



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 : June 29, 2017
C.A.642/2016

In the matter of
M/s. Manuli Hydraulics India Pvt Ltd.
S.No.1465/2-B, Sriperumbudur Village,
Sriperumbudur- 602105

(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 February 04, 2017 (received at Reserve Bank on February 09, 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



M/s. Manuli Hydraulics India Pvt Ltd. – C.A.642/2016

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 August 08, 2007 under the provisions of the Companies Act, 1956 (Registration No. U74999TN2007FTC064420) and is engaged in Business of manufacture of rubber plates, sheets, strips, rods, tubes, pipes, hoses and profile - shapes etc. The applicant received foreign inward remittances from M/s.Manuli Rubber Industries SPA., Italy towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	1,00,000.00	06.09.2007	06.09.2016
2	1,78,40,000.00	30.03.2010	01.10.2010
3	1,90,47,999.75	18.01.2012	21.05.2012
4	1,77,68,245.50	29.11.2012	11.02.2013
5	1,14,70,599.00	06.04.2015	30.04.2015
6	2,17,89,543.95	06.05.2015	02.06.2015
7	1,00,79,103.70	10.07.2015	17.03.2016
8	1,18,78,169.45	14.09.2015	23.09.2015
9	1,19,09,465.10	06.11.2015	28.11.2015
10	56,12,504.80	18.12.2015	30.03.2016
11	21,50,00,000.00	28.04.2016	09.05.2016
12	5,50,00,000.00	09.05.2016	24.05.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one month 12 days to eight years 11 months one day approximately beyond the prescribed period of 30 days in respect of remittances recorded at Sr.Nos.1 to 4, 7 and 10. 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



M/s. Manuli Hydraulics India Pvt Ltd. – C.A.642/2016

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	10000	10	1,00,000	08.08.2007	06.09.2016
2	1784000	10	1,78,40,000	31.03.2010	20.08.2010
3	190480	10	1,90,48,000	29.03.2012	20.06.2012
4	177682	10	1,77,68,200	02.05.2013	31.07.2015
5	3326014	10	3,32,60,140	02.06.2015	28.07.2015
6	1007910	10	1,00,79,100	10.08.2015	21.04.2016
7	1187816	10	1,18,78,160	12.11.2015	03.02.2016
8	1752196	10	1,75,21,960	31.12.2015	30.03.2016
9	21500000	10	21,50,00,000	30.04.2016	16.05.2016
10	5500000	10	5,50,00,000	16.05.2016	30.05.2016
11	4222496	10	4,22,24,960	30.12.2016	03.03.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from 26 days to eight years 11 months 29 days approximately beyond the prescribed limit in respect of the allotments at Sr. Nos.1 to 8 and 11. 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 June 23, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide mail dated June 28, 2017 has informed that none of the Directors of the company is available on the date of personal hearing i.e. on June 28, 2017. Further, they have requested us to pass the order considering the submissions made with the compounding application filed by them. The applicant, in the compounding application, had admitted the contraventions as stated in para 2 and 3 above for which compounding has been sought. It had been submitted that



M/s. Manuli Hydraulics India Pvt Ltd. – C.A.642/2016

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) 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 ₹ 7,04,47,853.75 with the duration of contravention ranging from one month 12 days to eight years 11 months one day 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 ₹ 16,97,20,520/- with the duration of contravention ranging from 26 days to eight years 11 months 29 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 ₹ 3,19,750/- (Rupees three lakh nineteen thousand seven hundred and fifty only) will meet the ends of justice..

7. 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



M/s. Manuli Hydraulics India Pvt Ltd. – C.A.642/2016

(Compounding Proceedings) Rules, 2000 on payment of an amount of **₹ 3,19,750/-** (Rupees three lakh nineteen thousand seven hundred and fifty 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 Ninth day of June, 2017.

Sd/-

R Kesavan
Chief General Manager