



In the

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

Present

P.Ramesh
Assistant General Manager

Date: July 20, 2017
C.A.671/2016

In the matter of

M/s. Accumetric Silicones Pvt Ltd.,
No.16/1, Corporation Road,
Seevaram, Perungudi,
Chennai- 600 096.

(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 May 18, 2017 (received at Reserve Bank on May 19, 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) delay in submission



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of Form FC-GPR on allotment of shares with Reserve Bank and (ii) allotment of shares prior to receipt of full consideration, in terms of Paragraphs 9 (1) B and 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 January 07, 2011 under the provisions of the Companies Act, 1956 (Registration No: U24242TN2011PTC078744) and is engaged in the business of Manufacture of caulking compounds and similar non-refractory filling or surfacing preparations, mastics, prepared paint or varnish removers, organic composite solvents and thinners and other related products. The applicant received two foreign inward remittances of ₹ 8,97,477/- and ₹ 1,04,244.70 on 13.05.2011 and 27.03.2015 respectively from M/s Accumetric Asia Pacific Ltd., Thailand towards subscription to equity shares and reported the same to Reserve Bank within the stipulated period of 30 days.

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.	89747	10	8,97,470	24.06.2011	28.10.2011
2.	10253	10	1,02,530	24.06.2011	19.11.2015

The applicant filed form FC-GPR as indicated above with delay ranging from three months four days to four years three months 25 days approximately beyond the prescribed limit in respect of allotment. 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. The company has allotted 10253 shares of ₹ 10/- each amounting to ₹ 1,02,530/- on 24.06.2011. The consideration was brought in by way of inward remittance as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
1.	27.03.2015	1,02,530	24.06.2011

The consideration was brought in with delay of three years nine months three days. 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 applicant vide e-mail dated July 18, 2017 have informed that their authorized representatives are not available for the personal hearing on the date specified i.e. July 20, 2017. The applicant, in the compounding application, had admitted the contravention as stated in para 3 and 4 above for which compounding has been sought. It had been submitted that the delays were unintentional. 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.

6. 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) 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 ₹ 10,00,000/- with delay ranging from three months four days to four years three months 25 days approximately; and



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(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with para 5 of AP (DIR Series) Circular No.20 dated December 14, 2007 due to allotment of shares prior to receipt of consideration. The contravention relates to an amount of ₹ 1,02,530/- with the duration of contravention being three years nine months three days approximately.

7. 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 **₹45,121/-** (Rupees forty five thousand one hundred and twenty one only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 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 **₹45,121/-** (Rupees forty five thousand one hundred and twenty one 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 Twentieth day of July, 2017.

Sd/-



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P.Ramesh
Assistant General Manager