



In the
Reserve Bank of India
Foreign Exchange Department
Ahmedabad-380009

Present
Jayant Kumar Dash
Chief General Manager (The Regional Director)

May 1, 2018
CEFA.CO.ID.9743 / C.A.No. AHM - 96 / 2017-18

Matter
M/s Astra Specialty Compounds India Pvt. Ltd.
(CIN: U25200GJ2012PTC072136)
304, Aakanksha, Opp. Vadilal House, Navrangpura, Ahmedabad - 380009
Gujarat

(Applicant)

In exercise of the powers conferred 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:

Order

The applicant has filed compounding application dated January 30, 2018 (received at Reserve Bank of India on February 1, 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 beyond 30 days in reporting receipt of foreign inward remittance towards



subscription to equity and (ii) delay beyond 30 days in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India; 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 3rd May 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 applicant company was incorporated on September 27, 2012 under the provisions of the Companies Act, 2013 (CIN: U25200GJ2012PTC072136). The company is engaged in manufacture of other plastic commodities, bearing NIC Code: 22209. The applicant company has received total twenty six inflows amounting to ₹ 34,44,57,785/- from foreign investors under automatic route and reported the same to Reserve Bank of India as indicated below:

3. Para 9(1) (A) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 – Contravention Detected: (Table -1)

Sr. No.	Remitter	Date of receipt	Amount of foreign inward remittance (₹)	Date of reporting to RBI*	Days delay excluding prescribed time of 30 days
1	Astra Polymer Compounding Co. Ltd.	06-05-2013	100000	05-06-2013	No Delay
2	-- do --	26-03-2014	11897834	12-04-2014	No Delay
3	-- do --	26-03-2014	11897834	12-04-2014	No Delay
4	-- do --	26-03-2014	13385584	12-04-2014	No Delay
5	-- do --	26-03-2014	13385584	12-04-2014	No Delay
6	-- do --	22-09-2014	8997299	20-10-2014	No Delay
7	-- do --	20-10-2014	15790747	14-11-2014	No Delay
8	-- do --	20-10-2014	15790747	14-11-2014	No Delay
9	-- do --	20-10-2014	15183247	14-11-2014	No Delay
10	-- do --	20-10-2014	15790747	14-11-2014	No Delay
11	-- do --	20-10-2014	15790747	14-11-2014	No Delay
12	-- do --	20-10-2014	15790747	14-11-2014	No Delay



13	-- do --	18-05-2015	1904758	03-06-2015	No Delay
14	-- do --	12-05-2017	15875132	29-05-2017	No Delay
15	-- do --	12-05-2017	15875132	29-05-2017	No Delay
16	-- do --	12-05-2017	15875132	31-05-2017	No Delay
	Sub Total A		203331271		
1	Astra Polymer Compounding Co. Ltd.	03-07-2013	14007301	14-09-2013	43 days
2	-- do --	03-07-2013	14066421	28-08-2013	26 days
3	-- do --	03-07-2013	14775861	28-08-2013	26 days
4	-- do --	08-07-2013	1508514	14-09-2013	38 days
5	-- do --	15-06-2017	15873007	01-08-2017	17 days
6	-- do --	15-06-2017	15873007	01-08-2017	17 days
7	-- do --	15-06-2017	15873007	01-08-2017	17 days
8	-- do --	13-07-2017	16383132	16-10-2017	65 days
9	-- do --	13-07-2017	16383132	16-10-2017	65 days
10	-- do --	13-07-2017	16383132	16-10-2017	65 days
	Sub Total B		141126514		
	Grand Total (A+B)		344457785		

* The date for calculation of delay under 9(1) (A) taken as date of inflow reporting by Company to AD.

4. The applicant reported the receipt of twenty six inward remittances, amounting to ₹ 34,44,57,785/- to the Ahmedabad Regional Office of the Reserve Bank of India. Out of twenty six inflows ten inflows amounting to ₹14,11,26,514/- were reported with a delay ranging from 17 to 65 days. Whereas, in terms of paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration. Thus the company stands to contravene the provisions stipulated in paragraph 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

5. The applicant allotted equity shares and filed FC-GPRs as stated below:

Para 9(1) (B) – Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 –Contravention detected: (Table -2)



Sr. No.	Name of the Foreign Investor	No of shares issued	Amount of shares (₹)	Date of issue of shares	Date of submission of FC-GPR to RBI *	Days delay excluding prescribed time of 30 days
1	Astra Polymer Compounding Co. Ltd.	4435800	44358000	07-11-2013	05-12-2013	No Delay
2	-- do --	5056660	50566600	12-05-2014	10-06-2014	No Delay
3	-- do --	899720	8997200	20-11-2014	20-12-2014	No Delay
4	-- do --	9413690	94136900	18-12-2014	31-12-2014	No Delay
5	-- do --	190470	1904700	15-06-2015	03-07-2015	No Delay
	Sub Total A	19996340	199963400			
1	Astra Polymer Compounding Co. Ltd.	10000	100000	09-05-2013	10-06-2013	2 days
2	-- do --	4762539	47625390	03-07-2017	04-10-2017	63 days
3	-- do --	4761902	47619020	10-08-2017	04-10-2017	25 days
4	-- do --	4914939	49149390	11-09-2017	29-11-2017	49 days
	Sub Total B	14449380	144493800			
	Grand Total (A+B)	34445720	344457200**			

* For calculation of days of delay under 9(1)(B) date of reporting to AD bank is taken as reporting to RBI.

** Excess amount of ₹585/- has been ignored.

6. As indicated in the table above, the applicant has filed nine form FC-GPRs amounting to ₹34,44,57,200/-. Out of nine FC-GPRs forms four form FC-GPRs amounting to ₹14,44,93,800/- were filed with a delay ranging from 2 to 63 days beyond the prescribed timeline of 30 days. Whereas, in terms of paragraph 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank of India a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to the overseas investor. Thus the company stands to contravene the provisions stipulated in Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000.

7. The applicant was given an opportunity for personal hearing vide our letter FE.AH.No.1432 /06.04.15 (A) CEFA /2017-18 dated April 24, 2018 for further



submission in person and /or producing documents, if any, in support of the application. Shri Hardik Makwana, Legal Officer and Company Secretary (Accounts & Finance) represented the applicant for the personal hearing on April 27, 2018. They admitted to the contraventions for which compounding has been sought and stated that the non-compliance was not intentional and was an inadvertent error on the part of the Company and they deeply regret the delay caused and requested to take lenient view. They also stated that they are willing to accept any direction/ order of the Compounding authority in connection with their compounding application.

8. The representative of the applicant requested that in view of the foregoing, a lenient view may be taken in disposal of the application. 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 during personal hearing and thereafter.

9. It has been declared in the compounding application dated January 30, 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 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. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 of FEMA, 1999. 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.



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

A) Paragraph 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000: Due to delay in reporting of receipt of foreign inward remittances towards subscription of shares as detailed in paragraph 4 above. The amount of contravention involved is ₹14,11,26,514/- and the delay is for approximately 17 to 65 days.

B) Paragraph 9 (1) (B) of Schedule 1 of FEMA Notification FEMA 20/2000 – RB dated May 3, 2000: Due to delay in submission of form FC-GPR, after issue of shares / CCDs to persons resident outside India as detailed in paragraph 6 above. The amount of contravention involved is ₹14,44,93,800/- and the delay is for approximately 2 to 63 days .

11. 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 therefore, I consider that amount of penalty of ₹1,11,505/- (Rupees One lakh eleven thousand five hundred five only) will meet the ends of justice.

12. Accordingly, I compound the admitted contraventions, namely contravention of paragraph 9(1) (A) and 9(1) (B) 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 ₹1,11,505/- (Rupees One lakh eleven thousand five hundred five only)



which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, La-Gajjar Chambers, Ashram Road, Ahmedabad –380 009 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Ahmedabad 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 the 1st day of May, 2018.

Sd/-

(Jayant Kumar Dash)
Chief General Manager (Regional Director)