



In the

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

Present

R Karthikeyan
Assistant General Manager

Date: January 31, 2020
C.A.970/2019

In the matter of

M/s. Nulife Semiconductor (India) Private Limited
No.202, AKME Park 'C', Mount Poonamalle Road
Porur
Chennai – 600 116

(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 15, 2019 (received at Reserve Bank on November 19, 2019) 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



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Paragraph 9(1)B 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 as then applicable (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 15, 2003 under the provisions of the Companies Act, 1956 (Registration No. U72200TN2003PTC051194) and is engaged in the business of other information technology and computer service activities n.e.c. The applicant received foreign inward remittance amounting to ₹1,00,000.00 on February 21, 2004 from (i) M/s. Nulife Technology Corporation, USA and (ii) Shri Arunachalam Veerappan, USA towards subscription to capital instruments. Against the above remittance, the company allotted capital instruments and filed the FC GPR with Reserve Bank.

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

Sl. No.	No. of shares allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	10000	10.00	1,00,000.00	02.03.2004	23.09.2019

The applicant filed the form FC-GPR as indicated above with a delay of 15 years five months 22 days approximately beyond the stipulated time of 30 days. 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 17, 2019. The applicant has filed a compounding application dated November 15, 2019 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



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compounding application that the applicant was under enquiry/investigation/adjudication by Directorate of Enforcement (DoE) as on the date of the application. The company had failed to file Form FCGPR and hence was referred to DoE vide letter dated February 14, 2019. Accordingly, Reserve Bank vide letter Che.FED.FID/1349/25.27.999/2019-20 dated December 05, 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. DoE vide its letter dated December 13, 2019 has informed that show cause notice has been issued to the company and its Directors for violation of Regulation 9 of schedule I to Notification No.FEMA 20/2000-RB and did not raise any objection in terms of the proviso to Rule 8(2) to Compounding Rules. Accordingly, the above contravention which is being compounded in this Order is subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.

5. The applicant vide application dated November 15, 2019 chose not to appear for the personal hearing. 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 provision issued in terms of:

(a) Paragraph 9(1)B of Schedule I 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 person resident outside India. The contravention relates to an amount of ₹ 1,00,000.00 with the duration of contravention of being 15 years five months 22 days approximately.



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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 **₹25,500/-** (Rupees twenty five thousand five hundred only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 9 (1) B of Schedule I 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 **₹25,500/-** (Rupees twenty five thousand five hundred 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 accordingly.

Dated this thirty first day of January, 2020.

Sd/-
R Karthikeyan
Assistant General Manager