



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5th floor, Amar Building  
Fort, Mumbai - 400 001

Present

**Meenakshi Ganju**  
**Deputy General Manager**

Date: June 12, 2019  
C.A. 4893/2019

In the matter of

**Standard Greases & Specialities Pvt. Ltd.**  
**Registered Office: 101, Ketan Apartments, 233, R.B.Mehta Marg, Ghatkopar (East),**  
**Mumbai - 400 077**

**(Applicant)**

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

**Order**

The applicant has filed the application dated February 13, 2019 (received in the Reserve Bank of India on February 14, 2019) 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 relate to disinvestment proceeds being repatriated after 90 days of disinvestment, in contravention of Regulation 16(2) of FEMA 120/RB-2004 dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

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

2.1 The applicant, a private limited company incorporated as Standard Greases (Silvassa) Private Limited under the Companies Act, 1956, on October 1, 2007 and its name was changed to Standard Greases & Specialities Pvt. Ltd. on September 11,



2009. The applicant company is engaged in the business of manufacturing, processing, blending, selling, importing and exporting of lubricating oil and greases in India.

2.2. The applicant had made an equity contribution for 24% stake in overseas JV viz. Standard Greases and Specialities LLC, UAE by remitting AED 1,20,000 on December 13, 2012. Subsequently, the applicant entered into an agreement dated July 10, 2017 to disinvest their stake in overseas JV to a NR viz. Khaleej Lubricants and Specialities FZE, UAE. The sale consideration amount of AED 1,20,000 was received on December 18, 2017 but it was received from the Gulf Oil Middle East Limited, UAE-parent company of the acquirer viz. Khaleej Lubricants and Specialities FZE. The AD bank advised the applicant to bring the sale consideration from the acquirer only and accordingly, the amount of sale consideration was returned to Gulf Oil and payment of AED 1,20,000 was received from Khaleej Lubricants and Specialities FZE on April 16, 2018. Receipt of sale proceeds beyond a period of 90 days is in contravention of Regulation 16(2) of FEMA 120/RB-2004 dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

3. The following are the observed contraventions:

Whereas Regulation 16(2) of FEMA 120/2004, states that sale proceeds of shares / securities shall be repatriated to India immediately on receipt thereof and in any case not later than 90 days from the date of sale of the shares / securities..... through the designated authorized dealer.

4. The applicant was given an opportunity for personal hearing vide letter No.FE.CO.CEFA.No./6897/15.20.67/2018-19 dated May 23,2019 for further submission in person and/ or producing documents, if any, in support of the application. Shri Kamal Aggarwal, Manager, Finance & Taxation, represented the applicant company during the personal hearing held on June 7, 2019. The representative of the applicant submitted that the contraventions on the part of the applicant company were unintentional and arose out of lack of knowledge about the legal requirements associated with the transaction which the applicant entered with an intention of expanding its business abroad. The representative of the applicant company also requested for a lenient view on the contraventions, in view of the fact that the promoters had approached the transaction only from a technical background and could not understand the 'legal



complexities' of the matter. The application for compounding was considered based on the averments made in the application as well as other documents and submissions made in this context by the applicant.

5. I have given my careful consideration to the documents on record and submissions made by the representative of the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant contravened the following Regulation of Notification No. FEMA120/2004-RB dated July 7, 2004:

Regulation 16(2)-The amount of contravention in INR, as declared by the applicant is ₹18,07,200/- approximately and the period of contravention taken is between July 10, 2017 (due date of receipt of the disinvestment proceeds) to April 16, 2018 (actual date of receipt of disinvestment proceeds by the applicant).

6. It has been declared in the compounding application dated February 13, 2019 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated February 13, 2019 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/him/her 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.

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 contravention is to be compounded and I consider that payment of an amount of ₹59,036/- (Rupees Fifty-Nine Thousand and Thirty-Six only) will meet the ends of justice.



8. Accordingly, I compound the admitted contraventions namely, the contravention of the Regulations 15(i) and 15(iii) of Notification No. FEMA 120/2004-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 ₹59,036/- (Rupees Fifty-Nine Thousand and Thirty-Six only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai – 400 001 by a demand draft drawn in favour 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.

The application is disposed accordingly.

Dated this day the 12th day of June 2019

**Sd/-**

**(Meenakshi Ganju)**

**Deputy General Manager**