



In the

RESERVE BANK OF INDIA

Foreign Exchange Department

6, Sansad Marg

New Delhi-110001

Present

Eugene E Karthak

Regional Director for Delhi and CGM, New Delhi

Date: December 19, 2018

C.A.NDL 307/2018

In the matter of

Sandhar Technologies Limited

B-6/20, L.S.C, Safdarjung Enclave, New Delhi 110029

(Applicant)

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

ORDER

The applicant has filed the compounding application dated September 18, 2018 (received at Reserve Bank of India, New Delhi on September 20, 2018) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of delay in filing Form FC-GPR after issue of shares in terms of Paragraphs 9(1)(B) 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, as amended from time to time (hereinafter referred to as FEMA 20/2000-RB).

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

(a) The company was incorporated on October 19, 1987 and is engaged in



manufacture of diverse parts and accessories for motor vehicles.

(b) The company had allotted bonus shares on two occasions and reported them with delay of 5 years, 6 months and 5 days and 8 years, 2 months and 17 days (as detailed hereunder) beyond the prescribed period in contravention of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000, as then applicable.

| Sl. No | Amount (in ₹) | No. of bonus shares allotted | Date of allotment | Date of reporting to RBI |
|--------|--------------------|------------------------------|-------------------|--------------------------|
| 1 | 2795662.00 | 1397831 | 08.08.2007 | 24.11.2015 |
| 2 | 12300918.00 | 6150459 | 19.04.2010 | 24.11.2015 |
| | 15096580.00 | 7548290 | | |

Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to 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 a person resident outside India.

(c) Thus, there are contraventions of Paragraph 9(1)(B) of Schedule 1 to FEMA Notification No. 20 /2000-RB dated May 3, 2000, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/or by producing documents, if any, in support of the application. Shri Narender Kumar Dogra, Assistant Vice President of the company and Ms Subhi Gupta, Company Secretary appeared for personal hearing on December 14, 2018 on behalf of the applicant. The representatives admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, they submitted that delays were without any *malafide* or wilful intention but were mainly due to the wrong impression held by the company that filing of Form FC-GPR was not required as the company had not received any foreign inward remittance for issue of bonus shares and requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold



that the applicant has contravened the provisions of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, due to delay in filing of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 2 above. The contravention relates to an amount of ₹15096580/- (One Crore Fifty Lakh Ninety Six Thousand Five Hundred Eighty only) and the period of delay are 5 years, 6 months and 5 days and 8 years, 2 months and 17 days.

5. It has been declared in the compounding application dated September 18, 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 undertaking furnished with the compounding application 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. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. 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 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 **₹309625/- (Three Lakh Nine Thousand Six Hundred Twenty Five only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, by the applicant based on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹309625/- (Three Lakh Nine Thousand Six Hundred Twenty Five only)** which shall be deposited by the applicant with the



Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi - 110001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 the 19th day of December 2018.

Sd/-

(Eugene E Karthak)
Regional Director for Delhi and CGM, New Delhi