



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**R Kesavan**  
**Chief General Manager**

Date : August 02, 2017  
**C.A.683/2013**

In the matter of

**M/s. KIDIM India Pvt Ltd.,**  
Pudukuppam, Keelputhupet,  
Villupuram- 605014

**(Applicant)**

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

### **Order**

The applicant has filed a compounding application dated January 24, 2017 (received at Reserve Bank on March13, 2017 ) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of inflow of funds received from a person resident outside India for allotment of



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shares (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank and (iii) delay in allotment of shares in terms of Paragraph 9 (1) A, Paragraph 9 (1) B and Paragraph 8 respectively, of Schedule I 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 August 13, 2001 under the provisions of the Companies Act, 1956 (Registration No. U55105PY2001PTC001608) and is engaged in Business of Hotels, rooming houses, camps and other lodging places. The applicant received foreign inward remittances from i) M/s KIDIM Sarl, France ii) M/s JFH Sarl, France iii) Mr. Dimitri Klein, France iv) M/s Twenty Hundred Sarl, France towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No	Amount of Foreign Inward Remittance (in Rs.)	Date of receipt	Reported to RBI on
1	32,92,899.00	19.10.2001	31.05.2002
2	63,609.00	13.11.2001	31.05.2002
3	84,20,000.00	23.11.2001	31.05.2002
4	85,41,864.00	02.04.2002	31.05.2002
5	73,66,009.00	19.12.2002	18.08.2003
6	30,75,087.00	23.01.2003	18.08.2003
7	46,20,087.00	04.02.2003	18.08.2003
8	53,78,899.00	24.04.2003	16.08.2013
9	26,41,972.00	28.10.2003	16.08.2013
10	26,50,725.00	11.02.2004	16.08.2013
11	52,08,479.00	29.04.2004	16.08.2013
12	23,14,922.00	17.12.2004	16.08.2013
13	7,82,555.00	25.07.2005	16.08.2013
14	21,19,216.00	23.08.2005	16.08.2013
15	53,96,598.00	28.10.2005	16.08.2013
16	48,24,816.00	03.04.2007	16.08.2013
17	11,06,466.00	29.08.2007	16.08.2013



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18	41,17,478.00	16.10.2007	16.08.2013
19	2,12,25,972.00	30.01.2008	16.08.2013
20	53,46,165.00	10.06.2008	16.08.2013
21	1,01,82,885.00	16.07.2008	16.08.2013
22	20,68,393.00	24.08.2009	07.10.2009

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from 13 days to 10 years two months 23 days approximately beyond the stipulated time of 30 days in respect of the remittances. Whereas, in terms of paragraph 9 (1) A of Schedule I 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 and filed FC-GPR as indicated below:

Sl. No.	No. of shares/CCPs allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	1990000	10	1,99,00,000	25.05.2002	31.05.2002
2	1541898	10	1,54,18,980	17.07.2003	18.08.2003
3	1158101	10	6,31,04,923	16.02.2009	21.04.2009
4	150000	10	1,01,82,000	28.02.2009	21.04.2009
5	5170	10	20,68,000	20.07.2010	18.02.2012

The applicant filed the form FC-GPR as indicated above with delay ranging from one day to one year five months 28 days approximately beyond the stipulated time of 30 days in respect of the allotments at Sr. Nos.2 to 5. Whereas in terms of paragraph 9 (1) B of Schedule I 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. Against remittances received between 24.04.2003 and 24.08.2009 the company allotted shares as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	24.04.2003	53,78,899.00	16.02.2009
2	28.10.2003	26,41,972.00	16.02.2009
3	11.02.2004	26,50,725.00	16.02.2009
4	29.04.2004	52,08,479.00	16.02.2009
5	17.12.2004	23,14,922.00	16.02.2009
6	25.07.2005	7,82,555.00	16.02.2009
7	23.08.2005	21,19,216.00	16.02.2009
8	28.10.2005	53,96,598.00	16.02.2009
9	03.04.2007	48,24,816.00	16.02.2009
10	29.08.2007	11,06,466.00	16.02.2009
11	16.10.2007	41,17,478.00	16.02.2009
12	30.01.2008	2,12,25,972.00	16.02.2009
13	10.06.2008	53,36,825.00	16.02.2009
14	16.07.2008	1,01,82,000.00	28.02.2009
15	24.08.2009	20,68,000.00	20.07.2010

The company allotted shares with delay ranging from one month 12 days to one year two months 17 days approximately beyond the prescribed period of 180 days without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated July 31, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on August 02, 2017 during which Shri S Kumar, Chartered Accountant represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 to 4 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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.

**6.** I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. 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 delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 11,07,45,096/- with duration of contravention ranging from 13 days to 10 years two months 23 days approximately;
- (b)** Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India. The contravention relates to an amount of ₹ 9,07,73,903/- with the duration of contravention ranging from one day to one year five months 28 days approximately; and
- (c)** Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank. The contravention relates to an amount of ₹ 7,53,54,923/- with the duration of contravention ranging from one month 12 days to one year two months 17 days approximately.

**7.** 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 ₹ 13,43,599/- (Rupees thirteen lakh forty three thousand five hundred and ninety nine only) will meet the ends of justice.



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**8.** Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B and 8 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 **₹ 13,43,599/-** (Rupees thirteen lakh forty three thousand five hundred and ninety nine only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Chennai 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 of accordingly.

Dated this Second day of August, 2017.

**Sd/-**

**R Kesavan**  
**Chief General Manager**