



In the  
Reserve Bank of India  
Foreign Exchange Department  
Ahmedabad – 380014

Present  
Santosh Kumar Panigrahy  
Regional Director (Gujarat, Daman & Diu and Dadra & Nagar Haveli) /  
Chief General Manager (Ahmedabad)

March 18, 2020  
CEFA.CO.ID.12133 / C.A. No. AHM - 145 / 2019-20

Matter  
Toyota Forms India Private Limited  
(CIN: U29300GJ2013FTC074477)

A 207, Krishna Complex, Opp. Devaashish School, Bodakdev, Ahmedabad - 380054  
Gujarat

(Applicant)

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



## Order

Toyota Forms India Private Limited (hereinafter referred to as applicant) has filed an application dated October 15, 2019, complete in all respects, 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 (i) delay beyond 30 days in submitting report in Advance Reporting Form (ARF) to the Reserve Bank, through Authorised Dealer bank (AD bank) after receipt of foreign inward remittance towards subscription to equity as required under Paragraph 9(1)(A) of Schedule 1 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); (ii) delay beyond 30 days in submitting report in Form-Foreign Currency-Gross Provisional Return (FC-GPR) to the Reserve Bank, through AD bank, after the issue of shares to “persons resident outside India” as required under Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB; and (iii) delay in filing the Annual Return in respect of the Foreign Liabilities and Assets (FLA Return) as required under Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB. The said Regulations have been issued by the Reserve Bank of India in exercise of its powers under the provisions of FEMA, 1999.

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

(i) The applicant was incorporated on April 12, 2013 under the provisions of the Companies Act, 1956 (CIN: U29300GJ2013FTC074477). The applicant has received foreign inward remittances from the investor resident outside India viz., Toyota Kohki Co Ltd., Japan and Minrou Toyoda, Japan, towards equity shares during the years 2013 to 2017. Contraventions were noted in respect of reporting of foreign inward remittance, reporting of issuance of shares and delay in filing the Annual FLA Returns in the transactions detailed in subsequent paragraphs.

(ii) The receipt of the foreign inward remittance from the “person resident outside India” was reported with a delay by the applicant by filing ARF as provided below:



Table 1 - Reporting under Paragraph 9(1) (A) of Schedule 1  
to Notification No. FEMA 20/2000

Sl. No.	Name of the remitter	Amount of foreign inward remittance (₹)	Date of receipt of foreign inward remittance	Date of reporting by company to RBI*	Delay beyond prescribed period of 30 days
1	Toyota Kohki Co Ltd	38,33,175/-	02-01-2017	23-02-2017	22

*\*For the purpose of calculation of delay under Paragraph 9(1)(A) of Schedule 1, date of reporting by the applicant to AD Bank is taken as date of reporting to RBI.*

- (a) As indicated in the Table 1 above, the applicant reported the receipt of foreign inward remittance amounting to ₹38,33,175/- to the Ahmedabad Regional Office of the Reserve Bank of India with a delay of 22 days beyond the prescribed period of 30 days from the date of receipt of foreign inward remittance.
- (b) In terms of Regulation 5(1) of the Notification No. FEMA 20/2000-RB, a “person resident outside India” (other than a citizen of Bangladesh or Pakistan) or an entity incorporated outside India (other than an entity of Bangladesh or Pakistan) may purchase shares or convertible debentures or warrants of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1 to the said Regulations. Paragraph 9(1)(A) of Schedule 1 to the Regulations mandates that an Indian company issuing shares or convertible debentures or warrants in accordance with the Regulations shall submit through AD bank to the concerned Regional Office of Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by the Indian company for issue of shares or convertible debentures or warrants, a report in ARF as specified by Reserve Bank from time to time, along with documents stipulated therein.
- (c) The applicant has failed to submit the report in ARF within the time frame as required under Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB, thereby contravening the provisions of the said Notification.



(iii) The applicant allotted equity shares to “person resident outside India” and reported the same with a delay by filling Form FC-GPR as provided below:

Table 2 - Reporting under Paragraph 9(1)(B) of Schedule 1  
to Notification No. FEMA 20/2000-RB

Sl. No.	Name of the remitter	No. of shares issued	Amount of shares (₹)	Date of issue of shares	Date of reporting to RBI*	Delay beyond prescribed period of 30 days
1	Toyota Kohki Co Ltd	8,96,775	89,67,750/-	19-01-2017	14-12-2018	664
2	Toyota Kohki Co Ltd	13,98,780	1,39,87,800/-	02-01-2017	14-12-2018	681
	<b>Total</b>	<b>22,95,555</b>	<b>2,29,55,550/-</b>			

*\*For the purpose of calculation of delay under Paragraph 9(1)(B) of Schedule 1, date of reporting by the applicant to AD Bank is taken as date of reporting to RBI.*

- (a) As indicated in Table 2 above, the applicant has issued 22,95,555 equity shares amounting to ₹2,29,55,550/- to “person resident outside India” and submitted the report in Form FC-GPR to the AD Bank with a delay ranging from 664 to 681 days beyond the prescribed period of 30 days from the date of issue of shares.
- (b) Paragraph 9(1)(B) of Schedule 1 to the Notification No. FEMA 20/2000-RB mandates that an Indian company issuing shares in accordance with the Regulations is required to submit to Reserve Bank of India through AD bank, a report in Form FC-GPR, as specified by the Reserve Bank from time to time, along with documents stipulated therein, within 30 days from the date of issue of shares to the “person resident outside India”.
- (c) The applicant has failed to submit the report in Form FC-GPR within the time frame as required under Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, thereby contravening the provisions of the said Notification.



(iv) The applicant filed FLA Returns with a delay, for the financial years 2014-15 and 2015-16 as provided below:

Table 3 - Reporting under Paragraph 9 (2) of Schedule 1  
to Notification No. FEMA 20/ 2000-RB

Sl. No.	Financial Year	Due Date of Filing	Date of Actual Filing	Delay in no. of Days
1	2014-15	15-07-2015	26-07-2015	11
2	2015-16	15-07-2016	29-09-2016	76

(a) As indicated in Table 3 above, the applicant filed FLA Returns for the financial years 2014-15 and 2015-16 with delay beyond the due date of filing, ranging from 11 to 76 days.

(b) In terms of Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/ 2000-RB dated May 3, 2000 as then applicable, all Indian companies, which have received Foreign Direct Investment in the previous year(s), including the current year, are required to submit to the Reserve Bank of India, on or before the 15<sup>th</sup> day of July of each year, a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA Return) as specified by the Reserve Bank from time to time.

(c) The applicant has failed to report the FLA Returns within the time frame as required under Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/ 2000-RB as then applicable, thereby contravening the provisions of the said Notification.

3. The applicant was given an opportunity for personal hearing vide letter FE.AH.No.938/06.04.15/CEFA/2019-20 dated February 05, 2020 for further submission in person and/or producing documents, if any, in support of the application. Shri Rajkumar Oswal, Director and Shri Jagrat Mehta, Company Secretary represented the applicant for the personal hearing held on March 16, 2020 at 4<sup>th</sup> Floor, Main Office Building, Reserve Bank of India, Ahmedabad. The representatives of the applicant submitted that the delay occurred due to delay in issue of FIRC and KYC by the AD bank, rejection of Form FCGPR by e-biz due to incorrect AD bank branch details and discontinuation of e-biz and introduction of SMF-FIRMS portal and lack of due oversight from the company's side. Further, they have admitted to the contravention for which compounding has been sought and have assured not to repeat such mistakes in future and requested for a lenient view in disposal of the application. They are willing to accept any direction/order of the



Compounding Authority in connection with their compounding application. The application for compounding is, therefore, being considered on the basis of the statements made in the application, documents and submissions made in this context by the applicant/representatives.

4. 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 also been declared that the applicant was not under any enquiry / investigation / adjudication by any investigating agency as on the date of the application and that there has not been initiation of any such enquiry / investigation / adjudication proceedings against it thereafter, till now. 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 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. I have given my careful consideration to the documents on record and submissions made by the applicant in its application. I am satisfied and hold that the applicant has contravened the statutory requirement in terms of:

- (i) Paragraph 9(1)(A) of Schedule 1 to FEMA Notification FEMA 20/2000–RB dated May 3, 2000, due to delay in submitting report in ARF, after receipt of foreign inward remittance towards subscription of shares as detailed in paragraph 2(ii) above. The amount of contravention involved is ₹38,33,175/- and the delay in submission is 22 days;
- (ii) Paragraph 9(1)(B) of Schedule 1 to FEMA Notification FEMA 20/2000–RB dated May 3, 2000, due to delay in submitting report in Form FC-GPR, after issue of shares to the “person resident outside India” as detailed in paragraph 2(iii) above. The amount of contravention involved is ₹2,29,55,550/- and the delay in submission is ranging from 664 to 681 days; and



- (iii) Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/ 2000-RB, due to delay in filing the Annual Return in respect of the FLA Return, as detailed in paragraph 2(iv) above and the delay in submission is ranging from 11 to 76 days; and

6. In terms of Section 13 of the FEMA, any person contravening any provision of the Act, or any regulation, notification, etc., issued in exercise of the powers under FEMA, shall be liable to pay 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 therefore, I consider that an amount of penalty for ₹1,53,810/- (Rupees One Lakh Fifty Three Thousand Eight Hundred Ten only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely contravention of Paragraphs 9(1)(A), 9(1)(B) and Paragraph 9 (2) 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 ₹1,53,810/- (Rupees One Lakh Fifty Three Thousand Eight Hundred Ten only). The same shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Ground Floor, Near Gandhi Bridge, Post Bag No. 1, Ahmedabad - 380014 by way of a demand draft drawn in favour of the "Reserve Bank of India" and payable at Ahmedabad 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.



8. The above Order is passed only in respect of contraventions of Paragraphs 9(1)(A), 9(1)(B) and 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the applicant for any other violations / contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated the 18<sup>th</sup> day of March, 2020.

Sd/-

**(Santosh Kumar Panigrahy)**  
**Regional Director (Gujarat, Daman & Diu and Dadra & Nagar Haveli) /**  
**Chief General Manager (Ahmedabad)**