



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

Present

**Smt. K S Jyotsna**  
**General Manager**

Date: March 13, 2020  
**C.A. BGL512/2019**

In the matter of

**M/s Trelleborg Sealing Solutions India Private Limited**  
**(applied by M/s Trelleborg India Private Limited)**

No. 22/9, Beratena Agrahara,  
Hosur Main Road  
Bengaluru – 560100

**(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 November 18, 2019, received at the office of Reserve Bank of India, Bengaluru, on November 18, 2019, and addendum to the application dated February 04, 2020, received on February 26, 2020, 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 receipt of foreign inward remittances towards subscription to equity, and (ii) delay in submission of form FC-GPR to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A) and 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 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:**

- i. The applicant, M/s Trelleborg India Private Limited, was originally incorporated as M/s Trelleborg Industrial Products India Private Limited, on January 24, 2012, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company, M/s Trelleborg Industrial Products India Private Limited, has acquired M/s Trelleborg Sealing Solutions (India) Private Limited, through the Scheme of Amalgamation approved by NCLT, Bengaluru Branch, vide its order dated June 13, 2017.
- ii. The company, M/s Trelleborg Sealing Solutions (India) Private Limited, was originally incorporated as M/s Busak Plus Shamban Seals and Bearings Private Limited on May 19, 1997, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company changed its name from M/s Busak Plus Shamban Seals and Bearings Private Limited to M/s Trelleborg Sealing Solutions (India) Private Limited, after which Certificate of Incorporation in the new name was issued by the Registrar of Companies, Karnataka, on January 09, 2006.
- iii. The activity undertaken by the company, M/s Trelleborg Sealing Solutions (India) Private Limited, was to carry out the business as manufacturer, trader, importer, designer, exporter of all kind of machineries and its parts, electrical, and plastic products. The company, M/s Trelleborg Sealing Solutions (India) Private Limited, had received funds towards share application money, from the non-resident investors, namely, M/s Trelleborg Sealing Solutions US Inc, USA (formerly known as M/s Busak Plus Shamban Inc, USA), and M/s John Crane Inc, USA, on behalf of M/s Trelleborg Sealing Solutions US Inc, USA, as shown below:



**Table -1**

<b>Sr. No.</b>	<b>Date of Receipt</b>	<b>Total Amount (INR)</b>	<b>Date of Reporting to RBI / AD Bank</b>
1	24-07-1997	60,00,000.00	Transactions pertaining to FERA, 1973
2	05-11-1999	25,82,866.98	
3	28-05-2002	85,47,000.00	Not reported in form ARF
	<b>Total</b>	<b>1,71,29,866.98</b>	

The applicant company had received the remittances indicated at serial numbers 1 and 2, in Table - 1 above, from the non-resident investor, M/s Trelleborg Sealing Solutions US Inc, USA (formerly known as M/s Busak Plus Shamban Inc, USA) in terms of F.E.R.A. Notification No.182/98-RB, dated February 10, 1998. The applicant had not reported the inward remittance mentioned at serial number 3, in Table – 1 above, to AD/RBI. Since, reporting in form ARF was discontinued with effect from September 01, 2018, (date on which Single Master Form (SMF) reporting in FIRMS portal was implemented) the delay/contravention period for non-reporting of the said inward remittance has been considered till August 31, 2018. Thus, the delay is sixteen years two months and four days, beyond the stipulated period of 30 days in respect of the remittances as indicated at serial number 3, in Table-1 above.

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, M/s Trelleborg Sealing Solutions (India) Private Limited, had allotted shares and filed form FC-GPR, with Reserve Bank/AD Bank, as indicated below:



Table-2

Sl. No.	Date of Allotment	Number of shares allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	31-07-1997	6,000 – Equity	60,00,000.00	Transactions pertaining to FERA, 1973
2	22-11-1999	2,582 – Equity	25,82,000.00	
3	29-06-2002	5,696 – Equity	85,44,000.00	25-06-2019
	<b>Total</b>	<b>14,278 – Equity</b>	<b>1,71,26,000.00</b>	

The applicant company had allotted equity shares indicated at serial numbers 1 and 2, in Table - 2 above, to the non-resident investor, M/s Trelleborg Sealing Solutions US Inc, USA (formerly known as M/s Busak Plus Shamban Inc, USA) in terms of F.E.R.A. Notification No.182/98-RB, dated February 10, 1998.

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 sixteen years ten months and twenty seven days, beyond the prescribed period of 30 days, in respect of the allotment as indicated at serial number 3 in 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.2051/22.03.174/2019-20, dated March 05, 2020, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives Mr. Swaminathan G, Legal Counsel APAC, and Ms. Sobha Krishnamoorthy, Company Secretary, who appeared for the personal hearing on March 10, 2020, admitted the contraventions as stated in paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representatives of the applicant requested that as the



contraventions were 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 provisions issued in terms of:

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹85,47,000.00**, and the period of delay is sixteen years two months and four days; and

(b) 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 **₹85,44,000.00**, and the period of delay is sixteen years ten months and twenty seven days.

6. It has been declared in the compounding application dated November 18, 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, furnished as part of 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 contraventions which are 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 contraventions are to be compounded and I consider that an amount of **₹2,52,190.00 (Rupees Two Lakh Fifty Two Thousand One Hundred and Ninety only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 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 **₹2,52,190.00 (Rupees Two Lakh Fifty Two Thousand One Hundred and Ninety only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India”, 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 Thirteenth day of March 2020.

Sd/-

**(Smt. K S Jyotsna)**  
**General Manager**