



In the

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

Present

**R.K. Moolchandani**  
**Chief General Manager**

Date: February 13, 2019  
C.A. 4770/2018

In the matter of

**Piramal Glass Private Limited**  
**6th Floor, Piramal Tower Annex, G.K. Marg, Lower Parel (West)**  
**Mumbai 400013**

**(Applicant)**

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

**Order**

The applicant has filed the application dated August 20, 2018 (received in the Reserve Bank on August 21, 2018) along with the addendum submitted vide email dated November 29, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded relate to (i) delay in reporting of the changes in the capital structure of the overseas entity set up through overseas direct investment; (ii) delay in submission of Annual Performance Reports (APRs) in respect of the overseas entity; and (iii) partial disinvestment from the overseas entity without submission of APRs in contravention of the provisions of regulations 13, 15(iii) and 16(3) read with 16(1)(v) respectively of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, notified vide Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).



2. The relevant facts of the case are as follows:

2.1 The applicant was initially incorporated as Gujarat Glass Private Limited on February 06, 1998 under the Indian Companies Act, 1956. The status of the company was changed from private company to public company on February 13, 1998 and the name of the company was changed to Gujarat Glass Limited; then to Piramal Glass Limited on April 02, 2008. The status of the company was again changed from public company to private company on December 07, 2017 and the name of the applicant company was changed to Piramal Glass Private Limited. The CIN of the applicant company, Piramal Glass Private Limited is U28992MH1998PTC113433 and it is engaged in manufacturing activity. The applicant company, in the year 1999, invested LKR 278,324,000 to acquire 73.76% stake in Piramal Glass Ceylon PLC (PGCP). During the year 2007-08, the overseas Joint Venture (JV) of the applicant company issued Right shares in the ratio of 5 shares for every 7 shares held. The applicant company applied for the Right shares of the overseas JV (PGCP) by remitting USD 4,132,818 (₹ 16,26,98,729). This resulted in change in the capital structure of the overseas JV (PGCP) which was not reported to RBI within the prescribed time limit i.e. 30 days resulting in a contravention of Regulation 13 of Notification No. FEMA 120/2004-RB. The change in capital structure was reported on July 26, 2017, thereby completing the administrative action.

2.2 The applicant company disinvested up to 30% of its stake (₹ 10,34,64,730/-) from its overseas JV on April 08, 2005. The disinvestment was made without submission of APR which was in contravention of regulation 16(3) read with regulation 16(1)(v) of Notification No. FEMA 120/2004-RB. The disinvestment was taken on record by RBI on October 11, 2018.

2.3 The applicant company also delayed the filing of APRs in prescribed form with the RBI in respect of the overseas JV for the financial years 2005 through 2015 (i.e. 11 years) beyond the prescribed period which was in contravention of regulation 15(iii) of Notification No. FEMA 120/2004-RB dated July 7, 2004.

3. During the course of its operations, the following contraventions were observed in respect of FEMA provisions as laid down under Notification No. FEMA 120/2004:-



3.1 In terms of regulation 13 of Notification No. FEMA 120/2004-RB 'A JV / WOS set up by the Indian party as per the Regulations may diversify its activities / set up step down subsidiary / alter the shareholding pattern in the overseas entity Provided the Indian party reports to the Reserve Bank, the details of such decisions taken by the JV / WOS within 30 days of the approval of those decisions by the competent authority concerned of such JV / WOS'

3.2 In terms of Regulation 16(3) of Notification No.FEMA.120/2004-RB, 'An Indian party, which does not satisfy the criteria specified at sub-regulation (1) above, shall apply to the Reserve Bank for permission to transfer by way of sale of shares of a JV/WOS outside India which may be granted subject to such conditions as the Reserve Bank may consider appropriate'.

Further in terms of regulation 16(1)(v) of Notification No. FEMA 120/2004-RB, 'An Indian Party may transfer, by way of sale to another Indian Party ....., or to a person resident outside India, any share or security held by it in a JV or WOS outside India subject to the condition that ...the overseas concern has been in operation for at least one full year and the Annual Performance Report together with the audited accounts for that year has been submitted to the Reserve Bank.

3.3 Whereas in terms of regulation 15(iii) of Notification No. FEMA 120/2004-RB, 'an Indian Party is required to submit to the Reserve Bank, through the designated Authorised Dealer, every year on or before a specified date, an Annual Performance Report (APR) in Part III of Form ODI, as prescribed by the Reserve Bank from time to time, in respect of each JV or WOS outside India, and other reports or documents as may be prescribed by the Reserve Bank from time to time'.

4. The applicant company was given an opportunity for personal hearing vide our letter No. FE.CO.CEFA No.4145/15.20.67/2018-19 dated January 11, 2019 for further submission in person and/or producing documents, if any, in support of the application. Shri Anant Keni, General Manager - Finance & Shri Uday Mhatre, Senior Manager represented the applicant company during the personal hearing held on January 23, 2019. The representative of the applicant company submitted that the contraventions on company's part were unintentional and requested that a lenient view may be taken. 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.



5. I have given my careful consideration to the documents on record and submissions made by the applicant's representative during the personal hearing and thereafter. Accordingly, I hold that the applicant company has contravened the FEMA provisions issued in terms of the following regulations of Notification No. FEMA 120/2004-RB dated July 7, 2004 as detailed in paragraphs 2 and 3 above:

- (i) Regulation 13 – The amount of contravention is USD 4,132,818 (₹16,26,98,729/-) and the period of contravention is 9 years and 8 months approximately.
- (ii) Regulation 16(1)(v) of FEMA 120 – The amount of contravention is USD 2,101,731 (₹10,34,64,730 /-) approximately and the period of contravention is 13 years and 7 months approximately.
- (iii) Regulation 15(iii) – The APR for 11 years was submitted with delay.

6. It has been declared in the compounding application dated August 20, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the undertaking dated August 24, 2018 submitted 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 thereafter as required in terms of the said undertaking. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made/undertaking furnished 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/undertakings are subsequently discovered to be false and/or incorrect.

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 consider that payment of an amount of ₹ 19,12,652/- (Rupees nineteen lakhs twelve thousand six hundred and fifty two only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contravention of the regulations 13, 15(iii) and 16(1)(v) of Notification No. FEMA 120/2004-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 ₹19,12,652/- (Rupees nineteen lakhs twelve thousand six hundred and fifty two 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 thirteenth day of February, 2019.

Sd/-

**(R.K. Moolchandani)**  
**Chief General Manager**



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