



In the  
**Reserve Bank of India**  
**Foreign Exchange Department**  
**Ernakulam North**  
**Kochi 682 018**

Present

**Smt. Reeny Ajith**  
**Regional Director for Kerala and Lakshadweep**  
**Reserve Bank of India**  
**Thiruvananthapuram - 695 033**

Date: October 17, 2019

**CA No. KOC22/2019**

In the matter of

**M/s Souriau India Pvt. Ltd.**  
**Kannankulangara, Thripunithura**  
**Kochi 682 301**  
(Applicant)

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

**Order**

**1** The applicant has filed the compounding application dated May 20, 2019 received at the Reserve Bank of India on May 24, 2019 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 are in respect of the following Regulations/paragraphs under Schedule 1 of 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 amended from time to time (hereinafter referred to as FEMA 20):

- (i) Paragraph 8 of FEMA 20: Neither the equity instruments were issued, nor the money refunded to the foreign investor within 180 days from the receipt of the inward remittance
- (ii) Paragraph 9 (1) (B) of FEMA 20: Delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India

2 Brief details of the applicant company are as below:

<b>Date of Incorporation:</b>	June 19, 1996
<b>Its main activities are:</b>	Design, Manufacture, Marketing of Electric, Electronic, Optic, Optoelectronic Connectors for components or devices for optical and electromagnetic coupling for electronic and electro-optical subassemblies.

3 The applicant received foreign inward remittances from non-resident investors towards equity shares / compulsorily convertible preference shares/compulsorily convertible debentures and it reported the same to the Reserve Bank on dates as indicated below:

<b><u>Delay in reporting Foreign Direct Investment &amp;/or delay in allotting the shares/refunding the amount</u></b>				
<b>Sr No</b>	<b>Amount (₹)</b>	<b>Date of Receipt of Fund</b>	<b>Date of issue of Shares</b>	<b>Paragraph 8 delay</b>
1	33,34,844.00	21.09.2007	26.05.2008	0Y 2M 7D
2	35,66,651.00	11.10.2007	26.05.2008	0Y 1M 17D
3	48,22,332.00	14.11.2007	26.05.2008	0Y 0M 14D
<b>TOTAL</b>	<b>1,17,23,827.00</b>			

4 In respect of remittances amounting to Rs.1,17,23,827/- (Rupees One crore Seventeen Lakh Twenty Three Thousand Eight Hundred Twenty Seven and Zero Paise Only), indicated in the table above, the company allotted shares/ refunded the amount after 180 days from the date of receipt of investment. Whereas in terms of paragraph 8 of FEMA 20, an Indian company is required to issue shares or refund the

amount within 180 days from the date of receipt of inward remittance, the period of delay under this paragraph ranges from 0Y 0M 14D to 0Y 2M 7D.

5 The company allotted equity shares / compulsorily convertible preference shares/compulsorily convertible debentures and filed FC-GPRs as indicated below:

<b><u>Delay in filing Form FC- GPR</u></b>				
<b>Sr No</b>	<b>Amount (₹)</b>	<b>Date of issue of Shares</b>	<b>Date of Reporting</b>	<b>Paragraph 9(1) (B) Reg</b>
1	16,28,46,000.00	22.10.2013	4.06.2014	0Y 6M 12D
2	1,00,00,000.00	19.06.2006	4.01.2019	12Y 5M 15D
<b>Total</b>	<b>17,28,46,000.00</b>			

Whereas, in terms of Paragraph 9(1) (B) of FEMA 20, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to Non Resident, the applicant filed form FC-GPRs as indicated above with a delay ranging from 0Y 6M 12D to 12Y 5M 15D,.

6 The applicant was given a personal hearing, for further submission in person and/or for producing documents, if any, in support of the application vide e-mail dated October 15, 2019. The Managing Director of the Company, Shri. M.K.Ramaprasad appeared for a personal hearing on October 17, 2019 along with Shri. Srinivasan Rathnam, HR Director and Shri. Kuruvilla Cappil, Consultant. The company admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The company requested that in view of the foregoing, a lenient view may be taken in disposal of the application. 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 during the personal hearing.

7 I have given my careful consideration to the documents on record and submissions made by the company during the personal hearing and thereafter.

Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(i) Paragraph 8 of FEMA 20, since the shares were neither issued nor the amount was refunded to the person resident outside India within the prescribed time from the date of receipt of the inward remittance. The contravention relates to total amount of Rs.1,17,23,827/- (Rupees One Crore Seventeen Lakh Twenty Three Thousand Eight Hundred Twenty Seven and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 14D to maximum 0Y 2M 7D.

(ii) Paragraph 9 (1) (B) of FEMA 20, due to the delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to total amount of Rs.17,28,46,000/- (Rupees Seventeen Crore Twenty Eight Lakh Forty Six Thousand and Zero Paise Only) and with a delay ranging from minimum 0Y 6M 12D to maximum 12Y 5M 15D.

**8** It has been declared in the compounding application dated May 20, 2019 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. A declaration has also been attached to the compounding application that the applicant is under an enquiry/investigation/adjudication by Directorate of Enforcement (DoE) as on the date of application. Accordingly Reserve Bank of India, vide letter KOC.FED.NRFID/1778/65.19.146/2018-19 dated June 2, 2019 had sought comments from DoE to be furnished within 30 days as to whether it had objections, if any, in terms of the Proviso to Rule 8(2) of the Compounding Rules to compounding of contraventions sought to be compounded by the applicant. DoE has not furnished any response whatsoever. Accordingly, the above contraventions which are being compounded in this Order, are without prejudice to any action which may be taken by any authority under the extant laws.

**9** 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 Rs.7,66,964 (Rupees Seven Lakh Sixty Six Thousand Nine Hundred Sixty Four and Zero Paise Only) will meet the ends of justice.

**10** Accordingly, I compound the admitted contravention/s namely, the contravention/s of Paragraph 8 of FEMA 20 and Paragraph 9 (1) (B) of FEMA 20, 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.7,66,964 (Rupees Seven Lakh Sixty Six Thousand Nine Hundred Sixty Four and Zero Paise Only) which shall be deposited by the applicant with Reserve Bank of India, Foreign Exchange Department, Ernakulam North, Kochi -682 018 by a Demand Draft drawn in favour of the “**Reserve Bank of India**” and payable at “**Thiruvananthapuram**” 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.

**11** The above order is passed only in respect of contraventions of Paragraph 8 of FEMA 20 and Paragraph 9 (1) (B) of FEMA 20 and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

**12** The application is disposed of accordingly.

Dated this the October 17, 2019.

### **Compounding Authority**

sd/-

(Reeny Ajith)  
Regional Director for Kerala and Lakshwadeep  
Reserve Bank of India  
Thiruvananthapuram