



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: November 22, 2017
C.A.735/2017

In the matter of

M/s. DIS MRP Seals Pvt Ltd.,
B-42/A, 1st Main Road,
T V Nagar, Ambattur,
Chennai- 600 053.

(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 November 09, 2017 (received at Reserve Bank on November 10, 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



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(i) delay in submission 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 July 08, 2003 under the provisions of the Companies Act, 1956 (Registration No: U25191TN2003PTC051151) and is engaged in the business of manufacture of other rubber products n.e.c. The applicant received a foreign inward remittance of ₹ 3,71,930/- on 25.02.2005 from M/s DIS ENBI Seals Ireland Ltd., Ireland towards subscription to equity shares and reported the same to Reserve Bank.

3. The company allotted equity shares and filed FC-GPR 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.	3250	100	3,25,000	30.03.2004	18.07.2016

The applicant filed form FC-GPR as indicated above with delay of 12 years two months 18 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 3250 shares of ₹ 10/- each amounting to ₹ 3,25,000/- on 30.03.2004. 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.	25.02.2005	3,25,000	30.03.2004



The consideration was brought in with delay of 10 months 25 days approximately. 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 letter dated November 13, 2017 chose not to appear for the personal hearing for any further submission in person and/or producing documents, if any, in support of the application. The applicant, in the compounding application, had admitted the contraventions as stated in paras 2 and 3 above for which compounding has been sought. It had been submitted that the delay was 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 in the compounding application. 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 ₹ 3,25,000/- with duration of contravention being 12 years two months 18 days approximately; and

(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 ₹ 3,25,000/- with the duration of contravention being 10 months 25 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



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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 ₹ 53,225/- (Rupees fifty three thousand two hundred and twenty five 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 ₹ 53,225/- (Rupees fifty three thousand two hundred and twenty five 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 second day of November, 2017.

Sd/-

P.Ramesh
Assistant General Manager