



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 29, 2017  
**C.A.643/2016**

In the matter of  
**M/s. Danly (India) Pvt Ltd.**  
Plot No.S 35/36, SIPCOT Industrial Complex,  
Phase III, Ranipet,  
Mukundarayapuram Post, Pin-632405

**(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 October 13, 2016 (received at Reserve Bank on February 09, 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, 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.

2. The relevant facts of the case are as follows: The applicant company was incorporated on May 05, 2008 under the provisions of the Companies Act, 1956 (Registration No. U27209TN2008PTC067630) and is engaged in Business of manufacture of cutlery, hand tools and general hardware. The applicant received foreign inward remittances from M/s.Danly International Inc., USA towards subscription to equity shares and reported the same to the Reserve Bank as below:

<b>Sl. No.</b>	<b>Amount of Inward Remittance in Rs.</b>	<b>Date of receipt</b>	<b>Reported to RBI on</b>
1	47,08,200.00	02.01.2009	09.05.2009
2	5,94,284.12	24.09.2010	27.10.2010
3	37,81,800.00	31.05.2011	05.07.2011
4	67,68,493.90	02.12.2011	12.12.2011
5	67,91,797.80	11.05.2012	06.06.2012
6	83,04,017.52	14.09.2012	18.10.2012
7	31,60,884.00	15.04.2013	05.07.2013
8	28,09,284.00	15.04.2013	05.07.2013
9	35,12,484.00	15.04.2013	05.07.2013
10	10,52,338.80	15.04.2013	05.07.2013
11	77,80,000.00	26.07.2013	14.08.2013
12	32,89,279.19	31.01.2014	27.02.2014
13	47,08,314.00	10.06.2014	16.06.2014
14	23,82,111.00	07.07.2014	24.07.2014
15	36,59,353.15	30.06.2016	03.08.2016
16	36,67,223.19	05.07.2016	02.08.2016
17	36,58,558.66	09.09.2016	30.09.2016
18	14,43,305.21	03.11.2016	31.01.2017
19	14,18,382.00	19.01.2017	07.02.2017
20	34,46,521.40	28.02.2017	21.03.2017
21	27,54,184.00	01.03.2017	31.03.2017
22	34,30,960.00	02.03.2017	21.03.2017



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23	34,37,430.00	21.03.2017	04.04.2017
24	16,76,147.50	18.04.2017	02.05.2017
25	33,52,330.00	18.04.2017	02.05.2017

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from three days to three months seven days approximately beyond the prescribed period of 30 days in respect of remittances recorded at Sr.Nos.1 to 3, 6 to 10, 15 and 18. 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 indicated below:

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	47082	100	47,08,200	30.05.2009	23.06.2009
2	5942	100	5,94,200	04.03.2011	17.08.2011
3	37818	100	37,81,800	18.10.2011	14.11.2011
4	67684	100	67,68,400	28.05.2012	31.05.2012
5	67917	100	67,91,700	09.11.2012	27.03.2013
6	83040	100	83,04,000	11.03.2013	15.03.2013
7	183149	100	1,83,14,900	10.10.2013	05.11.2013
8	103797	100	1,03,79,700	21.07.2014	28.08.2014
9	73265	100	73,26,500	15.07.2016	07.09.2016
10	36585	100	36,58,500	24.09.2016	12.10.2016
11	14433	100	14,43,300	02.01.2017	31.01.2017
12	14183	100	14,18,300	17.03.2017	13.04.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from seven days to four months 13 days approximately beyond the prescribed limit in respect of the allotments at Sr. Nos.2, 5, 8 and 9. 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-



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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 Reserve Bank's mail dated June 23, 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 28, 2017 during which Ms I V Rajyalakshmi, Authorised Representative represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it 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.

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 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 ₹ 3,30,25,950.80 with the duration of contravention ranging from three days to three months seven 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 ₹ 2,50,92,100/- with the duration of contravention ranging from seven days to four months 13 days approximately.



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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 ₹ 32,765/- (Rupees thirty two thousand seven hundred and sixty five 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 ₹ 32,765/- (Rupees thirty two thousand seven hundred and sixty five 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 Twenty Ninth day of June, 2017.

**Sd/-**

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