



In the

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

Present

B Sarangi
Deputy General Manager

Date : October 16, 2017
C.A.706/2017

In the matter of

M/s. TAS Textiles India Pvt Ltd.,
2D, Lenin Street, Senthottam,
Vilankiruchi,
Coimbatore- 641 048

(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 July 26, 2017 (received at Reserve Bank on August 17, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in refund of inward



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remittance received to the overseas investor, in terms of Paragraph 8 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 June 25, 2015 under the provisions of the Companies Act, 1956 (Registration No. U17291TZ2015PTC021517) and is engaged in business of manufacture of other knitted and crocheted apparel including hosiery. The applicant received foreign inward remittance amounting to ₹ 16,56,337/- from M/s Vision Textiles Ltd., China towards subscription to equity shares on 12.11.2015 and reported the same to the Reserve Bank within the stipulated time of 30 days.

3. The company failed to allot shares within the stipulated period of 180 days and refunded the share application money to the overseas investor as indicated below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1	12.11.2015	16,56,337	31.08.2017

The applicant refunded the share application money to the overseas investor with delay of one year three months 19 days approximately beyond the prescribed period of 180 days with 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.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated October 12, 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 October 16, 2017 during which Smt S Jayamani, Accountant represented the applicant. The authorized representative of the applicant admitted the contravention



as stated in para 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, it was 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 personal hearing.

5. 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 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of share application money to the overseas investor with prior approval of Reserve Bank. The contravention relates to an amount of ₹ 16,56,337/- and the duration of contravention being one year three months 19 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 contravention is to be compounded and I consider that an amount

of ₹ 53,696/- (Rupees fifty three thousand six hundred and ninety six only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 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 ₹ 53,696/- (Rupees fifty three thousand six hundred and ninety six only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji



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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 Sixteenth day of October, 2017.

Sd/-

B Sarangi
Deputy General Manager