



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 : March 03, 2017
C.A.612/2016

In the matter of

M/s. CAN Automotion Pvt Ltd.,
Plot 99, Flat S1, Sabarmathi Apartments,
Parvathi Nagar, 1st Cross Street,
Madambakkam, Selaiyur,
Chennai-600073

(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 November 28, 2016 (received at Reserve Bank on November 28, 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 of inflow of funds received from a person resident outside India for allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 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 3, 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 company was incorporated on December 11, 2009 under the provisions of the Companies Act, 1956 (Registration No. U74999TN2009PTC073797) and is engaged in Business of wholesale trade in electronic equipment and accessories. The applicant received foreign inward remittances from (i) Mr. Madhusudan Giri, Australia and (ii) Mr. Breasley Clement Berenger, Australia towards subscription to equity shares and reported the same to the Reserve Bank as given below:

Sl. No.	Amount of Foreign Inward Remittance (in Rs.)	Date of receipt	Reported to RBI on
1	50,000.00	03.11.2011	12.03.2012
2	50,000.00	09.11.2011	12.03.2012
3	2,85,450.00	14.09.2012	01.10.2012
4	2,60,300.00	04.10.2012	10.10.2012
5	2,85,116.00	25.10.2012	05.11.2012
6	31,794.75	13.05.2013	03.07.2013
7	1,58,610.00	23.05.2013	10.06.2013
8	74,690.00	27.05.2013	03.07.2013
9	3,00,160.00	02.07.2013	09.07.2013
10	1,18,470.00	18.07.2013	17.08.2013
11	2,66,000.00	05.08.2013	06.08.2013
12	7,61,280.00	30.08.2013	26.09.2013

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from seven days to three months 10 days approximately beyond the stipulated time of 30 days in respect of remittance recorded at Sr.No.1,2,6



M/s.CAN Automotion Pvt Ltd. – C.A.612/2016
and 8. 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 as given below:

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	8200	10	98,400.00	30.04.2012	27.09.2012
2	59340	10	8,30,760.00	08.03.2013	02.07.2013
3	112190	10	17,10,897.50	05.11.2013	04.12.2013

The applicant filed form FC-GPRs as indicated above with delay ranging from two months 26 days to four months approximately beyond the prescribed limit in respect of the allotments at Sr. Nos. 1 and 2. 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 applicant vide letter dated March 02, 2017 chose not to appear for the personal hearing for further submission in person and/or producing documents, if any, in support of the application. The applicant, in the compounding application, had admitted the contravention as stated in paras 2 and 3 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.



5. I have given my careful consideration to the documents on record and submission 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) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 2,06,484.75 and the duration of contravention ranging from seven days to three months 10 days approximately; and

(b) 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 ₹ 9,29,160/- and the duration of contravention ranging from two months 26 days to four months 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 ₹ 21,400/- (Rupees twenty one thousand four hundred only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB, by the applicant on the facts discussed above in terms of the Foreign Exchange



M/s.CAN Automotion Pvt Ltd. – C.A.612/2016
(Compounding Proceedings) Rules, 2000 on payment of an amount of
₹ 21,400/- (Rupees twenty one thousand four hundred 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 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 Third day of March, 2017.

Sd/-

P Ramesh
Assistant General Manager