



PM International India Private Limited
CA NDL 289/2018

In the

RESERVE BANK OF INDIA

Foreign Exchange Department

6, Sansad Marg

New Delhi-110001

Present

E. E. Karthak

Regional Director

Date: September 5, 2018

C.A.NDL 289/2018

In the matter of

PM International India Private Limited

Regus Business Centre, Red Fort Level 1, Red Fort Capital, Parsvnath Towers, Bhai
Veer Singh Marg, Gole Market, New Delhi 110001

(Applicant)

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

ORDER

The applicant has filed a compounding application dated July 9, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares in terms of Paragraph 9(1)(A) 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 as amended from time to time (hereinafter referred to as FEMA 20/2000-RB), as then applicable, and also (ii) delay in submission of form FC-GPR after allotment of shares in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

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

a) The applicant company was incorporated on April 28, 2015 and allotted registration number U51909DL2015FTC279574. The company is engaged in wholesale of toiletry, perfumery and cosmetics.

b) The company had received a total of 12 foreign inward remittances from July 07, 2015 to April 10, 2018 for issue of equity shares, out of which, on 8 occasions, the company had reported inward remittances with a delay ranging from 6 days to 5 months and 1 day beyond the prescribed period (as detailed hereunder) in contravention of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000, as then applicable.

Sr.No.	Date of receipt	Amount in INR	Date of reporting
1	07.07.2015	18,96,200.00	12.08.2015
2	07.07.2015	3,800.00	12.08.2015
3	21.07.2015	1,73,65,200.00	16.09.2015
4	21.07.2015	34,799.32	15.12.2015
5.	28.09.2016	44,91,000.00	29.03.2017
6.	04.10.2016	9,000.00	29.03.2017
7.	30.11.2016	49,75,204.36	29.03.2017
8.	05.06.2017	35,63,000.00	12.07.2017
		3,23,38,203.68	

Whereas, in terms of Paragraph 9(1) (A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to Reserve Bank of India, receipt of amount of consideration towards share subscription not later than 30 days from the date of receipt of the said amount.

c) The company had allotted equity shares on 10 occasions, out of which, on 5 occasions, these shares have been reported in form FC-GPR with a delay ranging from 1 month and 2 days to 3 months and 5 days (as detailed hereunder) beyond the prescribed period in contravention of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000, as then applicable.



Sr. No.	Date of allotment	No. of shares /CCDs allotted	Amount in Rs.	Date of reporting of FCGPR
1.	09.10.2015	1736520 ES	1,73,65,200.00	11.02.2016
2.	09.01.2016	3480 ES	34,800.00	01.04.2016
3.	25.11.2016	450000 ES	45,00,000.000	30.03.2017
4.	18.01.2017	497520 CCDs	49,75,200.000	06.04.2017
5.	15.06.2017	356300 CCDs	35,63,000.00	17.08.2017
			3,04,38,200.00	

Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, 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 a person resident outside India.

d) Thus, there are contraventions of Paragraph 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA Notification No 20 /2000-RB dated May 3, 2000, as then applicable.

3. The applicant company was given an opportunity for personal hearing for further submission in person and/or by producing documents, if any, in support of the application. Shri Yoginder Singh and Shri Samarth Choudhary, Advocates, representatives of the applicant company, appeared for the personal hearing on September 3, 2018 on behalf of the company. The representatives of the applicant company admitted the contraventions committed by the company for which the company has sought compounding. They stated that the delay was due to late receipt of KYC documents and FIRC's. They further stated that delay was without any malafide or wilful intention on their part and requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of documents on record admitting the contraventions.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

(a) Paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, due to delay in reporting the inflow of funds from a person resident outside India. The contravention relates to an amount of Rs.3,23,38,203.68 and the delay ranges from



6 days to 5 months and 1 day.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, due to delay in filing of form FC-GPR with RBI. The contravention relates to an amount of Rs.3,04,38,200/- and the delay ranges from 1 month and 2 days to 3 months and 5 days.

5. It has been declared in the compounding application dated July 09, 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 July 05, 2018 furnished by the Director of the company 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 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.

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.51,075/- (Rupees Fifty One thousand Seventy Five only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions of Paragraph 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA 20/2000- RB, as then applicable, by the applicant on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs.51,075/-(Rupees Fifty One thousand Seventy Five only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New



Delhi-110001 by a demand draft drawn in favour of the “Reserve Bank of India” and payable at New Delhi 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 the 5th day of September 2018.

Sd/-

(E. E. Karthak)
Regional Director