



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri. G. P. Borah**  
Chief General Manager

**Date: August 14, 2017**

**C.A. No. 700/2017**

In the matter of

**M/s Imagination Edutainment India Pvt. Ltd.**  
Kidzania, Unit No T-24,  
3<sup>rd</sup> Floor, North wing,  
R-City Mall, Ghatkopar (West),  
Mumbai-400086

**(Applicant)**

In exercise of the powers conferred under section 15(1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

**Order**

1. The applicant has filed the compounding application dated May 31, 2017 (received at the Reserve Bank on June 01, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittance towards subscription to equity; and (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India in terms of paragraphs 9(1) (A) and 9(1)(B) respectively, 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 May 3, 2000 and as amended from time to time (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 January 02, 2010 under the Companies Act, 1956 and is engaged in the business to establish, exploit and operate in India and abroad all kinds of establishments, parks and Leisure Centers that offer all kind of services directed to entertainment, Fun, Development and Learning of individuals as well as the commercialization of products for the entertainment of people as well as all that are considered necessary for the development of such Entertainment Centers. The applicant received foreign inward remittance from M/s Kidz Inc Pte. Ltd., Singapore towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

<b>Sr. No.</b>	<b>Amount of Foreign Inward remittance (INR)</b>	<b>Date of receipt</b>	<b>Date of reporting to RBI</b>
1.	4,50,856.00	25.01.2010	31.03.2010
2.	39,48,230.00	05.02.2010	31.03.2010
3.	6,49,000.00	11.05.2010	31.05.2010
4.	3,01,599.00	20.05.2010	04.06.2010
5.	10,00,000.00	30.07.2010	26.08.2010
6.	25,00,000.00	07.09.2010	05.10.2010
7.	30,00,000.00	11.11.2010	15.12.2010
8.	10,00,000.00	01.02.2011	25.02.2011
9.	20,00,000.00	09.02.2011	25.04.2011
10.	20,00,000.00	17.03.2011	25.04.2011
11.	1,80,00,000.00	23.03.2011	01.06.2011
12.	3,00,00,000.00	29.04.2011	22.06.2011
13.	1,63,11,000.00	05.05.2011	22.06.2011
14.	1,33,20,000.00	19.07.2011	24.08.2011
15.	1,47,58,570.00	02.11.2011	25.09.2012
16.	41,430.00	15.11.2011	18.09.2012
17.	3,26,79,810.00	17.01.2012	18.09.2012
18.	6,20,190.00	23.01.2012	18.09.2012
19.	4,03,34,425.00	27.04.2012	13.07.2012
20.	3,65,575.00	08.05.2012	18.12.2012



21.	3,83,10,850.00	16.08.2012	24.08.2012
22.	1,69,150.00	21.08.2012	22.08.2012
23.	5,47,72,200.00	14.08.2013	20.12.2013
24.	7,34,542.00	23.08.2013	20.12.2013
25.	9,52,20,000.00	26.05.2015	09.06.2015
26.	23,24,30,306.00	26.05.2015	09.06.2015
27.	38,70,019.00	02.06.2015	17.07.2015
28.	10,82,84,000.00	26.08.2015	19.11.2015
29.	27,15,985.00	08.09.2015	19.11.2015
30.	10,87,44,000.00	11.12.2015	22.12.2015
31.	22,55,985.00	17.12.2015	22.12.2015
32.	6,51,43,400.00	07.04.2016	17.06.2016
33.	14,63,815.00	13.04.2016	17.06.2016
34.	12,85,60,081.00	04.07.2016	18.07.2016
35.	17,10,999.00	08.07.2016	18.07.2016
<b>Total</b>	<b>1,02,76,66,017.00</b>		

The applicant reported receipt of remittances to the Reserve Bank with a delay ranging from 6 days to 9 months and 24 days approximately in respect of remittances recorded at serial no. 1, 2, 9 to 20, 23, 24, 27 to 29, 32, and 33 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. The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr. No.	No. of shares	Face Value (INR)	Premium (INR)	Amount (INR)	Date of allotment	Reported to RBI on
1.	53,390	10	90	53,39,000.00	06.07.2010	08.08.2010
2.	10,000	10	90	10,00,000.00	17.08.2010	13.09.2010
3.	25,000	10	90	25,00,000.00	14.09.2010	21.09.2010
4.	30,000	10	90	30,00,000.00	15.12.2010	11.01.2011
5.	10,000	10	90	10,00,000.00	16.03.2011	26.04.2011
6.	20,000	10	90	20,00,000.00	18.03.2011	26.04.2011
7.	20,000	10	90	20,00,000.00	21.03.2011	26.04.2011
8.	1,80,000	10	90	1,80,00,000.00	26.03.2011	02.05.2011
9.	1,63,110	10	90	1,63,11,000.00	20.06.2011	02.09.2011



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10.	3,00,000	10	90	3,00,00,000.00	20.06.2011	02.09.2011
11.	1,33,200	10	90	1,33,20,000.00	16.08.2011	02.09.2011
12.	1,48,000	10	90	1,48,00,000.00	15.02.2012	09.11.2012
13.	3,33,000	10	90	3,33,00,000.00	15.02.2012	09.11.2012
14.	4,07,000	10	90	4,07,00,000.00	24.05.2012	24.12.2012
15.	3,84,800	10	90	3,84,80,000.00	31.08.2012	08.11.2012
16.	5,55,000	10	90	5,55,00,000.00	22.01.2014	11.03.2014
17.	30,83,910	10	97.50	33,15,20,325.00	26.10.2015	22.12.2015
18.	10,32,558	10	97.50	11,09,99,985.00	01.12.2015	16.06.2016
19.	6,19,602	10	97.50	6,66,07,215.00	31.05.2016	22.09.2016
20.	10,32,558	10	97.50	11,09,99,985.00	31.05.2016	22.09.2016
21.	12,11,824	10	97.50	13,02,71,080.00	09.08.2016	31.08.2016
<b>Total</b>	<b>97,52,952</b>			<b>1,02,76,48,590.00</b>		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 7 days to 7 months and 25 days approximately at serial no. 5, 6, 8 to 10, and 12 to 20 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The applicant was given an opportunity for personal hearing vide the Email dated June 12, 2017, for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on July 18, 2017 during which Mr. Nandkumar Mudaliar (Head- Financial Planning & Administration) and Mr. S.Sundaram (CFO) represented the applicant. The authorised representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing it was submitted that the delay was inadvertent and unintentional. The representatives requested that in view thereof, the matter may be viewed leniently. 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 and thereafter.



5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. 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 due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs.41,18,14,047/- and the duration ranging from 6 days to 9 months and 24 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.87,02,18,510/- with a delay ranging from 7 days to 7 months and 25 days 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. 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 Rs.395245/- (Rupees Three lakh ninety five thousand two hundred forty five only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contravention of paragraphs 9(1)(A) and 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 of Rs.395245/- (Rupees Three lakh ninety five thousand two hundred forty five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour



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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.

8. The above order is passed only in respect of contraventions of para 9(1)(A) and 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Date: August 14, 2017

**Compounding Authority**

**Sd/-**

**(G. P. Borah)**  
**Chief General Manager**