



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

Present

**Eugene E Karthak**  
**Regional Director**

Date: March 22, 2017  
**C.A. BGL191/2016**

In the matter of

**M/s. Express Fabric Cleaners Pvt. Ltd.**  
P 15, 12<sup>th</sup> Sector, LIC Qtrs,  
Jeevan Bheema Nagar,  
Bengaluru - 560075  
**(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 September 21, 2016 (received in Reserve Bank of India, Bengaluru on October 26, 2016) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (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, Express Fabric Cleaners Pvt. Ltd., was incorporated on June 9, 2014, under the Companies Act, 2013. The activity undertaken by the company is "To carry on the business of Dry cleaning and laundry services for its customers, corporate houses, hospitals, shopping malls,



Airlines, and their staff both individual as well as collectively.” The applicant received funds towards share application money from one foreign investor viz., M/s RB Investments PTE Ltd, Singapore, as shown below:

Sl. No	Date of Receipt	Total Amount	Date of Reporting
1	17-06-2014	5,94,511.10	13-03-2015
2	19-06-2014	38,37,600.69	13-03-2015
3	03-09-2014	59,71,028.91	13-03-2015
	<b>Total</b>	<b>1,04,03,140.70</b>	

The applicant reported receipt of remittances to the Authorized Dealer Bank with a delay ranging from 5 months 10 days to 7 months 24 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-GPR with Reserve Bank of India /Authorized Dealer bank as indicated below:

Sl. No.	Date of Allotment	Amount (INR)	Date of reporting to RBI/AD
1	12-12-2014	1,04,03,140.00	13-05-2015
	<b>Total</b>	<b>1,04,03,140.00</b>	

The applicant filed the Form FC-GPR on allotment of shares with the Authorized Dealer Bank, with a delay of 4 months 2 days approximately beyond the prescribed period of 30 days in respect of allotment of shares indicated. 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. 5511/22.09.333/2016-17 dated March 7, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on March 9, 2017 and Shri. N. Murali Krishnan, Director of the company 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. 1,04,03,140.70** and the period of delay ranges from five months ten days to seven months twenty four 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 as detailed in paragraph 3 above. The contravention relates to an amount of **Rs. 1,04,03,140/-** and the period of delay is four months two 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. 46,900/- (Rupees Forty Six Thousand Nine 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. 46,900/- (Rupees Forty Six Thousand Nine Hundred only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> 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 Second day of March 2017.

Sd/-

(Eugene E Karthak)  
**Regional Director**