



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

Shri C Nageswara Rao
Deputy General Manager

Date: May 06, 2019
C.A. HYD 406

In the matter of

M/s. Laver & Wood India Private Limited
3rd Floor, H. No. 8-2-120/112/P/7A&8A
Park View Estate, Road No.2 Banjara Hills
Hyderabad – 500 034

(Applicant)

In exercise of the powers conferred under sub-section 1 of Section 15 of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made there under, I pass the following

Order

The applicant has filed the compounding application dated February 07, 2019 received by us on February 11, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contravention sought to be compounded is (i) delay in refund of un-allotted share application money to the non-resident investor in terms of Paragraph 2 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(R)/ 2017-RB dated November 07, 2017 as amended from time to time.



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

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 2013 on September 08, 2017 (CIN: U20294TG2017PTC119397). The company is engaged in the business of Manufacture of sports goods.
- b) The applicant had received foreign inward remittance of ₹ 11,99,174/- on January 05, 2018 from M/s Laver & Wood Limited, New Zealand towards share subscription and reported the same to the Regional Office of Reserve Bank of India with a delay of 4 months 10 days approximately beyond the prescribed limit in contravention of Regulation 13.1(1) to Notification No. FEMA 20(R)/2017-RB, for which Late Submission Fee (LSF) of ₹ 250/- has been paid.
- c) The company has delayed in refund of un-allotted share application money to the non-resident investor. Here, the period of contravention is 9 months 7 days as shown below

SI No	Name of Remitter & Country	Total Amount (INR)	Date of Receipt	Date of request for refund
1	Laver & Wood Limited, New Zealand	11,99,174/-	05.01.2018	28.12.2018

Whereas in terms of paragraph 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB, where such capital instruments are not issued within sixty days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/ FCNR(B) accounts, as the case may be within fifteen days from the date of completion of sixty days.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2361/14.66.003/2017-18 dated April 25, 2019 for further



submission in person and/or producing documents, if any, in support of the application.

(b) Shri. Prithvi Raj Varma Datla, Chartered Accountant, represented the applicant in the personal hearing on April 29, 2019. The authorized representative of the applicant admitted the contravention for which compounding has been sought. During the personal hearing, it was submitted that the delay was not wilful or with a malafide intention but was on account of inadvertence. In view of the foregoing, the representative of the applicant 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.

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 2 of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in refund of un-allotted share application money of ₹ 11,99,174/- to the non-resident investor and the delay is 9 months 7 days approximately.

5. 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 declaration dated February 07, 2019 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 contravention which is being compounded in this Order is 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 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 **₹ 55,996/- (Rupees Fifty Five Thousand Nine Hundred Ninety Six Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention of Paragraph 2 of Schedule 1 to Notification No. FEMA-20(R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 55,996/- (Rupees Fifty Five Thousand Nine Hundred Ninety Six Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 6th day of May 2019

Sd/-

(C Nageswara Rao)

Deputy General Manager