



In the

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

Present

P.Ramesh
Assistant General Manager

Date : September 20, 2018
C.A.794/2018

In the matter of

M/s.Textures and Weaves India Private Limited
(formerly M & J Textures & Weaves Private Limited)
No.6/1, Silambu Street, Padmanaba Nagar,
Choolaimedu, Chennai – 600 094

(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 May 18, 2018 (received at Reserve Bank on June 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 in submission of Form FC-GPR on allotment of shares with Reserve Bank and (ii) delay in refund of inward remittance received in terms of Paragraph 9 (1) B and 8 of Schedule I to



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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 applicable then (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 March 30, 2007 under the provisions of the Companies Act, 1956 (Registration No. U17124TN2007PTC062906) and is engaged in business of weaving, manufacturing of man-made fiber and man-made mixture fabrics. The applicant received six foreign inward remittances between 28.09.2007 and 03.10.2013 amounting to ₹3,04,556.75 from i) Mr.James Elijah Hankins, USA ii) Mr. Mukesh Bhat, USA and iii) Mr.Donnie Riche, USA towards subscription to equity shares and reported the same to the Reserve Bank.

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

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	10000	10	100000.00	05.12.2007	28.10.2014

The applicant filed form FC-GPR as indicated above with delay of six years nine months 23 days beyond the prescribed limit in respect of the allotment. 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 failed to allot shares and refunded the three remittances received on 03.10.2013 as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1	03.10.2013	7853.00	30.07.2018
2	03.10.2013	28806.00	30.07.2018
3	03.10.2013	158313.00	30.07.2018



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The company refunded the amount as indicated above with delay of four years three months 27 days approximately beyond the stipulated time of 180 days with 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 advised about the contraventions vide memorandum dated March 22, 2018 and March 26, 2018. The applicant filed a compounding application dated May 18, 2018 wherein it has been declared 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 nil 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.

6. The applicant vide letter dated May 24, 2018 chose not to appear for the personal hearing for any further submission in person and/or producing documents, if any, in support of the application. 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 delays were 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.



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7. I have given my careful consideration to the documents on record and submissions 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 ₹ 1,00,000.00 with duration of contravention being six years nine months 23 days approximately; and

(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of inward remittance received with prior approval of Reserve Bank. The contravention relates to an amount of ₹1,94,972.00 with the duration of contravention being four years three months 27 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 ₹ **63,293/-** (Rupees sixty three thousand two hundred and ninety three 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 ₹ **63,293/-** (Rupees sixty three thousand two hundred and ninety three 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



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drawn in favour of the “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 Twentieth day of September, 2018.

Sd/-
(P.Ramesh)
Assistant General Manager