



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

Present  
**Ajay Kumar**  
**Regional Director for Delhi and CGM, New Delhi**

Date: May 14, 2019  
CA No. NDL 384/2019

In the matter of  
**D V S Industries Private Limited**  
41, M M Road, Rani Jhansi Road Basement, New Delhi – 110055  
**(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 January 30, 2019 (received at Reserve Bank of India, New Delhi on February 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 remittance received for issue of shares and (ii) delay in filing Form FC-GPR after issue of shares, in terms of paragraph 9(1)(A) and 9(1)(B) 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 was incorporated on June 18, 1992 and is engaged in the business of manufacturing and dealing in all kinds of crank shaft for automobiles,



tractors and other diesel engines, etc.

(b) The applicant had received inward remittances from its foreign investor M/s Fast Constructions LLC, Dubai on two occasions and reported the same with delay of 9 years, 3 months & 9 days and 12 years, 9 months & 13 days, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

S. No.	Date of receipt	Amount (₹)	Date of reporting
1.	03.03.2006	1,37,30,647.00	15.01.2019
2.	14.02.2009	1,97,57,252.00	25.06.2018
	<b>Total</b>	<b>3,34,87,899.00</b>	

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 documents prescribed therein.

(c) The applicant had issued equity shares to its foreign investor on two occasions and reported them with delay of 9 years, 3 months & 21 days and 12 years & 9 months, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

S. No.	Date of allotment	No. of shares allotted	Amount (₹)	Date of reporting in Form FC-GPR
1.	16.03.2006	5281	1,37,30,600.00	15.01.2019
2.	16.02.2009	7599	1,97,57,400.00	09.07.2018
	<b>Total</b>		<b>3,34,88,000.00</b>	

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 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. Shri Vijay Kumar Manchanda and Sandeep Kumar Manchanda, both ex directors and Shri Parminder Singh, company Secretary appeared for personal hearing on May 14, 2019 on behalf of the applicant. The representatives of the applicant admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, they submitted that contraventions were without any *malafide* or wilful intention but were mainly due to inadvertence. They requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. 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, on account of delay in reporting of foreign inward remittance received towards subscription of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of **₹3,34,87,899/- (Rupees Three Crore Thirty Four Lakh Eighty Seven Thousand Eight Hundred and Ninety Nine only)** with delay of 9 years, 3 months & 9 days and 12 years, 9 months & 13 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, 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 **₹3,34,88,000/- (Rupees Three Crore Thirty Four Lakh Eighty Eight Thousand only)** with delay of 9 years, 3 months & 21 days and 12 years & 9 months.

5. It has been declared in the compounding application dated January 30, 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 dated January 30, 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, 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 contravention upon adjudication. After considering the submissions made by the applicant and the 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 **₹22,32,000/- (Rupees Twenty Two Lakh and Thirty Two Thousand 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 **₹22,32,000/- (Rupees Twenty Two Lakh and Thirty Two Thousand 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 14th day of May 2019.



Sd/-  
**(Ajay Kumar)**  
Regional Director for Delhi and CGM, New Delhi