



In the

Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

Shri. Gautam Prasad Borah
Chief General Manager

Date: April 10, 2017

C.A. No. 676/2017

In the matter of

M/s DANI Instruments India Pvt. Ltd.
214, 2nd Floor, Makers Bhavan 3,
New Marine Lines,
Mumbai-400020

(Applicant)

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

Order

1. The applicant has filed the compounding application dated January 05, 2017 (received at the Reserve Bank on January 09, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittance towards subscription to equity and (ii) delay in submission of Form FC-GPR 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 1 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 August 19, 2010 under the Companies Act, 1956 and is engaged in the business of design, manufacture, development, assembly, commercialisation, distribution, import, export, market, trade and deal in all instruments and products, appliances, equipments, materials, consumerables and all such other products dedicated to the analysis of chemical compounds in different matrices in India. The applicant received foreign inward remittance from M/s Dani Instruments S.P.A. Italy, towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

Sr. No.	Amount of Foreign Inward remittance (INR)	Date of receipt	Date of reporting to RBI
1.	12,13,912.00	19.11.2010	20.04.2011
2.	5,86,813.00	06.12.2010	01.06.2011
3.	5,83,953.00	04.01.2011	10.04.2012
4.	6,10,915.00	27.01.2011	27.06.2011
5.	3,00,663.00	15.02.2011	30.06.2016
6.	6,12,760.00	10.03.2011	01.06.2011
7.	30,94,585.00	28.03.2011	20.04.2011
8.	12,84,224.00	07.06.2011	24.06.2011
9.	6,34,122.00	12.08.2011	26.09.2011
10.	9,49,817.00	10.09.2011	26.09.2011
11.	9,78,125.00	10.10.2011	19.10.2011
12.	10,15,074.00	14.11.2011	23.11.2011
13.	4,97,578.00	27.03.2015	21.04.2015
14.	5,00,088.00	27.03.2015	21.04.2015
15.	9,77,406.00	15.04.2015	21.04.2015
Total	1,38,40,035.00		

The applicant reported receipt of remittances to the Reserve Bank with a delay ranging from 15 days to 5 years 3 months and 16 days approximately beyond the stipulated time of 30 days in respect of remittances recorded at serial no.1 to 6, & 9



above. Whereas, in terms of Paragraph 9(1)(A) of Schedule 1 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/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr. No.	No. of shares	Face Value (INR)	Premium	Amount (INR)	Date of allotment	Reported to RBI on
1	1,21,391	10/-	---	12,13,910.00	31.01.2011	18.05.2011
2	58,395	10/-	---	5,83,950.00	31.01.2011	27.02.2012
3	58,681	10/-	---	5,86,810.00	31.01.2011	12.07.2011
4	61,091	10/-	---	6,10,910.00	31.01.2011	15.06.2011
5	30,066	10/-	---	3,00,660.00	04.05.2011	08.08.2011
6	61,276	10/-	---	6,12,760.00	04.05.2011	01.08.2011
7	3,09,458	10/-	---	30,94,580.00	04.05.2011	01.08.2011
8	53,509	10/-	14	12,84,216.00	07.11.2011	19.12.2011
9	26,421	10/-	14	6,34,104.00	07.11.2011	19.12.2011
10	39,575	10/-	14	9,49,800.00	07.11.2011	21.11.2011
11	40,755	10/-	14	9,78,120.00	07.11.2011	20.11.2011
12	42,294	10/-	14	10,15,056.00	16.02.2012	22.05.2012
13	82,294	10/-	14	19,75,056.00	20.04.2015	13.05.2015
Total	9,85,206			1,38,39,932.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 12 days to 11 months and 28 days approximately beyond the prescribed limit in respect of allotments indicated at serial no.1 to 9 & 12 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 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 was given an opportunity for personal hearing vide the Reserve Bank's letter No. FED.MRO.CEFA/2016-17 dated March 27, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on March 30, 2017 during which Mr. Wahid Bhat, Managing Director and Mr. Vaibhav Sagvekar, Consultant, represented the applicant. The authorised representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof the matter may be viewed leniently. 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 submissions made by the applicant during the personal hearing and thereafter. 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 the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs.45,43,138/- and the duration is ranging from 15 days to 5 years 3 months and 16 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the 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 Rs.99,36,956/- with a delay ranging from 12 days to 11 months and 28 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 contraventions upon adjudication. However, taking into account the relevant facts



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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.39,000/- (Rupees Thirty Nine Thousand 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 (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs.39,000/- (Rupees Thirty Nine Thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai 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.

8. The above order is passed only in respect of contraventions of Para 9(1)(A) and 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Date: April 10, 2017

Compounding Authority

Sd/-

(Gautam Prasad Borah)
Chief General Manager