



In the

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

Present

R. Subramanian  
Regional Director

Date: July 25, 2017  
C.A. HYD 219

In the matter of

M/s. Watlow Thermal Solutions India Pvt. Ltd  
401, H No. 6-3-678/1,  
Aarohan Plaza,  
Punjagutta,  
Hyderabad- 500082  
**(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 10, 2017 received by us on June 05, 2017 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; (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares towards subscription to equity to a person resident outside India in terms of Paragraph 9 (1) (A) and Paragraph 9 (1) (B) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000



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notified vide Notification No. FEMA.20/2000-RB dated 3rd May 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:

- a) The applicant is a resident company incorporated as a private limited company under the Companies Act, 1956 on February 01, 2012. The company is engaged in the business of manufactures, merchants, importers and exporters for the sale and purchase of industrial electric heaters, machinery and appliances for industrial, commercial, scientific and other purposes.
- b) The applicant had received foreign inward remittances from foreign companies towards advance for subscription to equity shares as indicated below.

Sl. No.	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Watlow Singapore Pte Ltd	5000000	22.02.2012	18.05.2012
2	Watlow Singapore Pte Ltd	5000000	16.04.2012	18.05.2012
3	Watlow Singapore Pte Ltd	2500000	10.10.2012	26.12.2012
4	Watlow Singapore Pte Ltd	2500000	02.07.2013	04.07.2013
5	Watlow Singapore Pte Ltd	6722348	24.05.2016	31.05.2016
6	Watlow Singapore Pte Ltd	6108800	28.10.2016	11.11.2016
7	Watlow Singapore Pte Ltd	7835200	28.10.2016	11.11.2016



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	<b>TOTAL</b>	<b>356,66,348</b>		
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The company received inward remittances amounting to **Rs. 356,66,348/-** to the Regional Office of Reserve Bank of India on dates indicated out of which remittances amounting to **Rs. 125,00,000/-** was reported with a delay ranging from 2 days to 1 month 26 days approximately as indicated above. 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 equity shares and filed form FC-GPRs as indicated below.

S N	Name of Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Watlow Singapore Pte Ltd	15.05.2012	1499998	1499998	04.07.2012
2	Watlow Electric Manufacturing Company	15.05.2012	2	2	04.07.2012
3	Watlow Singapore Pte Ltd	15.06.2012	3500000	3500000	04.07.2012
4	Watlow Singapore Pte Ltd	02.07.2012	5000000	5000000	30.07.2012
5	Watlow Singapore Pte Ltd	03.04.2013	2500000	2500000	12.07.2013
6	Watlow Singapore Pte Ltd	27.11.2013	2500000	2500000	26.12.2013



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7	Watlow Singapore Pte Ltd	27.05.2016	6722348	6722348	20.07.2016
8	Watlow Singapore Pte Ltd	11.03.2017	13944000	13944000	04.04.2017
	<b>TOTAL</b>		<b>356,66,348</b>	<b>356,66,348</b>	

The applicant filed Form FC-GPRs for the allotment of shares amounting to **Rs.356, 66,348/-** out of which allotment of shares amounting to **Rs. 107, 22,348/-** as indicated above was reported with a delay ranging from 20 days to 2 months 09 days approximately beyond the prescribed limit. 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 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No.HY.FE.FID/167/14.66.003/2017-18 dated July 20, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide their email dated July 20, 2017 submitted that they want to opt out of the Personal Hearing process with the due consent of their management and also requested us to proceed with the compounding procedure based on the documents submitted by them. The company had vide an earlier email dated July 18, 2017, submitted that the delay in reporting was due to oversight and not intentional and also that there were occasional delays in getting the required documents/ clearances from bankers. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

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:-



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(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 **Rs. 125, 00,000/-** and the delay ranges from 2 days to 1 month 26 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 after issue of shares to persons resident outside India and the contravention relates to an amount of **Rs. 107, 22,348/-** and the period of contravention ranges from 20 days to 2 months 09 days approximately.

5. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty upto 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 **Rs. 23, 560/- (Rupees Twenty Three Thousand Five Hundred Sixty Only)** will meet the ends of justice.

6. 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 **Rs.23,560/-(Rupees Twenty Three Thousand Five Hundred Sixty 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 25<sup>th</sup> day of July 2017

Sd/-

(R. Subramanian)  
Regional Director