



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

R Subramanian  
Regional Director

Date: July 19, 2018  
C.A. HYD 301

In the matter of

M/s. Lixil India Sanitaryware Private Limited  
H. No. 1-8-373/A  
Chiran Fort Lane  
Begumpet  
Hyderabad – 500 003

**(Applicant)**

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

**Order**

The applicant has filed the compounding application dated April 02, 2018 received on April 06, 2018 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 in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity in terms of Paragraph 9(1)(A) and Paragraph 9(1)(B) respectively of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside



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India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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

- a) The applicant is a resident company originally incorporated as M/s. Sentini Agrofarms Private Limited under the Companies Act, 1956 on 14.04.2007 and subsequently changed its name to M/s. Sentini Sanitarywares Private Limited on 17.11.2005. Later the applicant changed its name to M/s. Lixil India Sanitaryware Private Limited with effect from 12.04.2018 (CIN: U36990TG2007PTC053591). The company is engaged in the business of manufacturing, distributing and selling sanitaryware products.
- b) The applicant had received foreign inward remittances from two foreign investors towards advance for subscription to equity shares as indicated below.

Sl. No.	Name of the Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Mr. Srinivas Tipirneni, USA	2,50,00,000	19-12-2015	28-12-2015
2	Mr. Srinivas Tipirneni, USA	2,00,00,000	28-12-2015	28-12-2015
3	Mr. Srinivas Tipirneni, USA	5,00,00,000	13-01-2016	22-01-2016
4	Mr. Bangar Raju Kanumuru, USA	2,00,00,000	02-02-2016	12-02-2016
5	Mr. Bangar Raju Kanumuru, USA	2,99,99,500	09-02-2016	15-02-2016
6	Mr. Srinivas Tipirneni, USA	4,00,00,000	01-03-2016	04-04-2016
7	Mr. Srinivas Tipirneni, USA	3,50,00,000	29-03-2016	26-04-2016
8	Mr. Srinivas Tipirneni, USA	80,00,000	05-05-2016	17-05-2016



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9	Mr. Srinivas Tipirneni, USA	3,25,00,000	08-06-2016	17-06-2016
10	Mr. Srinivas Tipirneni, USA	4,05,00,000	21-07-2016	26-07-2016
11	Mr. Srinivas Tipirneni, USA	2,25,00,000	27-10-2016	08-11-2016
12	Mr. Srinivas Tipirneni, USA	2,50,00,000	07-12-2016	23-12-2016
13	Mr. Srinivas Tipirneni, USA	3,00,00,000	16-01-2017	06-02-2017
14	Mr. Srinivas Tipirneni, USA	3,15,00,600	16-02-2017	13-03-2017
15	Mr. Srinivas Tipirneni, USA	1,00,00,000	24-03-2017	01-04-2017
16	Mr. Srinivas Tipirneni, USA	1,00,00,000	03-04-2017	15-05-2017
17	Mr. Srinivas Tipirneni, USA	1,00,00,000	27-04-2017	15-05-2017
	<b>Total</b>	<b>44,00,00,100</b>		

The applicant received the foreign inward remittances amounting to ₹44,00,00,100/- as indicated above out of which remittances amounting to ₹5,00,00,000/- were reported to Reserve Bank of India with delays ranging from 4 days to 12 days approximately beyond the prescribed period of 30 days. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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.

c) The company allotted shares and filed form FC-GPRs as indicated below:

SI No.	Name of the Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Mr. Srinivas Tipirneni, USA	15-02-2016	105555	94999500	11-04-2016



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2	Mr. Bangar Raju Kanumuru, USA	15-02-2016	55555	49999500	11-04-2016
3	Mr. Srinivas Tipirneni, USA	28-04-2016	83333	74999700	31-05-2016
4	Mr. Srinivas Tipirneni, USA	02-07-2016	45000	40500000	18-07-2016
5	Mr. Srinivas Tipirneni, USA	06-09-2016	45000	40500000	08-11-2016
6	Mr. Srinivas Tipirneni, USA	22-12-2016	52777	47499300	19-01-2017
7	Mr. Srinivas Tipirneni, USA	14-03-2017	68334	61500600	01-04-2017
8	Mr. Srinivas Tipirneni, USA	27-03-2017	11111	9999900	02-05-2017
9	Mr. Srinivas Tipirneni, USA	17-05-2017	22222	19999800	13-06-2017
		<b>Total</b>	<b>488887</b>	<b>43,99,98,300</b>	

The applicant filed form FCGPRs for issue of shares amounting to **₹43,99,98,300/-** as indicated above out of which shares amounting to **₹27,04,98,600/-** were reported with delays ranging from 3 days to 1 month 2 days approximately beyond the stipulated period of 30 days. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification no. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.



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3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/68/14.66.003/2018-19 dated July 13, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on July 18, 2018 during which Shri. Mohit Gupta, Head-Finance & IT and Shri. Kaustubh Verma, Advisor represented the applicant. The authorized representatives of the company admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of administrative reasons. In view of the foregoing, the representative of the applicant requested to take a lenient view 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 the submissions made in this context by the applicant during the personal hearing.

4. I have given my careful consideration to the documents on record. 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 for delay in reporting the receipt of consideration towards issue of shares amounting to ₹5,00,00,000/- and the delay ranges from 4 days to 12 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 27,04,98,600/- and the period of contravention ranges from 3 days to 1 month 2 days approximately.

5. It has been declared in the compounding application dated April 02, 2018 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 April 02, 2018 furnished with the compounding application that the applicant was not under



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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. 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 contravention is to be compounded and I consider that an amount of **₹45,620/- (Rupees Forty Five Thousand Six Hundred Twenty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 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 **₹45,620/- (Rupees Forty Five Thousand Six Hundred Twenty Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 accordingly.



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Dated this 19<sup>th</sup> day of July 2018

Sd/-

**(R Subramanian)**  
**Regional Director**