



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

R Kesavan
Chief General Manager

Date : January 04, 2018
C.A.712/2017

In the matter of

M/s. Unicorn Valves Pvt Ltd.,
SF No.100/2B, Marichettipathy Road,
Valukkuparai P.O, Nachipalayam,
Madukkarai,
Coimbatore-641032

(Applicant)

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

Order

The applicant has filed a compounding application dated September 09, 2017 (received at Reserve Bank on September 11, 2017) 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 of inflow of funds received from a person resident outside India for



allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 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 3, 2000.

2. The relevant facts of the case are as follows: The applicant company was incorporated on May 12, 2008 under the provisions of the Companies Act, 1956 (Registration No. U29120TZ2008PTC014471) and is engaged in business of manufacture of other pumps, compressors, taps and valves etc. The applicant received foreign inward remittances from (i) Mr. Ian Macdonald Marshall, UAE (ii) Mr. Wael Al Shihabi, UAE towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	21,08,000.00	07.06.2010	22.11.2016
2	21,08,000.00	07.06.2010	22.11.2016
3	54,99,943.82	04.04.2014	03.05.2014
4	54,99,943.82	04.04.2014	03.05.2014
5	90,91,015.12	08.08.2014	09.10.2014
6	88,03,060.00	20.10.2014	18.11.2014
7	60,53,545.95	13.11.2014	31.12.2014
8	59,79,200.00	04.12.2014	31.12.2014
9	61,88,326.00	22.01.2015	11.04.2015
10	59,31,100.00	30.01.2015	24.02.2015
11	60,75,400.00	31.03.2015	29.04.2015
12	1,24,39,400.00	22.06.2015	17.07.2015
13	62,19,700.00	22.06.2015	17.07.2015
14	63,04,800.00	15.10.2015	09.12.2015
15	63,64,000.00	02.11.2015	09.12.2015
16	53,88,000.00	01.03.2016	31.03.2016
17	17,80,771.25	02.03.2016	21.11.2016
18	70,12,000.00	22.03.2016	21.11.2016
19	50,62,963.50	03.05.2016	20.09.2016
20	61,63,500.00	07.06.2016	26.08.2016



The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from seven days to six years four months 15 days approximately beyond the prescribed period of 30 days in respect of the remittances at Sr. Nos. 1,2,5,7,9,14,15,17 to 20. 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 allotted equity shares and filed FC-GPRs as indicated below:

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	421600	10	42,16,000	30.07.2010	15.03.2017
2	1100000	10	1,10,00,000	15.09.2014	10.10.2014
3	909095	10	90,90,950	08.10.2014	11.11.2014
4	880300	10	88,03,000	16.12.2014	04.02.2015
5	605354	10	60,53,540	10.01.2015	10.02.2015
6	597920	10	59,79,200	02.02.2015	14.03.2015
7	618832	10	61,88,320	21.03.2015	20.04.2015
8	593110	10	59,31,100	21.03.2015	20.04.2015
9	607540	10	60,75,400	14.05.2015	16.06.2015
10	1865910	10	1,86,59,100	17.08.2015	23.09.2015
11	1266880	10	1,26,68,800	14.11.2015	14.12.2015
12	716877	10	71,68,770	14.03.2016	18.12.2017
13	701200	10	70,12,000	10.05.2016	21.11.2016
14	506296	10	50,62,960	10.05.2016	07.12.2017
15	616350	10	61,63,500	04.08.2016	08.12.2017

The applicant filed form FC-GPR as indicated above with delay ranging from one day to six years six months 15 days approximately beyond the prescribed limit in respect of the allotments at Sr. Nos. 1,3 to 6,9,10,12 to 15. Whereas in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.



4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated December 29, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on January 04, 2018 during which Smt V Rajeswari, Officer (Finance and Accounts) represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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 the personal hearing.

5. It has been declared in the compounding application dated September 09, 2017 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 declaration dated September 09, 2017 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/him/her thereafter. 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.

6. I have given my careful consideration to the documents on record and submissions made by the applicant in the compounding application and 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 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount



of ₹ 5,82,36,921.82 with the duration of contravention ranging from seven days to six years four months 15 days approximately; and

(b) Paragraph 9 (1) B of Schedule 1 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 and the contravention relates to an amount of ₹ 8,42,84,420/- with the duration of contravention ranging from one day to six years six months 15 days approximately.

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 ₹ **1,53,815/-** (Rupees one lakh fifty three thousand eight hundred and fifteen only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 9 (1) B 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 ₹ **1,53,815/-** (Rupees one lakh fifty three thousand eight hundred and fifteen only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 Fourth day of January, 2018.



M/s. Unicorn Valves Pvt Ltd.–C.A.712/2017

Sd/-

R Kesavan
Chief General Manager