



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 28, 2017
C.A.661/2017

In the matter of

M/s. Vermeer Equipment India Pvt Ltd.
Suite No.613, 6th Floor, Acropolis Building,
No.148, Dr. Radha Krishnan Road,
Mylapore, Chennai 600004

(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 April 11, 2017 (received at Reserve Bank on April 20, 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 reporting of



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inflow of funds received from a person resident outside India for allotment of shares in terms of Paragraph 9 (1) A 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 March 22, 2016 under the provisions of the Companies Act, 1956 (Registration No. U74900TN2016FTC104822) and is engaged in business of other business support service activities. The applicant received foreign inward remittances from (i) M/s Vermeer Asia Pacific Pte. Ltd., Singapore (ii) M/s Vermeer Manufacturing Company, USA towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Inward Remittance in ₹	Date of receipt	Reported to RBI on
1	80,000.00	06.06.2016	25.08.2016
2	20,000.00	16.06.2016	20.09.2016
3	1,750.32	20.07.2016	25.08.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from six days to two months four days approximately beyond the prescribed period of 30 days. 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 ₹)	Amount (in ₹)	Date of allotment of shares	Reported to RBI on
1	1000	100	1,00,000	18.10.2016	15.11.2016



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The applicant filed form FC-GPRs as indicated above within the prescribed limit in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated July 25, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide mail dated July 27, 2017 informed that he would not be in a position to attend the hearing on July 28, 2017. 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.

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 ₹ 1,01,750.32 with the duration of contravention ranging from six days to two months four 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 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 ₹ 10,500/- (Rupees ten thousand five hundred only) will meet the ends of justice.



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7. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 9 (1) A 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 ₹ 10,500/- (Rupees ten thousand five hundred 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 Eighth day of July, 2017.

Sd/-

P Ramesh
Assistant General Manager