



In the

Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Shri Gopal B Terdal
Assistant General Manager

Date: October 30, 2018
C.A. BGL 306/2018

In the matter of

M/s Candor View India Private Limited
A1-102, Shree Prakruthi Apartment
Thindlu Main Road, Near Kodigehalli Railway Crossing
Bengaluru 560097
(Applicant)

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

ORDER

The applicant has filed a compounding application dated July 06, 2018, received at this office of Reserve Bank of India, Bengaluru, on July 06, 2018, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in allotment of shares to the foreign investors, persons resident outside India, beyond 180 days of receipt of the inward remittances, in terms of Paragraph 8 of Schedule I 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, M/s Candor View India Private Limited, was incorporated on December 01, 2015, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of aluminum metal & metal alloys as cash and carry wholesale trading.

3. The company had received inward remittances of Rs.4,96,321.58, and Rs.3,678.84, amounting to Rs.5,00,000.42, from the foreign investor M/s Candor View LLC, USA, on April 05, 2016, and October 13, 2016, respectively. The company allotted 50,000 equity shares for a total consideration of Rs.5,00,000.00, on May 26, 2017, to the foreign investor, beyond 180 days from the date of receipt of inward remittances, with prior approval of Reserve Bank of India, vide Reserve Bank's letter FE.BG.FID.No.6330/21.06.001/2016-17 dated May 15, 2017. Whereas, in terms of paragraph 8 of Schedule 1 to Notification No.FEMA20/2000-RB, read with A.P. (DIR Series) Circular No.20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded or shares to be issued to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to issue shares or refund the amount of consideration received towards issue of security.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 1088 /22.10.565/2018-19 dated October 12, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Surendra Giri, Logistics Manager, who appeared for the personal hearing on October 15, 2018, admitted the contravention as stated in paragraph 3 above, committed by the applicant, for which compounding has been sought. The representative of the applicant requested that as the contravention was not intentional or with a malafide intention and was mainly due to inadvertence, 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.

5. I have given my 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 8 of Schedule I to Notification No. FEMA 20/2000-RB, as the applicant allotted the shares to the non-resident investor with a delay beyond the stipulated period of 180 days from the date of receipt of amount of consideration as detailed in paragraph 3 above. The contravention relates to an amount of **Rs.5,00,000.00**, and the period of delay ranges from one month and fifteen days to seven months and twenty four days.

6. It has been declared in the compounding application dated July 06, 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 undertaking, 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 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.

7. 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 contravention are to be compounded and I consider that an amount of **Rs. 31,500.00 (Rupees Thirty One Thousand and Five Hundred only)** will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contravention of Paragraph 8 of Schedule I 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. 31,500.00 (Rupees Thirty One Thousand and Five Hundred only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru - 560001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Bengaluru 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 Thirtieth day of October 2018.

Sd/-

(Gopal B Terdal)
Assistant General Manager