products).
- b) The applicant had received foreign inward remittances from two foreign investors as indicated below.

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Kalysta Capital Fund II (Mauritius)	3537234	13.12.2016	10.01.2017
2	Kalysta Capital Fund II (Mauritius)	212544	23.03.2017	26.04.2017
3	Kalysta Capital Fund II (Mauritius)	12497782	12.10.2017	14.11.2017
4	Avia International DWC LLC	1959830	26.10.2017	05.12.2017
5	Avia International DWC LLC	963750	02.11.2017	04.12.2017
6	Avia International DWC LLC	7008700	06.11.2017	04.12.2017
	Total	2,61,79,840		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 2,61,79,840/- to the Regional Office of Reserve Bank of India, out of which remittance amounting to ₹ 1,56,33,906/- was reported with a delay ranging from 2 days to 10 days approximately as indicated above. Whereas in terms of paragraph 9(1)(A) of Schedule 1 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. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2130/14.66.003/2017-18 dated June 05, 2018 for



further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on June 07, 2018 during which Shri. N. Bhanu Prasad, Company Secretary and Shri. Y. Eshwar Sharma, Practicing Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of administrative reasons. In view of the foregoing, the representative of the applicant requested to take a lenient view in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:-

(a) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ 1,56,33,906/- and the delay ranges from 2 days to 10 days approximately.

5. It has been declared in the compounding application dated January 29, 2018 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 dated May 22, 2018 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 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.

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. 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 contravention is to be compounded and I consider that an amount of ₹ 14,360/- (**Rupees Fourteen Thousand Three Hundred Sixty Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 9(1)(B) of Schedule 1 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 ₹ 14,360/- (**Rupees Fourteen Thousand Three Hundred Sixty Only**) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 11th day of June 2018

Sd/-

(R Subramanian)
Regional Director