



In the

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

Present

Shri P J Thomas
Regional Director, Karnataka and
Chief General Manager, Bengaluru

Date: October 26, 2018
C.A. BGL 312/2018

In the matter of

M/s Plant Tech-Mid Continent (India) Private Limited
Plot No.245, Baikampady Industrial Area
New Mangalore - 575011
(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 13, 2018, received at this office of Reserve Bank of India, Bengaluru on July 27, 2018, and addendum to the application dated October 10, 2018, received on October 17, 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 reporting receipt of foreign inward remittances towards subscription to equity, (ii) delay in refund of excess share application money, and (iii) delay in submission of Form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A), 8 and 9(1)(B), respectively, 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 Plant Tech-Mid Continent (India) Private Limited, was incorporated on January 25, 2006, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of tank cleaning, crude oil sludge processing, etc. The applicant had received funds towards share application money from the foreign investor, namely, M/s Mid Continental Environment Project Pte Limited, Singapore, as shown below:

Table – 1

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	07-06-2006	99,515.00	12-07-2006
2	19-08-2006	12,985.00	06-02-2007
3	31-01-2007	19,64,174.00	05-03-2007
4	01-02-2007	8,779.00	05-03-2007
5	20-02-2007	43,930.00	05-03-2007
	Total	21,29,383.00	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from two days to four months and nineteen days, beyond the stipulated period of 30 days, in respect of the remittances as indicated at serial numbers 1 to 4 in the Table-1 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule I 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 company had received inward remittances amounting to Rs. **20,16,883.00**, in three tranches from January 31, 2007, to February 20, 2007, from the non-resident investor, M/s Mid-Continental Environmental Project Pte Limited, Singapore, and allotted 20,000 equity shares worth **Rs.20,00,000.00**.



The company had refunded excess share application money of Rs.16,545.10, with a delay beyond the stipulated period, on November 12, 2008, to the non-resident investor, without prior approval of Reserve Bank of India. The amount of contravention is **Rs.16,545.10**, and the period of delay is eleven months and fourteen days. Whereas, in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000- RB, dated May 3, 2000, read with A.P. (DIR Series) Circular No. 20 dated December 14, 2007, the excess amount need to be refunded within 180 days from the date of receipt of inward remittance.

4. The applicant company allotted equity shares and filed Form FC-GPRs with Reserve Bank/AD as indicated below:

Table – 2

Sl. No.	Date of Allotment	Number of shares allotted	Amount involved (INR)	Date of reporting to RBI/AD
1	14-10-2006	1125	1,12,500.00	06-02-2007
2	29-03-2007	20000	20,00,000.00	21-08-2007
3	27-07-2010	84500 (Bonus shares)	84,50,000.00	15-10-2010
	Total		1,05,62,500.00	

The applicant filed the Form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from one month and nineteen days to three months and twenty four days, beyond the prescribed period of 30 days, in respect of the allotments indicated in Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India, a report in Form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to persons resident outside India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 1189/22.07.986/2018-19 dated October



23, 2018, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representative Mr. Chethan Nayak K, Practising Company Secretary, who appeared for the personal hearing on October 26, 2018, admitted the contraventions as stated in paragraphs 2, 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention but was mainly due to inadvertence, and the same would not be repeated. In view of the above, he requested to take a lenient view 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.

6. 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 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs.20,85,453.00**, and the period of delay ranges from two days to four months and nineteen days;

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to refund of excess share application money beyond 180 days from the date of receipt of inward remittances, without prior approval from Reserve Bank of India as detailed in paragraph 3 above. The total amount of contravention is **Rs.16,545.10**, and the period of delay is eleven months and fourteen days; and

(c) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPRs to the Reserve Bank after issue of shares to persons resident outside India, as detailed in paragraph 4



above. The contravention relates to an amount of **Rs.1,05,62,500.00**, and the period of delay ranges from one month and nineteen days to three months and twenty four days.

7. It has been declared in the compounding application dated July 13, 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 dated July 23, 2018, 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.

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 **Rs.24,630.00 (Rupees Twenty Four Thousand Six Hundred and Thirty only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 8 and 9(1)(B) 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.24,630.00 (Rupees Twenty Four Thousand Six Hundred and Thirty 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 Twenty Sixth day of October, 2018.

Sd/-

(P J Thomas)
Regional Director, Karnataka and
Chief General Manager, Bengaluru