



In the

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

Present

Anup Kumar
General Manager

Date: January 4, 2017
C.A. BGL181/2016

In the matter of

M/s. Global Impressions Labels India Pvt. Ltd.
36/1, 5th Main Road, 2nd Cross, Thayappa Garden,
Bilekhalli, Bannerghatta Road,
Bengaluru - 560076
(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 August 16, 2016 (received at the Reserve Bank on August 17, 2016) 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 and (ii) 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) 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. Global Impressions Labels India Pvt. Ltd., was incorporated on October 21, 2013, under the Companies Act, 1956. The company is engaged in the business of labelling. The applicant received



funds towards share application money from one foreign investor viz. M/s Impressions Labels Lanka (Pvt) Ltd, Srilanka., as shown below:

Sl. No	Date of Receipt	Total Amount	Date of reporting to RBI/ AD
1	22-01-2014	1535000.00	25-04-2014
2	31-10-2013	734760.00	27-09-2014
3	03-12-2013	77150.00	27-09-2014
4	19-11-2013	769000.00	27-09-2014
5	04-03-2014	1235550.00	18-10-2014
6	17-03-2014	640249.00	11-10-2014
7	13-03-2014	74533.00	11-10-2014
8	17-03-2014	1526091.00	11-10-2014
	Total	65,92,333.00	

The applicant reported receipt of remittances to the Authorized Dealer Bank with delay ranging from 2 months 1 day to 9 months 28 days approximately, beyond the stipulated time of 30 days in respect of all remittances indicated 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 allotted equity shares and filed FC-GPRs with AD as indicated below:

Sl. No.	Date of Allotment	Amount (INR)	Date of reporting to RBI/AD
1	18-03-2014	3115910	09-06-2015
2	18-03-2014	634090	14-03-2016
3	29-03-2014	2842320	14-03-2016
	Total	65,92,320	

The applicant filed all the Form FC-GPRs, with a delay ranging from 1 year 1 month 23 days to 1 year 10 months 26 days approximately beyond the prescribed period. 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 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.

4. The applicant was given an opportunity for personal hearing, vide the Reserve Bank's letter No. FE.BG.FID (CEFA) No. 2818/22.09.370/2016-17 dated December 23, 2016, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on December 26, 2016 during which Ms. Meghana, practicing Company Secretary, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in paragraphs 2 and 3 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 a malafide intention and it was mainly due to inadvertence and the same will not be repeated. In view of the above, they 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.

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 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. 65,92,333/-** and the period of delay ranges from 2 months 1 day to 9 months 28 days approximately;

(b) 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. The contravention relates to an amount of **Rs. 65,92,320/-** and the period of delay ranges from 1 year 1 month 23 days to 1 year 10 months 26 days approximately.



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. 36,400/- (Rupees Thirty Six Thousand Four Hundred only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1) (A) 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. 36,400/- (Rupees Thirty Six Thousand Four 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 Fourth day of January 2017.

Sd/-

(Anup Kumar)
General Manager