



In the  
**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Eugene E Karthak**  
**Regional Director**

Date: September 28, 2017  
**C.A. BGL 233/2017**

In the matter of

**M/s Aerospace Processing India Private Limited**  
Aequis SEZ, No. 437/A, Hattargi Village  
Hukkeri Taluk  
Belagavi - 591243  
**(Applicant)**

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

#### **ORDER**

The applicant has filed a compounding application dated May 16, 2017, received at this office on May 17, 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 delay in reporting receipt of foreign inward remittances towards subscription to equity, in terms of paragraph 9(1)(A) 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 03, 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, M/s Aerospace Processing India Private Limited, was incorporated on July 02, 2007, under the Companies Act, 1956. The activity undertaken by the company is “to engage in the business of surface treatment, surface analysis, heat treatment, vaccum



homogenization, stress relieving, normalizing, vacuum hardening, vacuum precipitation, vacuum brazing and electron beam welding of aerospace, automotive, industrial and engineering components in commercial, military and space sectors.” The applicant had received funds towards share application money from foreign investor, namely, M/s Magellan Aerospace Limited, Canada, as shown below:

**Table-1**

<b>Sl. No</b>	<b>Date of receipt</b>	<b>Amount (INR)</b>	<b>Date of Reporting to RBI/AD</b>
1	22-11-2007	98,35,625.00	06-12-2007
2	25-03-2008	40,02,250.00	03-04-2008
3	21-04-2008	80,04,730.00	15-05-2008
4	22-01-2010	20,70,997.00	24-02-2010
5	01-12-2009	25,48,555.00	31-12-2009
6	24-03-2011	66,76,582.00	20-04-2011
7	03-08-2011	22,13,211.00	14-09-2011
8	15-09-2011	14,30,285.00	14-10-2011
9	09-11-2011	24,81,255.00	07-12-2011
10	24-01-2012	24,91,377.00	17-02-2012
11	22-03-2012	25,57,857.00	25-05-2012
12	25-09-2012	26,72,323.00	16-10-2012
13	05-12-2012	27,13,061.00	21-12-2012
14	08-03-2013	54,18,666.00	02-04-2013
15	05-09-2013	32,85,514.00	23-09-2013
16	21-11-2013	46,95,561.00	06-12-2013
17	17-12-2013	30,89,323.00	07-01-2014
18	10-01-2014	61,67,266.00	24-01-2014
19	27-11-2014	61,67,458.00	21-07-2015
20	17-10-2014	30,70,396.00	10-11-2014
21	04-03-2014	30,94,821.00	19-03-2014
	<b>Grand Total</b>	<b>846,87,113.00</b>	



The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from three days to six months and twenty four days approximately, beyond the stipulated time of 30 days in respect of remittances indicated at serial numbers 4, 7, 11 and 19 above. 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 applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.966/22.06.731/2017-18 dated September 26, 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 September 28, 2017. Shri Santosh Pandey, Company Secretary, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in paragraph 2 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not wilful or with malafide intention, but was mainly due to inadvertence, and the same will not be repeated. In view of the above, he 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 as well as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

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 I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention



relates to an amount of **Rs. 1,30,09,523.00**, and the period of delay ranges from three days to six months and twenty four days approximately.

5. 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 **Rs.14,900.00 (Rupees Fourteen Thousand and Nine Hundred only)**, will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(A) of Schedule I 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.14,900.00 (Rupees Fourteen Thousand and Nine Hundred only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, within a period of 15 days from the date of this order. In case of failure to deposit the said 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, the Twenty Eighth day of September, 2017.

Sd/-

**(Eugene E Karthak)**  
**Regional Director**