



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

Present

Arundhati Mech
Regional Director

Date : February 27, 2017
C.A.616/2016

In the matter of

M/s. Precia Molen India Pvt Ltd.,
DP 55, SIDCO Industrial Estate,
Thirumazhisai,
Chennai-600124

(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 December 08, 2016 (received at Reserve Bank on December 09, 2016) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in



submission of Form FC-GPR on allotment of shares with Reserve Bank in terms of Paragraph 9 (1) B 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 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: The applicant company was incorporated on December 21, 1995 under the provisions of the Companies Act, 1956 (Registration No. U29309TN1995PTC033931) and is engaged in Business of manufacture of weighing machinery. The applicant received foreign inward remittances from non-resident investors towards subscription to equity shares and reported the same to the Reserve Bank

3. The company allotted Bonus Shares and reported the same to Reserve Bank as detailed below.

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR) (Notional)	Date of allotment of shares	Reported to RBI on
1	300000	10	30,00,000	29.08.2003	17.05.2013
2	500000	10	50,00,000	31.08.2005	17.05.2013
3	1500000	10	1,50,00,000	10.11.2010	17.05.2013

The applicant has allotted Bonus shares and filed the Form FC GPRs with delay ranging from two years five months seven days to nine years seven months 18 days approximately beyond the stipulated time of 30 days. 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.



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4. The applicant vide letter dated February 23, 2017 chose not to appear for the personal hearing for further submission in person and/or producing documents, if any, in support

of the application. The applicant, in the compounding application, had admitted the contravention as stated in para 3 above for which compounding has been sought. It had been submitted that the delays were unintentional. 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.

5. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR on allotment of shares as detailed in paragraph 3 above. The contravention relates to an amount of ₹ 2,30,00,000/- and the duration of contravention ranging from two years five months seven days to nine years seven months 18 days approximately.

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 ₹ 2,12,865/- (Rupees two lakh twelve thousand eight hundred and sixty five only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB, by the applicant



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on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ 2,12,865/- (Rupees two lakh twelve thousand eight hundred and sixty five 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 Twenty seventh day of February, 2017.

Sd/-

Arundhati Mech
Regional Director