



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri G. P. Borah**  
Chief General Manager

**Date: October 17, 2017**

**C.A. No. 706/2017**

In the matter of

**Perstorp Chemicals India Pvt. Ltd.**  
501, 5<sup>th</sup> Floor, Kesar Solitaire  
Plot No. 5, Sector – 19, Sanpada  
Navi Mumbai 400 705

**(Applicant)**

In exercise of the powers conferred 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**

1. The applicant has filed the compounding application dated July 31, 2017 (received at the Reserve Bank on August 03, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) for taking on record by the applicant, the transfer of shares by resident to non-resident without obtaining certified form FC-TRS, (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity and (iii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident



outside India in terms of Regulation 4, paragraphs 9(1)(A) and 9(1)(B) respectively, of Schedule 1 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 April 03, 1997 under the Companies Act, 1956 as Perstorp Aegis Chemicals Pvt. Ltd. The name was changed to Perstorp Chemicals India Pvt. Ltd. on July 07, 2005. Its main activity is (i) to carry on the business of manufacturers of and dealers in chemicals, chemical compounds( organic and inorganic) in all forms and chemical products of any nature and kind whatsoever and all by-products and joint products thereof, (ii) to carry on business as chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals acids, alkalis, petro-chemicals, chemical compounds and chemicals of all kind (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, antibiotics, tannins, tannin extracts, essences, solvents, plastics of all types, dyestuffs, intermediates, textile auxiliaries, cellophanes, colours, dyes, paints, varnishes, vat and other organic dyestuffs, chemical auxiliaries, disinfectants, insecticides, fungicides, deodorants, bio-chemicals and pharmaceutical, medicinal, mixing, bleaching, photographic and other preparations and articles, (iii) to carry on in India or elsewhere the business to manufacture, produce, process, compound, mix, pack, formulate, condense, distill, rectify, sterilize, pasteurise, steam, evaporate, vaporize, cool, filter, commercialize, develop, treat, cure, refine, extract, operate, manipulate, prepare, purify, protect, preserve, disinfect, turn to account and to act as broker, agent, stockists, distributors, consultants, collaborator, buyer, seller, exporter, importer, job worker, vendor, contractor, supplier or otherwise to deal in all types of organic, inorganic, industrial laboratory, photographic, fine, biological, pathological, pharmaceutical and other chemicals, compound, drugs, formulations preparations, acids, solvents, oils, solutions, derivatives, fluids, products, by products, residues, catalyst, reagents, mixtures concentrates, lumps, powders, granules and allied items and to do all necessary acts and things incidental for the attainment of the above objects. The applicant received foreign inward remittances from M/s Perstorp Speciality Chemicals



Holding B. V., Netherlands towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

Sr. No	Amount	Date of Receipt	Date of Reporting
1.	3,22,24,545	26/07/2000	14/07/2016
2.	3,98,06,820	10/02/2003	14/07/2016
3.	2,38,65,811	10/02/2003	14/07/2016
4.	6,31,27,030	07/02/2005	14/07/2016
<b>Total</b>	<b>15,90,24,206</b>		

The applicant reported receipt of remittances amounting to Rs. 15,90,24,206/- to the Reserve Bank on dates indicated above and with a delay ranging from 11 years 4 months 7 days to 15 years 10 months 18 days approximately beyond the stipulated time of 30 days in respect of remittances recorded from serial no. 1 to 4 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule 1 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/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr no	No of shares	Face value	Premium	Amount Rs.	Date of allotment	Date of reporting
1.	46,72,491	10	----	4,67,24,910	04/10/2000	01/08/2016
2.	2,52,39,200	5	----	12,61,96,000	26/03/2003	01/08/2016
<b>Total</b>	<b>2,99,11,691</b>		<b>Total</b>	<b>17,29,20,910</b>		

The applicant filed form FC-GPRs as indicated above amounting to Rs. 17,29,20,910/- with a delay ranging from 13 years 3 months 5 days to 15 years 8 months 27 days approximately beyond the prescribed limit in respect of allotment indicated at Sr. No.1 & 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 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 a person resident outside India.

4. It is further observed that the company has taken on record the transfer of its shares from M/s Aegis Logistics Ltd. (resident) to M/s Perstop Chemicals Holding, BV, Netherland (non-resident) for total consideration amount of Rs. 9,75,87,702 effected on May 27, 2005. While the form FCTRS was filed on December 02, 2016 with a delay of 11 years 4 months 5 days approximately beyond the prescribed period of 60 days from the date of transaction. The company, therefore, has taken the transfer of shares on record without obtaining duly acknowledged / certified FCTRS thereby contravening Regulation 4 of Notification No. FEMA / 20 / RB-2000 as amended from time to time.

5. The applicant was given an opportunity for personal hearing vide e-mail dated September 25, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on September 29, 2017 during which Shri Divakaran P. K., Managing Director, represented the applicant in the cabin of Shri G. P. Borah, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The representatives of the applicant requested that in view of the foregoing a lenient view may be taken in disposal of the application. 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 personal hearing and thereafter.

6. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:



(a) Regulation 4 of Schedule 1 to Notification No. FEMA 20/2000. The contravention relates to an amount of Rs. 9,75,87,702/- and the delay of 11 years 4 months 5 days approximately.

(b) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs. 15,90,24,206/- and the delay ranging from 11 years 4 months 7 days to 15 years 10 months 18 days approximately.

(c) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India and the contravention relates to an amount of Rs. 17,29,20,910/- with a delay ranging from 13 years 3 months 5 days to 15 years 8 months 27 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 Rs. 54,30,500/- (Rupees Fifty four lakh thirty thousand five hundred only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contraventions of Regulation 4, 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 Rs. 54,30,500/- (Rupees Fifty four lakh thirty thousand five hundred only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the



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**Perstop Chemicals India Pvt. Ltd.**  
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"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.

9. The above order is passed only in respect of contraventions of Regulation 4, 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: October 17, 2017

**Compounding Authority**

**Sd/-**

**(G. P. Borah)**  
**Chief General Manager**