



In the

Reserve Bank of India  
Foreign Exchange Department  
3<sup>rd</sup> Floor  
15, Netaji Subhas Road  
Kolkata – 700 001

Present

**H. Thangzaman**  
**Chief General Manager**

Date: July 17, 2018

C.A.071/2018

In the matter of

**M/s Worldwide Safety Private Limited**

17, Ballygunje Place,  
Kolkata-700 019  
West Bengal

(Applicant)

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

**Order**

The applicant had filed a compounding application dated May 31, 2018 (received at Reserve Bank on June 4, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded is for delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India beyond the stipulated 30 days in terms of Paragraph 9(1)(B) to



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 May 03, 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 was incorporated under Companies Act, 1956, on March 16, 2000 and he is in the business of producing, manufacturing, designing etc of all kinds of knitted and dipped industrial safety seamless gloves.

The applicant received five foreign inward remittances from foreign investors towards subscription to equity shares as tabulated below:

Sl. No	Foreign Investor	Amount in INR	Date of receipt	Date of reporting to RBI
1	Mr Philippe Lebon, France	38,90,531	21.06.2000	RBI Approval dated July 20, 2000
2	Mr. Fabrice Lebon, France	38,90,531	21.06.2000	RBI Approval dated July 20, 2000
3	Mr Philippe Lebon, France	12,19,009	10.10.2000	RBI Approval dated July 20, 2000
4	Mr. Fabrice Lebon, France	12,19,009	10.10.2000	RBI Approval dated July 20, 2000
5	Lebon International S.A.R.L, Luxembourg	10,63,43,003	22.12.2015	20.01.2016
<b>Total</b>		<b>11,65,62,083</b>		

The applicant reported receipt of advance remittance towards share subscription to Kolkata Regional Office of Reserve Bank on the above mentioned dates within stipulated time, whereas in terms of paragraph 9(1)(A) Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures 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.

**3.** The applicant allotted equity shares in three tranches to foreign investors (as mentioned below) and reported to Reserve Bank of India as under:



S.No	Amount in INR for which FCGPR submitted	Date of allotment of shares	FCGPR submitted to RBI on
1	1,02,19,080	01.12.2000	11.12.2000
2	3,06,57,240	25.11.2014 (Bonus issue of shares)	24.01.2017
3	10,63,43,003	28.12.2015	27.01.2016
<b>Total</b>	<b>14,72,19,323</b>		

In terms of paragraph 9(1)(B) Schedule 1 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 persons outside India. However, the applicant reported the allotment of Shares (in form FC-GPR) at serial no. 2 of the table on pre-page to the Reserve Bank of India, Kolkata Regional Office with a delay of approximately two years one month beyond the stipulated period of 30 days.

4. The applicant allotted 10,21,908 equity shares @ Rs 10 to Mr Fabrice Lebon, France & Mr Philippe Lebon, France on December 1, 2000; 30,65,724 bonus shares @Rs 10 to Mr Fabrice Lebon, France & Mr Philippe Lebon, France on November 25, 2014; 24,41,860 equity shares @Rs 10 to M/s Lebon International S.A.R.L, Luxembourg on December 28, 2015 as detailed below:

S. No.	Amount (INR)	Date of inflow	Date of issue of shares	Foreign Investor	Amount of shares issued (INR)
1	1,02,19,080	21.06.2000 & 10.10.2000	01.12.2000	Mr. Fabrice Lebon, France & Mr Philippe Lebon, France	1,02,19,080
2	No inflow	No inflow	25.11.2014 (Bonus issue of shares)	Mr. Fabrice Lebon, France & Lebon Protection Industrielle, France	3,06,57,240
3	10,63,43,003	22.12.2015	28.12.2015	Lebon International S.A.R.L, Luxembourg	10,63,43,003
<b>Total</b>	<b>11,65,62,083</b>				

The allotment of shares was within the stipulated period from receipt of foreign inward remittances, in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, as per which an Indian company has to issue shares within 180 days from receipt of foreign inward remittances. Hence, there is no contravention of Para 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000.



5. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No.KOL.FED.FID.76/03.40.300/2017-18 dated July 11, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant represented by Ms. Megha Sharma (Company Secretary) appeared for personal hearing on July 17, 2018. The representative of the applicant admitted the contraventions as stated in para 3 above committed by the applicant for which compounding has been sought. During personal hearing, it was submitted that the company was not aware of the requirement for filing of FC-GPR for bonus issue of shares. In view of this, the company requested to take a lenient view in the matter. The application for compounding is therefore being considered on the basis of averments made in the application as well as other documents and submission made in the context by the applicant during personal hearing and thereafter.

6. It has been declared in the compounding application dated May 31, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her 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. The contraventions being sought for compounding have taken place before November 7, 2017 and hence the application for compounding is being considered as per provisions of erstwhile Notification No. FEMA 20/2000-RB dated May 03, 2000.

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



(a) Paragraph 9(1)(B) of Schedule 1 of Notification No.FEMA 20/2000-RB dated May 03, 2000 delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India beyond the stipulated 30 days as details in paragraph 3 above. The contravention relates to an amount of Rs.3,06,57,240/- and the duration is two years one month approximately.

8. In terms of Section 13 of the FEMA any person contravening any provision of the act shall be liable for a penalty upto thrice the sum of the contravention upon adjudication. However, considering the circumstances which led to the delay and other relevant facts of the case I am inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of Rs 1,14,167/- (Rupees One lakh Fourteen Thousand One Hundred Sixty-seven only) will meet the end of justice.

9. Accordingly, I compound the admitted contravention viz. Paragraph 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceeding) Rules, 2000 on payment of an amount Rs 1,14,167/- (Rupees One lakh Fourteen Thousand One Hundred Sixty-seven only) which are to be deposited by the applicant with the Reserve Bank of India, Kolkata by a demand draft in favour of Reserve Bank of India and payable at Kolkata within 15 days from the date of issue of the order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceeding) Rules, 2000 dated May 03, 2000 shall apply (the application is disposed of accordingly).

Dated, the 17<sup>th</sup> July, 2018

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(H. Thangzaman)

Chief General Manager, Kolkata