



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

Sh. Vinod Kumar
Deputy General Manager

Date: March 20, 2019
CA No CHA 34/2019

In the matter of

M/s Himalayan Rocket Stove Pvt. Ltd.
181 – 182, 1st Floor
Sector: - 8 - C, Chandigarh – 160 008

(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 there under, I pass the following

Order

The applicant has filed a compounding application dated February 07, 2019 (received at the Reserve Bank on March 06, 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 pertain to (i) delay in reporting of inward remittance against issue of equity shares and (ii) delay in submission of FC-GPR to the Reserve Bank after issue of shares (iii) delay in receiving of the inflow amount beyond stipulated days after issue of shares to a person resident outside India which are in contravention of Para 9(1) (A), Para 9(1) (B) and Para 8 respectively of Schedule 1 to Foreign Exchange Management (Transfer or issue of Security by a person Resident outside India) Regulation, 2000 notified vide Notification No. 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, M/s Himalayan Rocket Stove Pvt. Ltd. is a private Limited company incorporated on March 01, 2017 under the Companies Act 2013. The applicant is engaged in the business of manufacture of metal household articles like plates, saucers, pots, kettles, saucepans, frying pans and other non-electrical utensils, small hand-operated kitchen appliances and accessories.

3. The applicant company received foreign inward remittances towards investment in equity shares from non-resident and reported to RBI with delay as under:

S N	Inflow Amount (in Rs.)	Date of inflow	Date of reporting to RBI	Delay beyond 30 days
1.	98,174.00	14.08.2017	27.10.2017	44 Days
2.	4,96,854.00	23.10.2017	31.03.2018	129 Days

The above remittance was not reported to Reserve Bank of India within the prescribed time period. The applicant reported the receipt of remittances to Reserve Bank of India with delay ranging from **44 days to 129 days**, in contravention of Para 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000RB dated May 3, 2000, in terms of which an Indian company issuing shares 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.

4. The applicant company issued shares for the undermentioned remittances and reported the same to RBI with delay as under:

SI No	Date of inflow	Amount received	Shares issued on	Share Amount	Date of reporting to RBI	Delay beyond 30 days
1	14.08.2017	98,174.00	01.03.2017	98,500.00	31.03.2018	365 Days
2	18.08.2017	8,09,174.00	19.08.2017	8,08,800.00	31.03.2018	194 Days
3	23.10.2017	14,69,949.00	15.11.2017	14,69,900.00	25.05.2018	161 Days

The applicant reported the allotment of shares to Reserve Bank with delay ranging from **161 days to 365 days**. The delay in reporting to Reserve Bank of India in form FCGPR, beyond the prescribed period in respect of allotment of the above shares is in



contravention of paragraph 9(1) (B) of Schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000, in terms of which an Indian company issuing shares in accordance with these regulations has to submit to Reserve Bank of India a report in Form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to a person resident outside India.

5. The applicant had received foreign inward remittance with delay beyond stipulated days after issue of MoA shares to a person resident outside India as indicated below.

Sr	Share issue Date	Amount	Share Amount	Date of inflow	Delay in receiving of inflow
1	01.03.2017	98,174.00	98,500.00	14.08.2017	106 Days

As mentioned above, there was delay of **106 days** in receiving of inflow beyond stipulated time. This is contravention of **para 8 of schedule 1 to FEMA Notification No.20/2000RB dated May 3, 2000.**

6. The applicant was given an opportunity for personal hearing vide letter No.CHD.FE.CG/FID/492/03.01.543/2018-19 for further submission in person and/or producing documents, if any, in support of the application.

However, the applicant vide its reply dated February 07, 2019 had informed that it was opting out of personal hearing and requested to proceed with the compounding. The application for compounding is, therefore, being considered on the basis of the averments made in the application along with the documents produced.

7. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

(a) Paragraph 9 (1) (A) of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of foreign inward remittance towards subscription to equity as detailed in paragraph 3 above. The contravention relates to an amount of Rs. **5,95,028.00** with delay ranging from **44 days to 129 days.**

(b) Paragraph 9 (1) (B) of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FCGPR to Reserve Bank after issue of shares to



persons resident outside India as detailed in paragraph 4 above. The contravention relates to an amount of Rs. **23, 77,200.00** with delay ranging **from 161 days to 365 days.**

- (c) Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in receiving of the inflow amount beyond stipulated days as detailed in paragraph 5 above. The contravention relates to an amount of **98,174** /- with a delay of **106 days.**

8. It has been declared in the compounding application dated February 07, 2019, 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.

9. 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 contravention is to be compounded and I consider that an amount of **Rs. 26,391 (Rs Twenty Six thousand Three Hundred Ninety One only)** will meet the ends of justice.

10. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant namely, Para 9(1) (A), Para 9(1) (B) and Para 8 of schedule 1 to Notification No. FEMA 20/2000RB



dated May 3, 2000 on the facts discussed above, on payment of an amount of **26,391 (Rs Twenty Six thousand Three Hundred Ninety One only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at “Chandigarh” **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 the 20th day of March 2019.

Sd/-
Vinod Kumar
Deputy General Manager