



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**R Kesavan**  
**Chief General Manager**

Date : June 08, 2017  
**C.A.631/2016**

In the matter of

**M/s. Don Construction Chemicals India Ltd.,**  
No. 4 & 5, 2nd Block Chowdhary Complex,  
Nandanam Extn, 5th Street,  
Nandanam,  
Chennai-600035

**(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 January 11, 2017 (received at Reserve Bank on January 11, 2017 ) 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)



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delay in reporting of inflow of funds received from a person resident outside India for allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank (iii) delay in allotment of shares and (iv) allotment of shares prior to receipt of full consideration in terms of Paragraph 9 (1) A, Paragraph 9 (1) B and Paragraph 8 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 July 02, 1993 under the provisions of the Companies Act, 1956 (Registration No. U24294TN1993PLC025377) and is engaged in Business of manufacture of articles of concrete, cement or artificial stone (tiles, bricks etc.). The applicant received foreign inward remittances from (i) M/s. F Ball & Co. Ltd., UK (ii) M/s Don Construction Products Ltd., UK towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No	Amount of Foreign Inward Remittance (in Rs.)	Date of receipt	Reported to RBI on
1	30,00,000.00	24.06.2008	16.03.2017
2	13,31,400.00	06.04.2010	13.10.2016
3	26,86,000.00	22.04.2010	29.06.2016
4	35,00,000.00	03.09.2010	29.06.2016
5	5,15,580.00	12.09.2011	16.03.2017
6	50,00,000.00	31.07.2012	13.10.2016
7	85,00,000.00	04.09.2012	29.06.2016
8	65,46,129.00	18.10.2012	29.06.2016
9	95,83,200.00	13.12.2012	29.06.2016
10	52,62,300.00	22.01.2013	03.11.2016
11	53,43,400.00	21.02.2013	03.11.2016
12	53,66,100.00	04.04.2013	08.04.2016
13	55,43,445.60	31.05.2013	19.06.2013
14	87,79,200.00	24.06.2013	05.07.2013
15	59,38,600.00	01.08.2013	21.08.2013
16	94,59,525.00	23.08.2013	11.09.2013



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17	60,77,700.00	26.09.2013	08.10.2013
18	90,30,000.00	04.10.2013	11.10.2013
19	60,47,882.50	30.10.2013	19.11.2013
20	61,65,841.20	05.11.2013	19.11.2013
21	61,98,000.00	22.11.2013	03.12.2013
22	62,18,000.00	04.12.2013	14.12.2013
23	61,56,000.00	16.12.2013	27.12.2013
24	1,21,41,496.60	24.02.2014	03.03.2014
25	60,79,000.00	04.03.2014	19.03.2014
26	88,87,500.00	09.07.2014	23.07.2014
27	63,00,250.00	18.12.2014	09.01.2015
28	60,54,000.00	02.03.2015	24.03.2015
29	58,70,956.80	08.09.2016	16.11.2016
30	8,29,043.20	28.11.2016	09.01.2017
31	1,16,95,741.75	17.01.2017	24.01.2017
32	18,04,260.00	09.03.2017	28.03.2017
33	95,74,827.40	24.03.2017	18.04.2017
34	63,01,163.20	08.05.2017	06.06.2017

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from 11 days to eight years seven months 22 days approximately beyond the stipulated time of 30 days in respect of the remittances at Sr. Nos. 1 to 12, 29 and 30. 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 as indicated below:

Sl. No.	No. of shares/CCPs allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	351558	10	35,15,580	27.12.2008	31.03.2017
2	850000	10	85,00,000	24.09.2013	02.03.2017
3	500000	10	50,00,000	24.09.2013	24.03.2017
4	2768143	10	2,76,81,430	24.09.2013	24.03.2017
5	1060570	10	1,06,05,700	24.09.2013	24.03.2017
6	133140	10	13,31,400	24.09.2013	24.03.2017



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7	554345	10	55,43,450	24.09.2013	07.07.2016
8	877920	10	87,79,200	24.09.2013	07.07.2016
9	593860	10	59,38,600	24.09.2013	07.07.2016
10	945953	10	94,59,530	24.09.2013	07.07.2016
11	607770	10	60,77,700	15.02.2014	07.07.2016
12	903000	10	90,30,000	15.02.2014	18.07.2016
13	1221372	10	1,22,13,720	15.02.2014	18.07.2016
14	619800	10	61,98,000	15.02.2014	18.07.2016
15	621800	10	62,18,000	15.02.2014	18.07.2016
16	615600	10	61,56,000	15.02.2014	18.07.2016
17	1214150	10	1,21,41,500	05.05.2014	18.07.2016
18	607900	10	60,79,000	05.05.2014	18.07.2016
19	630025	10	63,00,250	22.12.2014	20.06.2016
20	888750	10	88,87,500	22.12.2014	29.06.2016
21	605400	10	60,54,000	05.05.2015	18.07.2016
22	587095	10	58,70,950	10.09.2016	08.10.2016
23	82905	10	8,29,050	30.11.2016	29.12.2016
24	1169574	10	1,16,95,740	18.01.2017	31.01.2017
25	180426	10	18,04,260	09.03.2017	28.03.2017
26	957482	10	95,74,820	27.03.2017	18.04.2017
27	630116	10	63,01,160	10.05.2017	26.05.2017

The applicant filed the form FC-GPR as indicated above with delay ranging from one year one month 13 days to eight years two months four days approximately beyond the stipulated time of 30 days in respect of the FC GPRs at Sr. Nos.1 to 21. 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. Against 11 remittances received between 24.06.2008 and 21.02.2013 the company allotted shares on 27.12.2008 and 24.09.2013 as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	24.06.2008	30,00,000.00	27.12.2008
2	06.04.2010	8,15,820.00	24.09.2013
3	22.04.2010	26,86,000.00	24.09.2013
4	03.09.2010	35,00,000.00	24.09.2013



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5	12.09.2011	5,15,580.00	24.09.2013
6	31.07.2012	50,00,000.00	24.09.2013
7	04.09.2012	85,00,000.00	24.09.2013
8	18.10.2012	65,46,129.00	24.09.2013
9	13.12.2012	95,83,200.00	24.09.2013
10	22.01.2013	52,62,300.00	24.09.2013
11	21.02.2013	53,43,400.00	24.09.2013

The company allotted shares with delay ranging from three days to two years 11 months 18 days approximately beyond the prescribed period of 180 days without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The company allotted 351558 shares on 27.12.2008. An amount of ₹ 5,15,580/- towards the above allotment was received on 06.04.2010 as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
1	06.04.2010	5,15,580.00	27.12.2008

The company received the full consideration towards the allotment with delay of one year three months 10 days approximately. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

6. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated June 07, 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 June 08, 2017 during which Shri Dattatreya K, Manager and Shri Sukesh K.L, Company Secretary of the Company represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in para 2 to 5 above committed by the applicant for which compounding has been sought. During the personal hearing, it



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was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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 the personal hearing.

7. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and 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 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 ₹ 6,33,34,109/- with duration of contravention ranging from 11 days to eight years seven months 22 days approximately;
- (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. The contravention relates to an amount of ₹ 17,17,10,560/- with the duration of contravention ranging from one year one month 13 days to eight years two months four days approximately;
- (c)** Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank. The contravention relates to an amount of ₹ 5,07,52,429/- with the duration of contravention ranging from three days to two years 11 months 18 days approximately; and
- (d)** Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to allotment of shares prior to receipt of full consideration. The contravention relates to an amount of ₹ 5,15,580/- with the duration of contravention being one year three months 10 days approximately.



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8. 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 ₹ 13,95,211/- (Rupees thirteen lakh ninety five thousand two hundred and eleven only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B and 8 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 ₹ 13,95,211/- (Rupees thirteen lakh ninety five thousand two hundred and eleven 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 Eighth day of June, 2017.

**Sd/-**

**R Kesavan**  
**Chief General Manager**