



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present

T.K.Singh
General Manager

Date: November 22, 2017
C.A.NDL 259/2017

In the matter of

Woodver Coatings Private Limited
K- 95, Udyog Nagar, Rohtak Road, New Delhi 110041

(Applicant)

In exercise of the powers under Section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations /Rules /Notifications /Orders made thereunder, I pass the following order.

Order

The applicant has filed a compounding application dated October 3, 2017 (received in Reserve Bank of India on October 18, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares in terms of Paragraph 9(1)(A) 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 3rd May, 2000, as amended from time to time (hereinafter referred to as FEMA 20/2000- RB) and (ii) delay in submission of form FC-GPR after allotment of shares in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB

2. The relevant facts of the case are as follows:



- a) The applicant company was incorporated under the Companies Act, 2013 on June 6, 2014 and allotted registration No. U24100DL2014PTC267883 by Registrar of Companies. The company is engaged in the business of manufacturing of paints, varnishes and similar coatings, printing ink and mastics.
- b) The company had received a foreign inward remittance of Rs.41,00,000.00 on September 24, 2014 for issue of equity shares and reported the same on February 14, 2017 with a delay of 2 years, 3 months and 21 days, beyond the prescribed period in contravention of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000. Whereas, in terms of Paragraph 9 (1) (A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to Reserve Bank of India, receipt of amount of consideration towards share subscription not later than 30 days from the date of receipt of the said amount.
- c) The company had allotted equity shares of Rs. 41,00,000.00 on September 27, 2014 and reported it in form FC-GPR on February 18, 2017 with a delay of 2 years, 3 months and 22 days, beyond the prescribed period in contravention of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to 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.

Thus, there are contraventions of Paragraph 9(1) (A) and 9(1) (B) of Schedule 1 to FEMA Notification No 20 /2000-RB dated May 3, 2000.

3. The applicant company was given an opportunity for personal hearing for further submission in person and/or by producing documents, if any, in support of the application. Sh. Ravinder Kumar, authorised representative of the applicant company appeared for the personal hearing on November 22, 2017 on behalf of the applicant company. The representative of the applicant company admitted the contraventions committed by the company for which the company has sought compounding. He



stated that management was busy to set up their newly established business and inadvertently skipped the compliance of FEMA which led to these contraventions and as such requested for 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 submissions made in this context by the applicant company during the personal hearing.

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

(a) Paragraph 9 (1) (A) of Schedule 1 to FEMA 20/2000-RB due to delay in reporting the inflow of funds from a person resident outside India. The contravention relates to an amount of Rs.41,00,000.00 and the duration of contravention is of 2 years 3 months and 21 days.

(b) Paragraph 9 (1) (B) of Schedule 1 to FEMA 20/2000-RB due to delay in filing of form FC-GPR with RBI. The contravention relates to an amount of Rs.41,00,000.00 and duration of contravention is of 2 years 3 months and 22 days.

5. 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. 52,620.00 (Rupees Fifty two thousand six hundred twenty only)** will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9 (1)(A) and 9 (1)(B) of Schedule 1 to FEMA 20/2000-RB by the applicant on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of Rs 52,620.00 (Rupees Fifty two thousand six hundred twenty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad



Marg, New Delhi-100001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 the 22nd day of November, 2017.

Sd/-

(T.K.Singh)
General Manager