



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th floor, Amar Building
Fort, Mumbai - 400 001

Present

J.K.Pandey
Chief General Manager

Date: June 13, 2017
C.A. 4327/2017

In the matter of

I G Petrochemicals Limited
401-404 Raheja Centre, Free Press Journal Marg
214, Nariman Point, Mumbai – 400 021

(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 application dated March 14, 2017 (received in the Reserve Bank of India on March 16, 2017) 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 relate to making outward remittances to the overseas entity without allotment of UIN and without submission of Form ODI in contravention of the provisions of Regulation 6(2)(vi) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, notified vide Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).



2. The relevant facts of the case are as follows: I G Petrochemicals Limited (IGPL) was incorporated on October 18, 1988 under the Companies Act, 1956 (CIN L51496GA1988PLC000915). It is engaged in the business of chemicals & petrochemicals. It set up a Wholly-Owned Subsidiary in Dubai namely, IGPL International Limited (hereinafter referred as WOS) on May 11, 2016 and through its AD Bank viz Lakshmi Vilas Bank Limited made the following remittances to its overseas WOS without allotment of UIN:

Sr. No.	Date of remittance	Amount (USD)	Amount (INR)	Date of reporting
1	29.08.2016	599,238	4,03,34,374	29.09.2016
2	03.11.2016	343,218	2,29,34,095	10.02.2017
3	22.11.2016	311,000	2,12,64,236	10.02.2017
	Total	1,253,456	8,45,32,705	

The UIN was allotted on February 08, 2017 and RBI vide letter FE.CO.OID/8345/19.59.265/2016-17 dated February 22, 2017 advised the applicant that allotment of UIN was subject to the applicant applying for compounding. IGPL undertook the above transactions without allotment of UIN and without submitting Form ODI – Part I within the prescribed period in contravention of Regulation 6(2)(vi) of FEMA 120/2004-RB:

3. Whereas in terms of Regulation 6(2)(vi) of FEMA 120/2004, the Indian Party making direct investment in a JV/WOS outside India has to submit Part I of Form ODI, duly completed, to the designated branch of an Authorized Dealer, the applicant did not report the investments made in the overseas entity within the prescribed time period of 30 days.

4. The applicant was given an opportunity for personal hearing vide our letter No. FE.CO.CEFA No.11908/15.20.67/2016-17 dated May 30, 2017 for further submission in person and/or producing documents, if any, in support of the application. Shri Sudhir R. Singh, Company Secretary represented the applicant during the personal hearing held on June 13, 2017. The representative of the



applicant submitted that the contraventions on their part were unintentional and a lenient view may be taken. 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 submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant contravened the Regulation 6(2)(vi) of Notification No. FEMA 120/2004-RB dated July 7, 2004. The amount of contravention was USD 1,253,456 (INR 8,45,32,705/-) and the period of contravention ranges from 03 months to 06 months.

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 payment of an amount of Rs.64,000/- (Rupees Sixty Four Thousand only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of the Regulation 6(2)(vi) of Notification No. FEMA 120/2004-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 Rs.64,000/- (Rupees Sixty Four Thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai – 400 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai 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.



Dated this the thirteenth day of June, 2017

Sd/-

(J.K.Pandey)
Chief General Manager