



In the
Reserve Bank of India
Foreign Exchange Department
Kanpur

Present
Shri Mohit Kumar
Assistant General Manager/ Compounding Authority

Date: December 05, 2017

Compounding Order No KAN8/2017

In the matter of

M/s Scalar Bathware Pvt. Ltd.,
Ghaziabad

(Applicant)

In exercise of the powers 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

The applicant has filed a compounding application dated October 26, 2017 (received at Reserve Bank of India, Kanpur on October 31, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded is paragraph 8 of Schedule-1 (refund of excess money) to Foreign Exchange Management (Transfer or



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Issue of Security by a Person Resident outside India) Regulations, 2000 notified, vide Notification No. FEMA 20/2000- RB dated May 03, 2000 and as amended from time to time (hereinafter referred to Notification No. FEMA 20/2000-RB).

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

The Indian company (applicant) was incorporated on July 25, 2016 having its registered office at B-801, Aditya Mega City, Plot No.3, Vaibhav Khand, Indirapuram, Ghaziabad- 201010, Uttar Pradesh and registration number: U28999UP2016PTC085136. M/s Scalar Bathware Pvt. Ltd., Ghaziabad has received USD 1188/- (INR 78336.72) on October 21, 2016 as Foreign Direct Investment from Kong Lingfeng, POB No.- 4, Building 5, No. 272, Nansanhuan East Road, Guanchenghuizu District, Zhengzhou City, Zhengzhou State, Pin- 450006, China. The Indian company reported the foreign inward remittance to RBI (through its AD Bank: HDFC Bank Limited, Mumbai) towards FDI in equity and requested for allotment of Unique Identification Number (UIN). The UIN KPS21101600075E was allotted on May 09, 2017 by RBI, Kanpur and the same was informed to the company as well as AD bank vide letter dated May 09, 2017.

M/s Scalar Bathware Pvt. Ltd., Ghaziabad (applicant) received foreign inward remittance of INR 78336.72/- on October 21, 2016 and the shares of Rs. 70,000/- were allotted on July 25, 2016. However, the remaining amount of Rs. 8336.72 was refunded on November 6, 2017, with a delay of 200 days.



According to sub section (1) of section 13, the nature of contravention done by the company is following:

Table 1:

Para of Contravention	Total consideration received (In INR)	Date of receipt of the amount (A)	Amount of Refund (In INR)	Date of refund (B)	No of days in delay (B-A) excluding 180 days
Paragraph 8 of schedule1- of FEMA-20 /2000-RB dated May 03, 2000/ delay in issue of shares/refund of share application money beyond 180 days	78336.72	21.10.2016	8336.72	06.11.2017	200 days

3. The applicant company was given an opportunity of personal hearing vide Reserve Bank's letter No KAN.FED.FDI/428/08.11.302/2017-18 dated November 30, 2017 on December 04, 2017 at 11:00 A.M. for any submission in person and / or producing documents, if any, in support of the application. The applicant chose not to appear for the personal hearing to make further submission in person and/ or producing documents, if any, in support of the application. The applicant, in the compounding application had admitted the contraventions committed by them for which they have sought the compounding. It was admitted by the applicant company that delay was un-intentional and was due to personal circumstances. The application for compounding is therefore, being considered on the basis of



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the averments made in the application as well as other documents and submissions made in this context by the applicant company.

4. I have given my careful consideration to the documents on record and submissions made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the FEMA provisions issued in terms of Para 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 by refunding the excess amount of Rs 8336.72 with a delay of 200 days.

5. In terms of sub section (1) 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, considering the circumstances which led to delay in refund and other relevant facts of the case, 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 Rs. 686/- (Rupees six hundred and eighty six only), will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions namely, contravention of Para 8 of Schedule 1 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 Rs. 686/- (Rupees six hundred and eighty six



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only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mahatma Gandhi Marg, Kanpur- 208 001, by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Kanpur 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 03, 2000 shall apply.

7. The application is disposed off accordingly.

Dated the fifth day of December, 2017.

Sd/-

Mohit Kumar

Assistant General Manager/Compounding Authority