



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**Dr. K Balu**  
**Chief General Manager**

Date: February 28, 2019  
**C.A.869/2018**

In the matter of

**M/s Daejung Moparts Private Limited**  
No.6, Sengundram Industrial Estate, Melrosapuram Post  
Maraimalai Nagar, Chengalpet – 603 204

**(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 December 3, 2018 (received at Reserve Bank on December 12, 2018 ) 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 submission of Form FC-GPR on allotment of shares to Reserve Bank in terms of Paragraph 9 (1) B of Schedule I to Foreign Exchange Management (Transfer or Issue of



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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 August 19, 2002 under the provisions of the Companies Act, 1956 (Registration No.U25199TN2002PTC049427) and is engaged in manufacture of other rubber products n.e.c. The applicant received foreign inward remittances from i) M/s Daejung High Polymer Ind Co. Ltd., South Korea towards subscription to equity shares. The company has received three foreign inward remittances amounting to ₹3,99,62,897.00 between 29.08.2002 and 19.07.2010 and allotted shares on four occasions between 19.08.2002 and 10.12.2010 amounting to ₹ 3,99,61,890.00 which have been acknowledged by Reserve Bank.

3. The applicant company allotted equity shares and filed FC-GPRs as indicated below:

Sl. No.	No. of share allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	9,900	10	99,000.00	19.08.2002	17.09.2002
2	9,54,000	10	95,40,000.00	30.08.2002	17.09.2002
3	4,81,000	10	48,10,000.00	25.02.2003	11.03.2003
4	25,51,289	10	2,55,12,890.00	10.12.2010	20.01.2018

The applicant filed the form FC-GPRs as indicated above with delay of seven years ten days approximately beyond the stipulated time of 30 days in respect of the allotment at Sl. No. 4. 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 applicant was advised about the contravention vide memorandum dated October 22, 2018. The applicant has filed a compounding application dated December



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03, 2018 wherein it has been declared in the compounding application that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration furnished with the compounding application that the applicant was not under investigation by Directorate of Enforcement (DoE) as on the date of the application. However, the company was one of the 116 companies who have not been able to complete the submission of requisite documents to enable us to take on record the filing of FC GPR and from whom we had failed to receive any reply despite follow up and hence were referred to DoE vide letter dated May 10, 2016. Accordingly, Reserve Bank vide letter Che.FED.FID/2299/25.27.999/2018-19 dated January 03, 2019 had sought comments from DoE to be furnished within 30 days as to whether it had objection, if any, in terms of the proviso to Rule 8(2) to Compounding Rules to compounding the contraventions sought to be compounded by the applicant. A reminder dated February 07, 2019 was issued to DoE in this regard giving them 7 days to respond. DoE has vide its letter CEZO/Z-I/RBI/2018(AD-BR) dated February 12, 2019 replied that the entity has not come to their adverse notice and no case have been investigated by their Chennai Zonal-I office. Accordingly, the above contraventions which are being compounded in this order is without prejudice to any other action which may be taken by any authority under the extant laws.

**5.** The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated February 25, 2019 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant appeared for the personal hearing on February 28, 2019 during which Shri V Nithiyanandan, DGM, Finance, represented the applicant. The authorized representative of the applicant admitted the contravention as stated in para 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested Reserve Bank to take 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 other



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documents and submissions made in this context by the applicant during the personal hearing.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. 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. The contravention relates to an amount of ₹ 2,55,12,890.00 with the duration of contravention of seven years 10 days.

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 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 **₹3,64,000/-** (Rupees three lakh sixty four thousand only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) B 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 **₹3,64,000/-** (Rupees three lakh sixty four thousand 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.



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The application is disposed of accordingly.

Dated this twenty eighth day of February, 2019.

**Sd/-**  
**Dr. K Balu**  
**Chief General Manager**