



In the

Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Shri Jose J Kattoor
Regional Director, Karnataka and
Chief General Manager, Bengaluru

Date: May 02, 2019
C.A. BGL 361/2019

In the matter of

M/s Toyota Industries Engine India Private Limited
Plot No. 9, Phase 2,
Jigani Industrial Area, Jigani
Bengaluru - 560105
(Applicant)

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

ORDER

The applicant has filed a compounding application dated January 07, 2019, received at this Office of the Reserve Bank of India, Bengaluru, on January 09, 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 to the Reserve Bank, after issue of shares to a person resident outside India, in terms of 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 03, 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, M/s Toyota Industries Engine India Private Limited, was originally incorporated as M/s Kirloskar Toyota Textile Machinery Private Limited, on August 14, 1995, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. Subsequently, name of the company has been changed to M/s Toyota Industries Engine India Private Limited, with effect from December 09, 2015, pursuant to Rule 29 of the Companies (Incorporation) Rules, 2014, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in the business of manufacture of machinery for textile industries and manufacture of internal combustion piston engines, other parts and accessories. The applicant had received funds towards share application money from a foreign investor, namely, M/s. Toyota Industries Corporation, Japan, as shown below:

Table -1

Sl. No	Date of receipt	Amount (INR)	Date of Reporting to RBI/AD
1	28-01-2002	3000,00,000.00	31-01-2002
2	07-06-2002	2000,00,000.00	27-06-2002
3	07-06-2002	4000,00,000.00	27-06-2002
4	07-06-2002	4000,00,000.00	27-06-2002
5	19-05-2003	3100,00,000.00	09-06-2003
6	10-05-2013	9600,00,000.00	27-05-2013
7	18-11-2013	12000,00,000.00	26-11-2013
8	18-11-2013	17900,00,000.00	26-11-2013
	11-04-2014	26100,00,000.00	29-04-2014
	11-04-2014	43500,00,000.00	29-04-2014
	Total	1252,00,00,000.00	

3. The company had allotted equity shares and filed form FC-GPRs with Reserve Bank/AD Bank as indicated below:



Table-2

Sl. No.	Date of Allotment	Number of equity shares allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	23-03-2002	3,00,00,000	30,00,00,000.00	03-04-2002
2	04-08-2004	13,10,00,000	131,00,00,000.00	21-06-2005
3	01-08-2013	7,12,16,617	95,99,99,997.16	12-08-2013
4	10-12-2013	22,18,10,089	298,99,99,999.72	18-12-2013
5	27-05-2014	44,27,48,091	695,99,99,990.52	13-06-2014
	Total	89,67,74,797 Equity	125199,99,987.40	

The applicant filed form FC-GPR, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay of nine months and eighteen days, beyond the prescribed period of 30 days, in respect of the allotment indicated at serial number 2, in the Table – 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB dated May 3, 2000, 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 persons resident outside India.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.5366/22.08.770/2018-19, dated April 29, 2019, for further submission, in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Vivek Hegde, Practicing Company Secretary, who appeared for the personal hearing on May 02, 2019, admitted the contravention as stated in Paragraph 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representative of the applicant requested that as the contravention was not intentional or with a malafide intention, and was mainly due to inadvertence, 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 by the applicant during personal hearing and thereafter.

5. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. 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 persons resident outside India as detailed in Paragraph 3 above. The contravention relates to an amount of **₹131,00,00,000.00**, and the period of delay is nine months and eighteen days.

6. It has been declared in the compounding application dated January 07, 2019, 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 undertaking dated January 28, 2019, furnished with the compounding 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. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. 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.

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 contravention is to



be compounded, and I consider that an amount of **₹1,76,000.00 (Rupees One Lakh Seventy Six Thousand only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹1,76,000.00 (Rupees One Lakh Seventy Six Thousand only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, 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, the Second day of May 2019.

Sd/-

(Jose J Kattoor)
Regional Director, Karnataka and
Chief General Manager, Bengaluru