



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5th floor, Amar Building  
Fort, Mumbai - 400 001

Present

**J. K. Pandey**  
**General Manager**

Date: January 11, 2017  
C.A. 4168 / 2016

In the matter of

**Ducom Instruments Pvt Ltd**  
477/A, 4th Phase  
Peenya Industrial Area  
Bangalore – 560 058

**(Applicant)**

In exercise of the powers conferred under section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made there under, I pass the following

**Order**

The applicant has filed the application dated September 07, 2016 (received on September 21, 2016) 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 for the remittances made by the Indian Party to its wholly owned subsidiary (WOS) without the submission of Form ODI and without obtaining UIN after making first remittance, which is in contravention of Regulation 6 (2)(vi) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000, of the FEMA Notification notified vide Notification No. FEMA.120/RB-2004 dated July 7, 2004 and as amended from time to time (hereinafter referred to as Notification No. FEMA120/RB-2004).

2. The applicant, Ducom Instruments Pvt. Ltd., a company incorporated under the Companies Act, 1956 and having its registered office at 477/A, 4th Phase, Peenya Industrial Area, Bangalore- 560 058. The applicant made their first remittance of EUR 35,000 towards equity on January 31, 2013 to their WOS in Netherlands and subsequently



made two more remittances of EUR 16,104 and EUR 20,000 towards loan on April 29, 2013 and July 23, 2013 respectively without submission of Form ODI within the prescribed period and without obtaining UIN after making the first remittance which is in contravention of the provisions of Regulation 6(2)(vi) Notification No. FEMA120/RB-2004.

3. The applicant was given an opportunity for personal hearing vide our letter No. FE.CO.CEFA.No / 6582 / 15.20.067 / 2016-2017 dated January 04, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant was represented by Mrs. Prachi Dube, Manager Finance & Accounts of Ducom Instruments Pvt. Ltd. During the personal hearing, the representative of the applicant admitted the contraventions committed by the applicant for which they have sought the compounding. The representative of the applicant submitted that contraventions occurred as the applicant was not aware of the procedures and the lapse was unintentional and requested to take a lenient view.

4. The application has been considered based on the averments made, the documents submitted to the Reserve Bank and also the submissions made during the personal hearing. I hold that the applicant contravened the provisions of FEMA issued in terms of Regulations 6(2)(vi) of Notification 120 / RB-2004 dated July 07, 2004. The amount of contravention aggregates to EUR 71,104 which is equivalent to Rs. INR 51,86,268/- apprx. The Indian Party made its first remittance of EUR 35,000 on January 31, 2013 and subsequently made two more remittances of EUR 16,104 and EUR 20,000 towards loan on April 29, 2013 and July 23, 2013 respectively without submission of Form ODI within the prescribed period and submitted its compounding application on September 07, 2016, the period of contravention is accordingly computed as 3.58 years, 3.42 years and 3.25 years respectively.

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, after considering the matter in the appropriate perspective, rationale underlying the compounding provisions, the submissions made by the applicant and the entire facts and circumstances of the case, I am persuaded to take a lenient view on the amount for which the Rs. 81,750/- (Rupees eighty one thousand seven hundred and fifty only) will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions namely; the contraventions of Regulation 6(2)(vi) of Foreign Exchange Management (Transfer or Issue of any Foreign



Security) Regulations, 2000, notified vide Notification No. FEMA.120/RB-2004 dated July 7, 2004 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs. 81,750/- (Rupees eighty one thousand seven hundred and fifty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5<sup>th</sup> Floor, Amar Building, Fort, Mumbai – 400 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai 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 accordingly.

Dated this the 11<sup>th</sup> day of January, 2017

**Sd/-**

**(J. K. Pandey)**  
**General Manager**