



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

Arundhati Mech
Regional Director

Date: April 13, 2018
C.A.776/2018

In the matter of

M/s. R N Photo Coatings Pvt Ltd.,
New No. 19, 1st Floor,
Playground View Street,
Nandanam Extension,
Chennai- 600035.

(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 March 19, 2018 (received at Reserve Bank on March 26, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in submission



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of Form FC-GPR on allotment of shares with Reserve Bank and (ii) delay in allotment of shares, in terms of Paragraphs 9 (1) B and 8 respectively, of Schedule I 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 and as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on June 10, 2011 under the provisions of the Companies Act, 1956 (Registration No: U24100TN2011PTC081007) and is engaged in the business of manufacture of other articles n.e.c. The applicant received five foreign inward remittances between 04.06.2012 and 25.04.2014 amounting to ₹ 1,27,18,447.33 from M/s AT Promotions Ltd.,UK towards subscription to equity shares and reported the same to Reserve Bank.

3. The company allotted equity shares and filed FC-GPRs as indicated below:

Sl. No.	No. of shares	Face Value (in Rs.)	Amount (INR)	Date of allotment	Reported to RBI on
1	5000	10	50,000.00	16.06.2012	17.07.2014
2	369442	10	36,94,420.00	16.11.2012	25.07.2014
3	897401	10	89,74,010.00	10.09.2014	22.05.2015

The applicant filed form FC-GPRs as indicated above with delay ranging from seven months 12 days to two years one day approximately beyond the prescribed limit in respect of 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.

4. The company allotted shares against the remittance received as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
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1	28.02.2014	21,15,862.66	10.09.2014
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The company allotted shares with delay of 14 days approximately beyond the prescribed period of 180 days without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated April 09, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide mail dated April 12, 2018 have informed that they will not be appearing for the personal hearing. The applicant, in the compounding application, had admitted the contraventions as stated in para 3 and 4 above for which compounding has been sought. It had been submitted that the delay was unintentional. 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 made in this context by the applicant.

6. It has been declared in the compounding application dated March 19, 2018 that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated March 19, 2018 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/him/her thereafter. 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.



7. 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 ₹ 1,27,18,430.00 with duration of contravention ranging from seven months 12 days to two years one day approximately; and

(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with para 5 of AP (DIR Series) Circular No.20 dated December 14, 2007 due to delay in allotment of shares without prior approval of Reserve Bank. The contravention relates to an amount of ₹ 21,15,862.66 with the duration of contravention being 14 days approximately.

8. 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 ₹ 66,380- (Rupees sixty six thousand three hundred and eighty only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) B and 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 ₹ 66,380- (Rupees sixty six thousand three hundred and eighty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the



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“Reserve Bank of India” and payable at Chennai 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 of accordingly.

Dated this Thirteenth day of April, 2018.

Sd/-

Arundhati Mech
Regional Director