



In the
RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi - 110001

Present

P S Khual

General Manager

Date: December 11, 2019

CA No. NDL 499/2019

In the matter of

Dreamcann Foods Private Limited

B-1/H-3, Mohan Co-operative Industrial Estate, Mathura Road, South Delhi,
Delhi - 110044

(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 July 13, 2019 (received at Reserve Bank of India, New Delhi on July 19, 2019) for compounding of contraventions 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 (i) delay in reporting foreign inward remittances received for issue of shares, and (ii) delay in filing Form FC-GPR after issue of shares, 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 May 3, 2000 (hereinafter referred to as FEMA 20/2000-RB), as amended from time to time.



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

(a) The applicant company, incorporated on August 18, 2004, is engaged in the business of manufacturing of food products.

(b) The applicant had reported the receipt of foreign inward remittances from its foreign investors, M/s Stylemyle Singapore Pte Limited, Singapore and M/s Urbana Health Pte Limited, Singapore, on three occasions with delay ranging from 1 year, 7 months and 17 days to 5 years, 7 months and 12 days, beyond the prescribed period, as detailed below, in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

Sl. No.	Date of Receipt	Amount (₹)	Date of Reporting
1	28.06.2010	19,01,491.00	16.03.2012
2	20.12.2012	16,41,000.00	30.10.2018
3	21.05.2013	5,00,000.00	12.11.2018
	Total	40,42,491.00	

Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by Indian company for issue of shares and convertible debentures, a report in form specified in Annex C to this Schedule along with a copy/ies of documents prescribed therein. Reporting of receipt of foreign inward remittance for issue of capital instruments was dispensed with in terms of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Second Amendment) Regulations, 2018 with effect from September 1, 2018. Delay in reporting of foreign inward remittance has, therefore, been taken up to August 31, 2018.

(c) The applicant had reported issue of shares to its foreign investors, M/s Stylemyle Singapore Pte Limited, Singapore and M/s Urbana Health Pte Limited, Singapore, on three occasions with delay ranging from 1 year, 6 months and 29 days to 5 years, 6 months and 6 days, beyond the prescribed period, as detailed below, in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.



Sl. No.	Date of Issue	Amount (₹)	Date of Reporting in Form FC-GPR
1	24.12.2010	19,00,005.00	21.08.2012
2	25.03.2013	16,40,994.00	30.10.2018
3	03.09.2013	4,99,985.00	12.11.2018
	Total	40,40,984.00	

Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates not later than 30 days from the date of issue of shares, a report in the Form FC-GPR as specified by the Reserve Bank from time to time together with the documents prescribed therein.

(d) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, 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. The applicant, vide e-mail dated December 09, 2019, sought exemption from personal hearing and requested to process the application and pass the necessary order taking a lenient view in the matter. The applicant had submitted in the application that the contraventions were without any *malafide* or wilful intention but were mainly due to resignation of the person concerned looking into reporting etc. and lack of awareness about FEMA compliance by others in the company. The application for compounding is, therefore, being considered on the basis of averments made in the application and documents submitted therewith.

4. 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 FEMA 20/2000-RB, as then applicable, on account of delay in reporting foreign inward remittances received for issue of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹40,42,491/- (Rupees Forty Lakh Forty Two Thousand Four Hundred and Ninety One



only) and the period of delay ranges from 1 year, 7 months and 17 days to 5 years, 7 months and 12 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in filing Form FC-GPR after issue of shares as detailed in paragraph 2(c) above. The contraventions relate to an amount of ₹40,40,984/- (Rupees Forty Lakh Forty Thousand Nine Hundred and Eighty Four only) and the period of delay ranges from 1 year, 6 months and 29 days to 5 years, 6 months and 6 days.

5. It has been declared in the compounding application dated July 13, 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 also been declared in the declaration furnished as part of 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. 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 contraventions upon adjudication. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules 2000. Accordingly, it stands to reason that payment of an amount of **₹66,670/- (Rupees Sixty Six Thousand Six Hundred and Seventy only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contraventions of paragraphs 9(1)(A) and 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 **₹66,670/- (Rupees Sixty Six Thousand Six Hundred and Seventy 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 11th day of December 2019.

Sd/-
(P S Khual)
General Manager