



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Vista, Sector 17,
Chandigarh-160017

Present

Sh. Nirmal Chand
Regional Director

Date: November 16, 2017
CA No CHA 12/2017

In the matter of

Rana Polycot Ltd.
SCO - 49-50, Sector 8C, Madhya Marg,
Chandigarh - 160 009

(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

The applicant has filed a compounding application dated October 09, 2017 (received at the 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 contraventions sought to be compounded pertain to delay in issuance of shares which are in contravention of Para 8 of Schedule 1 to Foreign Exchange Management (Transfer or issue of Security by a person Resident outside India) Regulation, 2000 notified vide Notification No. 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, M/s Rana Polycot Limited, is a Limited company duly incorporated under the Companies Act, 1956 on July 05, 1993. The applicant is engaged in manufacturing of Yarn and Fabrics of cotton, Cotton Textiles etc.

3. The applicant company issued shares for the undermentioned remittances with delay as under:

Amount	Date of Inflow	Shares issued on	Delay beyond stipulated 180 days
1,13,42,000.00	10.04.2007	07.01.2008	92 days
2,14,14,983.00	22.05.2007	07.01.2008	50 days
3,27,56,983.00	TOTAL		

The applicant issued the shares after receipt of the inflows with delay of **92 and 50 days respectively**. The delay in issuance of shares, beyond the prescribed period is in contravention of paragraph 8 of Schedule 1 to FEMA Notification No. 20/ 2000RB dated May 3, 2000, in terms of which an Indian company in accordance with these regulations has to issue the shares within 180 days from the date of receipt of the amount of consideration.

4. The applicant was given an opportunity for personal hearing vide letter No.एफ.ई.सी.जी./ एफ.आई.डी./ 339/ 03.01.247/ 2017-18 dated October 23, 2017 for further submission in person and/or producing documents, if any, in support of the application. The company did not approach for appointment of the personal hearing within the stipulated period of seven days from receipt of the letter dated October 23, 2017, which was delivered at the company's address on October 25, 2017. The application is, therefore, disposed off ex-parte and is considered on the basis of the averments made in the application, and documents produced.

5. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened FEMA provisions under Paragraph 8 of schedule 1 to Notification No. FEMA 20/2000-RB due to delay in issuance of shares as detailed in paragraph 3 above. The contravention relates to an amount of **Rs. 3,27,56,983.00** with delay of **92 and 50 days**.



6. In terms of Section 13 of 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 **Rs. 1,28,271.00 (Rupees One Lac Twenty Eight Thousand Two Hundred Seventy One only)** will meet the ends of justice.

7. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant namely, Para 8 of schedule 1 to Notification No. FEMA 20/2000RB dated May 3, 2000 on the facts discussed above, on payment of an amount of **Rs. 1,28,271.00 (Rupees One Lac Twenty Eight Thousand Two Hundred Seventy One only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at "Chandigarh" **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 16th day of November 2017.

Sd/-

Nirmal Chand
Regional Director