



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
11th floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400 001

Present

Shekhar Bhatnagar
Chief General Manager

Date: May 30, 2017
CA No 4308/2017

In the matter of

Crown Worldwide Movers Private Limited
C-3, MIDC Taloja, Navi Mumbai 410 208
Maharashtra

(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 February 17, 2017 (received in the Reserve Bank of India on February 22, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded relates to outstanding payment liability towards its supplier beyond specified period without taking the approval of the Reserve Bank of India (RBI), which is in contravention of Regulation 3 of Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 notified vide Notification No. FEMA 3/2000-RB dated 3rd May 2000 as amended from time to time (hereinafter referred to as Notification No. FEMA 3/2000-RB).



2. The relevant facts of the case are as follows: Crown Worldwide Movers Private Limited was incorporated on July 16, 1996 under the Companies Act, 1956 (CIN U64120MH1996PTC101121). The applicant is a wholly owned subsidiary of a foreign company namely, Crown Worldwide Holdings Limited, Hong Kong. It is engaged in the business of record management services, relocation, world mobility and fine arts. It had regularly been importing goods and services relating to software maintenance and scanning device from overseas supplier namely, Moonrich Solutions Limited, Hong Kong (hereinafter referred as 'overseas supplier'). The applicant during the period 2009 to 2014 imported the following goods and services from its overseas supplier:

Sr.No.	Year	Invoice Value (goods) in USD	Invoice Value (services) in USD
1	2009	31,457	28,395
2	2010	55,884	124,419
3	2011	-	156,514
4	2012	-	155,305
5	2013	68,607	-
6	2014	49,470	-
		205,418	464,633
	Total	670,051	

Due to deteriorating financial position and misplacement of records, the applicant did not make payment of the above invoices amounting to USD 670,051 approximately (Rs.4,55,63,468/-) which remained outstanding beyond period of 3 years. RBI vide letter FE.CO.EPD/6757/21.52.007/2016-17 dated January 09, 2017 advised the AD bank namely, Standard Chartered Bank to grant approval from FEMA angle to the applicant to remit USD 670,051 to its overseas supplier subject to applicant applying for compounding to RBI for delayed payment of invoices. Accordingly, the applicant made the payment towards the outstanding invoices as under:

Date of payment	Amount in USD
27.01.2017	464,632.80
08.02.2017	205,418.12



Total	670,050.92
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The above delay in making payment without RBI approval was in contravention of Regulation 3 of Notification No. FEMA 3/2000-RB dated 3rd May 2000.

3. Regulation 3 of Notification No. FEMA 3/2000-RB states that "Save as otherwise provided in the Act, Rules or Regulations made there under, no person resident in India shall borrow or lend in foreign exchange from or to a person resident in or outside India:

Provided that the Reserve Bank may, for sufficient reasons, permit a person to borrow or lend in foreign exchange from or to a person resident outside India".

4. The applicant was given an opportunity for personal hearing vide our letter No. FED.CO.CEFA No.11258/15.20.67/2016-17 dated May 11, 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 May 29, 2017 during which Shri Shankernarayanan K. Iyer, AGM-Finance and Shri P.R. Sreekrishnan, Manager-Accounts represented the applicant. During the personal hearing, the representatives of the applicant admitted the contraventions committed by them for which they have sought compounding and submitted that the lapse was not intentional and requested that a lenient view may be taken. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 3 of Notification No. FEMA 3/2000-RB dated 3rd May 2000. The amount of contravention is USD 670,051 (Rs.4,55,63,468/-) and the period of contravention ranges between three years to eight years.



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.3,63,248/- (Rupees Three lakhs sixty three thousand two hundred and forty eight only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contravention of Regulation 3 of Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 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.3,63,248/- (Rupees Three lakhs sixty three thousand two hundred and forty eight only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, 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.

The application is disposed of accordingly.

Dated this the thirtieth day of May, 2017

Sd/-

(Shekhar Bhatnagar)
Chief General Manager



FED CEFA
Crown Worldwide Movers Private Limited,
CA No 4308/2017