



In the  
Reserve Bank of India  
Foreign Exchange Department  
Ahmedabad-380009

Present  
Jayant Kumar Dash  
Regional Director (Gujarat, Daman & Diu and Dadra & Nagar Haveli) /  
Chief General Manager (Ahmedabad)

December 03, 2018  
CEFA.CO.ID.10868 / C.A. No. AHM - 111 / 2018-19  
Matter  
Pal Rematerials India Pvt. Ltd.  
(CIN: U37100GJ2014PTC078382)

308, Sudarshan Office Complex, Near Mithakali Underbridge,  
Near Divya Appartment, Navrangpura,  
Ahmedabad - 380009

गुजरात / Gujarat

**(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:



## Order

The applicant has filed compounding application dated August 31, 2018 (received at Reserve Bank of India on September 05, 2018) 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 beyond 30 days in reporting receipt of foreign inward remittance towards subscription to equity; (ii) delay beyond 30 days in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India; in terms of paragraphs 9 (1) (A) and 9 (1) (B) respectively, 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 3<sup>rd</sup> May 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 January 22, 2014 under the provisions of the Companies Act, 2013 (CIN: U37100GJ2014PTC078382). The company is engaged in solving housing problem of low income segment/rural household across the globe applying various technology and innovation to materials and products used in the building/construction industry, bearing NIC Code: 17099. The applicant company has received total eleven inflows amounting to ₹7,77,05,193/- from foreign investor Rematerials Inc, USA under automatic route. Company has issued the shares for amount of ₹7,77,04,970/- whereas, an excess amount of ₹223/- was ignored.

**3. Para 9(1) (A) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000:**



(Table - A)

Sr. No.	Amount of foreign inward remittance (₹)	Date of receipt	Date of reporting to RBI*	Days delay excluding prescribed time of 30 days
1	1,32,34,809	30-11-2015	02-12-2015	No delay
2	66,16,809	30-11-2015	02-12-2015	No delay
3	53,36,798	14-02-2017	21-02-2017	No delay
4	31,80,198	30-08-2017	06-09-2017	No delay
5	96,43,071	06-11-2017	25-11-2017	No delay
6	97,13,557	07-03-2018	24-03-2018	No delay
7	47,47,172	22-05-2018	02-06-2018	No delay
8	1,30,00,000	03-05-2018	13-06-2018	LSF Paid
9	85,42,949	30-07-2018	01-08-2018	No delay
<b>Total A</b>	<b>7,40,15,363</b>			
10	3,09,480	29-04-2015	08-09-2015	102 Days
11	33,80,350	06-05-2015	08-09-2015	95 Days
<b>Total B</b>	<b>36,89,830</b>			
<b>G. Total (A+B)</b>	<b>7,77,05,193</b>			

\* The date for calculation of delay under 9(1) (A) taken as date of inflow reporting by Company to AD.

4. As indicated in the Table A above, the applicant reported the receipt of eleven inward remittances, amounting to ₹7,77,05,193/- to the Ahmedabad Regional Office of the Reserve Bank of India. Out of eleven inflows, two inflows amounting to ₹36,89,830/- were reported with a delay of approx. 95 to 102 days beyond the prescribed period of 30 days. Whereas, in terms of paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB, 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. Thus, the company stands to contravene the provisions



stipulated in paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

5. The applicant allotted equity shares and filed FC-GPRs as stated below:

**Para 9 (1) (B) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000:**

**(Table - B)**

Sr. No.	No of shares issued	Amount of shares (₹)	Date of issue of shares	Date of submission of FC-GPR to RBI *	Days delay excluding prescribed time of 30 days
1	1,61,892	97,13,520	14-03-2018	23-05-2018	LSF Paid
2	79,119	47,47,140	01-06-2018	15-07-2018	LSF Paid
3	2,16,666	1,29,99,960	01-06-2018	30-06-2018	No delay
4	1,42,382	85,42,920	06-08-2018	31-08-2018	No delay
<b>Total A</b>	<b>6,00,059</b>	<b>3,60,03,540</b>			
5	3,68,983	36,89,830	06-05-2015	18-09-2015	105 Days
6	19,85,161	1,98,51,610	07-01-2016	05-04-2016	59 Days
7	5,33,679	53,36,790	08-03-2017	16-06-2017	70 Days
8	70,670	31,80,150	01-09-2017	06-03-2018	156 Days
9	2,14,290	96,43,050	06-11-2017	14-03-2018	98 Days
<b>Total B</b>	<b>31,72,783</b>	<b>4,17,01,430</b>			
<b>G. Total (A+B)</b>	<b>37,72,842</b>	<b>7,77,04,970</b>			

\* For calculation of days of delay under 9(1) (B) date of reporting to AD bank is taken as reporting to RBI.

6. As indicated in the Table B above, the applicant has filed nine form FC-GPRs amounting to ₹7,77,04,970/-. Out of nine FC-GPRs forms, five form FC-GPRs amounting to ₹4,17,01,430/- were filed with a delay ranging from 59 to 156 days approx. beyond the prescribed period of 30 days. Whereas, in terms of paragraph 9(1)



(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to the overseas investor. Thus, the company stands to contravene the provisions stipulated in Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000.

7. The applicant was given an opportunity for personal hearing vide our letter FE.AH.No.803/06.04.15 (A) CEFA /2018-19 dated November 27, 2018 for further submission in person and /or producing documents, if any, in support of the application. Applicant has vide their letter dated November 30, 2018 requested to dispose of their application as per documents submitted and sought and exemption from personal hearing with the Compounding Authority. Applicant has admitted in their application to the contraventions for which compounding has been sought and stated that the non-compliance was not intentional and was an inadvertent error on the part of the Company and they deeply regret the delay caused and requested to take lenient view. They also stated that they are willing to accept any direction/ order of the Compounding Authority in connection with their compounding application.

8. The applicant company has requested that a lenient view may be taken 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.

9. It has been declared in the compounding application dated August 31, 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 declaration 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. 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.

10. I have given my careful consideration to the documents on record and submission made by the applicant. 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 dated May 3, 2000:** Due to delay in reporting of receipt of foreign inward remittances towards subscription of shares as detailed in paragraph 4 above. The amount of contravention involved is ₹36,89,830/- and the delay is ranging from 95 to 102 days approximately.

**B) Paragraph 9 (1) (B) of Schedule 1 to FEMA Notification FEMA 20/2000 – RB dated May 3, 2000:** Due to delay in submission of form FC-GPR, after issue of shares to persons resident outside India as detailed in paragraph 6 above. The amount of contravention involved is ₹4,17,01,430/- and the delay is ranging from 59 to 156 days approximately.

11. 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 therefore, I consider that amount of penalty of ₹65,790/- (Rupees Sixty five thousand seven hundred ninety only) will meet the ends of justice.



12. Accordingly, I compound the admitted contraventions, namely contravention of paragraph 9(1) (A) and 9(1) (B) to Notification No. FEMA 20/2000-RB dated May 03, 2000, by the applicant, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹65,790/- (Rupees Sixty five thousand seven hundred ninety only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, La-Gajjar Chambers, Ashram Road, Ahmedabad –380 009 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Ahmedabad 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 the 3<sup>rd</sup> day of December, 2018.

(Jayant Kumar Dash)

Regional Director (Gujarat, Daman & Diu and Dadra & Nagar Haveli) /  
Chief General Manager (Ahmedabad)