



In the  
**Reserve Bank of India**  
Foreign Exchange Department  
Kanpur

Present

**Shri Vivek Deep**  
**Regional Director/ Compounding Authority**

Date: June 04, 2018

Compounding Order No.KAN10/2017-18

In the matter of  
M/s Daydream Constructions Pvt. Ltd.  
388/2, Indira Nagar, Dehradun  
Uttarakhand- 248001

**(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 April 23, 2018(received at Reserve Bank of India, Kanpur on May 02, 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) and Para 8 respectively 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 388/2, Indira Nagar, Dehradun, Uttarakhand- 248001 and having registration number CIN U45209UR2015PTC001615, received Six inward remittances totaling to Euro 3, 25,045/- (INR 2, 35, 23, 576/-) as Foreign Direct Investment, which were reported to RBI (through its AD Bank: Axis Bank, Dehradun) and requested for allotment of Unique Identification Number (UIN). The applicant was allotted six UINs against these 06 inward remittances. Further, the company allotted shares and filed the relevant FCGPR with delays to RBI, as indicated under:

Sl. No.	No. of shares issued / allotted	Face Value (In Rs.)	Amount (In Rs.)	Date of issue / allotment of shares	Reported to RBI on	Delay in days (excluding prescribed period of 30 days)
1	9,59,304	10	95,93,040/-	29.10.2015	24.08.2016	270
2	3,67,353	10	36,73,530/-	01.09.2016	27.09.2017	361
3	2,87,256	10	28,72,560/-	12.12.2016	27.09.2017	259
4.	7,37,000	10	73,70,000/-	30.04.2016	14.05.2018	715



M/s Daydream Constructions Pvt. Ltd. reported the allotment of equity shares in Form FC-GPR with delay ranging from 259 to 715 days approximately beyond the prescribed limit. 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 amount of Rs. Euro 200 /-(INR 14,400/-) was also received by the applicant on October 19, 2015 for which UIN No KPD19101500036 was allotted and thereafter no shares were allotted against this inward remittance. The applicant refunded this excess share application money on January 09, 2017 to the overseas investor with prior approval of Reserve Bank with delay of 268 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.vi.ni./Pra.Vi.Ni/1164/08.11.262/2017-18 dated May 25, 2018 for further submission in person and/or producing documents, if any, in support of the application. Shri Apoorv Joshi, Director and Shri Shashank Goyal, Chartered Accountant appeared for personal hearing



held on June 04, 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. 2,35,09,130/- with delay ranging from 259 days to 715 days approximately beyond the prescribed time limit in respect of the four 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. 63,180/- (Rupees Sixty Three Thousand One Hundred Eighty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of para 9 (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. 63,180/- (Rupees Sixty Three Thousand One Hundred Eighty only) which shall be deposited by the applicant with 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 fourth day of June 2018.

**Sd/-**

(Vivek Deep)  
Regional Director/ Compounding Authority