



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: January 29, 2020  
CA No. NDL 529/2019

In the matter of  
**Hasle Refractories India Private Limited**  
Level 2, Elegance Tower, Jasola, Mathura Road, New Delhi - 110025  
**(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 August 2, 2019 (received at Reserve Bank of India, New Delhi on August 21, 2019) and addendum dated November 20, 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 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 then applicable.



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

(a) The applicant company was incorporated in the State of Andhra Pradesh on January 9, 2013 and is engaged in marketing, selling, servicing, advertisement, distribution or introduction of refractory products, etc. The applicant shifted its Registered Office from Hyderabad in the State of Telangana (earlier part of Andhra Pradesh) to Delhi vide RoC Delhi's order dated June 30, 2016.

(b) The applicant had reported the receipt of foreign inward remittance on nineteen occasions from February 2013 to November 2016. On seventeen occasions, the applicant had reported the receipt of remittances from its foreign investors with delay ranging from 3 days to 5 months and 3 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	12.02.2013	28,26,000.00	30.04.2013
2	05.03.2013	89,619.41	20.05.2013
3	07.03.2013	380.51	20.05.2013
4	11.03.2013	10,000.00	01.07.2013
5	26.03.2013	18,26,000.00	30.04.2013
6	02.04.2013	90,000.00	20.05.2013
7	06.05.2013	2,50,000.00	20.07.2013
8	03.06.2013	10,00,000.00	20.07.2013
9	08.08.2013	15,00,000.00	10.02.2014
10	17.09.2013	6,50,000.00	25.11.2013
11	11.10.2013	4,00,000.00	10.12.2013
12	07.11.2013	10,00,000.00	11.01.2014
13	28.11.2013	5,38,000.00	11.01.2014
14	19.12.2013	12,05,570.00	21.01.2014
15	05.08.2015	18,50,000.00	01.12.2015
16	08.09.2015	6,07,642.00	01.12.2015
17	07.11.2016	13,16,900.00	05.01.2017
	<b>Total</b>	<b>1,51,60,111.92</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 or warrants 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 or convertible debentures or warrants, a report in Advance Reporting Form as specified by Reserve Bank from time to time



along with documents prescribed therein.

(c) The applicant had reported the issue of shares on seven occasions from April 2013 to November 2016. On six occasions, the applicant had reported the issue of shares to its foreign investors with delay ranging from 5 days to 8 months 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
1	09.04.2013	100,000.00	09.01.2014
2	10.08.2013	84,05,920.00	10.03.2014
3	02.02.2014	52,93,548.00	08.07.2014
4	08.06.2015	24,99,996.00	16.07.2015
5	30.09.2015	5,83,092.00	04.11.2015
6	10.11.2016	13,16,900.00	31.07.2017
	<b>Total</b>	<b>1,81,99,456.00</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 or warrants 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 or convertible debentures or warrants, a report in 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. Ms. Sakshi Agarwal, Company Secretary, and Ms. Rejina Kunwar, appeared for personal hearing on January 27, 2020 on behalf of the applicant. The representatives admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, they submitted that the contraventions were without any *malafide* or wilful intention but were mainly due to delay in receipt of FIRC from their AD bank, person responsible for filing being on leave and absence of authorised signatories during the period of filing. 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, as then applicable, on account of delay in reporting foreign inward remittance received for issue of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹1,51,60,111.92 (Rupees One Crore Fifty One Lakh Sixty Thousand One Hundred Eleven and Paise Ninety Two only) and the period of delay ranges from 3 months and 3 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 ₹1,81,99,456/- (Rupees One Crore Eighty One Lakh Ninety Nine Thousand Four Hundred and Fifty Six only) and the period of delay ranges from 5 days to 8 months.

5. It has been declared in the compounding application dated August 2, 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 contravention 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 **₹34,115/- (Rupees Thirty Four Thousand One Hundred and Fifteen 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 **₹34,115/- (Rupees Thirty Four Thousand One Hundred and Fifteen 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 29<sup>th</sup> day of January 2020.

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