



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.721/2017

In the matter of

M/s. Dhyan Art Materials and Canvas Pvt Ltd.,
(formerly Dhyanart Paintings and Canvas Pvt Ltd &
Dhyan Art Paints and Canvas Pvt Ltd.)

C 6/11, Phase II, Zone B,
Mepz-Sez Tambaram,
Chennai-600 045

(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 October 11, 2017 (received at Reserve Bank on October 11, 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



M/s. Dhyan Art Materials and Canvas Pvt Ltd. – C.A.721/2017

refund of excess inward remittance 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 May 08, 2008 under the provisions of the Companies Act, 1956 (Registration No. U24222TN2006PTC060132) and is engaged in business of manufacture of other articles n.e.c. The applicant received nine foreign inward remittances amounting to ₹ 1,99,61,283.97 from i) M/s Max Sauer, SAS, France, ii) M/s Malcolm Investments Ltd., Mauritius iii) Mr. Jeremy Grasset, France between 26.07.2006 and 06.02.2007 towards subscription to equity shares and reported the same to the Reserve Bank. Against the nine remittances, the company allotted 98908 and 1896192 shares of 10/- each on 04.08.2006 and 06.03.2007 respectively amounting to ₹ 1,99,51,000/- and filed the relevant FC-GPRs with Reserve Bank.

3. The company refunded the excess inward remittances remaining after allotment of shares as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of refund
1	26.07.2006	10,283.00	10.11.2017

The company refunded the amount as indicated above with delay of nine years 11 months 11 days approximately beyond the stipulated time 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 vide letter dated November 16, 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



M/s. Dhyan Art Materials and Canvas Pvt Ltd. – C.A.721/2017

admitted the contraventions as stated in para 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.

5. 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 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in refund of excess inward remittance with prior approval of Reserve Bank. The contravention relates to an amount of ₹ 10,283/- with the duration of contravention being nine years 11 months 11 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 ₹ 10,283/- (Rupees ten thousand two hundred and eighty three 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 **10,283/-** (Rupees ten thousand two hundred and eighty three 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



M/s. Dhyan Art Materials and Canvas Pvt Ltd. – C.A.721/2017

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