



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present
Anupam Sonal
Chief General Manager

Date: July 20, 2018
C.A.NDL 286/2018

In the matter of

Magneti Marelli Powertrain India Private Limited

Plot No. 1, Subplot 25 & 32, Maruti Suppliers Park, Sector 3A, IMT Manesar,
Gurgaon 122051
(Applicant)

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

Order

The applicant has filed a compounding application dated June 07, 2018 received on June 11, 2018 at Reserve Bank of India, New Delhi for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contravention sought to be compounded is of delay in submission of form FC-GPR after allotment of shares in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

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

The applicant company was incorporated on October 18, 2007 and allotted registration number U40300HR2007PTC046166. The company is engaged in manufacturing and sale of 'Engine Control Units' and 'Automated Manual Transmission Systems' used in automobiles.

a) The company had allotted equity shares on 2 occasions and on one occasion the shares have been reported in form FC-GPR with a delay of 9 years 12 days (as detailed hereunder) beyond the prescribed period in contravention of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000, as then applicable.

Contravention of Para 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB				
S.No.	Date of Allotment	No. of equity shares allotted	Amount (Rs.)	Date of reporting to RBI
1	07.08.2008	29160000	29,16,00,000.00	18.09.2017
		Total	29,16,00,000.00	

Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, 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 a person resident outside India. Thus, there is contravention of Paragraph 9(1)(B) of Schedule 1 to FEMA Notification No 20 /2000-RB dated May 3, 2000, as then applicable.

3. The applicant company was given an opportunity for personal hearing for further submission in person and/or by producing documents, if any, in support of the application. Shri Mohd Nazim Khan, Company Secretary and Ms Gunjan Jain, Legal Head appeared for the personal hearing on July 19, 2018 on behalf of the applicant company. The representatives admitted the contraventions committed by the company for which the company has sought compounding. They stated that the delay in filing occurred due to reorganisation in the managerial person and reshuffling in managerial responsibilities. They further stated that delay was without any malafide or wilful intention on their part and requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of documents on record admitting the contraventions.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, due to delay in filing of form FC-GPR with RBI. The contravention relates to an amount of Rs.29,16,00,000/- and the delay is of 9 years and 12 days.

5. It has been declared in the compounding application dated June 07, 2018 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated June 07, 2018 furnished by directors of the company 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 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. 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.9,18,000/- (Rupees Nine lakh eighteen thousand only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000- RB, as then applicable, by the applicant on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs. 9,18,000/-(Rupees Nine lakh eighteen thousand only)** which shall be deposited by the applicant with the

Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi-110001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 20th day of July, 2018.

Sd/-

(Anupam Sonal)
Chief General Manager