



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.864/2018

In the matter of

M/s. Nipro Medical India Pvt Ltd.
Apt No.41, Krishna Apartment, Door No.59
First Avenue, 100 Feet Road, Ashoknagar
Chennai-600 083

(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 July 11, 2018 (received at Reserve Bank on November 27, 2018) 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 are (i) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares and (ii) delay in submission of Form FC-GPR on allotment of shares



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to Reserve Bank in terms of Paragraph 9 (1) A and Paragraph 9 (1) B respectively, 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 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 November 23, 2006 under the provisions of the Companies Act, 1956 (Registration No. U51507TN2006PTC070002) and is engaged in business of wholesale of scientific, medical and surgical machinery and equipment. The applicant received foreign inward remittances amounting to ₹1,18,33,000.00 on 15.12.2006 from M/s Nipro Asia Pte Ltd, Singapore at the time of incorporation of the company. On March 28, 2015 shareholding of Nipro Asia Pte Ltd was transferred to Nipro Corporation, Japan. Thereafter the applicant received foreign inward remittances amounting to ₹119,00,00,000.00 between 31.03.2015 and 15.07.2016 from M/s Nipro Corporation, Japan. These remittances were reported to the Reserve Bank as detailed below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	1,00,000.00	15.12.2006	26.11.2018
2	1,17,33,000.00	15.12.2006	26.11.2018
3	30,00,00,000.00	31.03.2015	28.04.2015
4	14,00,00,000.00	10.11.2015	16.12.2015
5	75,00,00,000.00	15.07.2016	03.10.2016

The applicant reported receipt of remittances to the Reserve Bank as indicated above with delay ranging from six days to 11 years 10 months 11 days approximately beyond the prescribed period of 30 days in respect of remittances at Sl Nos.1,2,4 and 5. Whereas, in terms of paragraph 9 (1) A of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration.



3. The company allotted equity shares against the above five remittances and filed the FC-GPRs as indicated below:

Sl. No	No. of shares allotted	Share Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	9,900	10	99,000.00	23.11.2006	26.11.2018
2	11,73,300	10	1,17,33,000.00	21.12.2006	26.11.2018
3	300,00,000	10	30,00,00,000.00	12.09.2015	26.11.2018
4	1,40,00,000	10	14,00,00,000.00	30.12.2015	27.04.2016
5	3,00,00,000	25	75,00,00,000.00	23.08.2016	03.08.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from two months 28 days to 11 years 11 months three days approximately beyond the prescribed period 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 contraventions vide memorandum dated March 6, 2018. The applicant has filed a compounding application dated July 11, 2018 wherein it has been declared 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 application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/ adjudication proceedings against it/him/her thereafter. Accordingly, the above contraventions which are being compounded in this Order are 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 was given an opportunity for personal hearing vide Reserve Bank's mail dated February 26, 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 Gayatri Joglekar, Practising Company Secretary, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 and 3 above for which compounding has been sought. During the personal hearing, it was submitted that the delays were 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.

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 provisions issued in terms of:

(a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 90,18,33,000.00 with duration of contravention ranging from six days to 11 years 10 months 11 days approximately; and

(b) 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 ₹ 120,18,32,000.00 with the duration of contravention ranging from two months 28 days to 11 years 11 months three days approximately;

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



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amount of **₹16,94,920/-** (Rupees sixteen lakh ninty four thousand nine hundred and twenty only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 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 **₹16,94,920/-** (Rupees sixteen lakh ninty four thousand nine hundred and twenty 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 of accordingly.

Dated this Twenty eighth day of February, 2019.

Sd/-

Dr. K Balu

Chief General Manager