



In the
Reserve Bank of India
Foreign Exchange Department
Kanpur

Present
Shri C. L. Nag
General Manager/ Compounding Authority
Date: January 23, 2018

Compounding Order No KAN9/2017-18

In the matter of

M/s AMR Carpets Pvt. Ltd.
Plot No. 1242, Village Rayan, Taluka Chauthar, Bhadohi
Sant Ravidas Nagar, Uttar Pradesh- 221401

(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 December 26, 2017 (received at Reserve Bank of India, Kanpur on January 04, 2018) 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 are (i) delay in filing of Form



FCGPR after issue of Shares and (ii) delay in refund of share application money beyond 180 days in contravention of Para 9(1) (B) & Para 8 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

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

The Indian company (applicant) having its registered office at Plot No. 1242, Village Rayan, TalukaChauthar, Bhadohi, SantRavidas Nagar, Uttar Pradesh- 221401 and having registration number (CIN): U74120UP2013PTC057141. The Indian Company has received USD 80,328/- (INR 49,78,729.44) and USD 1,640/- (INR 1,01,647.20) on October 09, 2013 as Foreign Direct Investment. However, Indian company reported the foreign inward remittance to RBI (through its AD Bank: Jammu & Kashmir Bank Station Road, Bhadohi, U.P. - 221401) and requested for allotment of Unique Identification Number (UIN). Indian Company was allotted UINs KPA091001300109E and KPA09101300114E on November 27, 2017 respectively. Against 02 inward remittances, the company allotted shares on 31.03.2014 for ₹ 50,00,000/- and filed the relevant FCGPR with delays to RBI, as indicated under:

Sl. No.	No. of shares issued / allotted	Face Value (in ₹)	Amount (in ₹)	Date of issue / allotment of shares	Reported to RBI on
1	4,90,000	10	49,00,000	31.03.2014	06.10.2017



2	10,000	10	1,00,000	31.03.2014	06.10.2017
			50,00,000/-		

AMR Carpets Pvt. Ltd. reported the allotment of equity shares in Form FC-GPR amounting to Rs. 50,00,000/- with delay of 1255 days approximately beyond the prescribed limit in respect of the two allotments. Whereas in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

3. An excess amount of Rs. 80,376/- was remaining after allotment of shares. The applicant refunded the excess share application money on 19.12.2017 to the overseas investor with prior approval of Reserve Bank with delay of 1352 days approximately beyond the prescribed period of 180 days, which was in contravention of para 8 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter no. Kan.ViMuVi.PrViNi./560/08.11.312/2017-18 dated January 22, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant's



representative, Shri Sarvesh Sharan Srivastava, Company Secretary, appeared for personal hearing held on January 23, 2018 during which representative of the applicant admitted the contraventions for which compounding has been sought and submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions submitted along with the application.

5. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

- (a) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs. 50,00,000/- with delay of 1255 days approximately beyond the prescribed time limit in respect of the two allotments and;
- (b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in refund of Share application money beyond 180 days.

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 contraventions are to be compounded and I consider that an amount of Rs 67882/- (Rupees sixty seven thousand eight hundred eighty two only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of para9 (1) B and para 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, 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 67882/- (Rupees sixty seven thousand eight hundred eighty two 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.

8. The application is disposed off accordingly.

Dated this twenty third day of January 2018.

Sd/-

(C. L. Nag)
General Manager/Compounding Authority