



In the

Reserve Bank of India
Foreign Exchange Department
5th Floor, Amar Building
Sir PM Road
Mumbai – 400001

Present

R. Seetharaman
Deputy General Manager

Date: July 28, 2017
CA NO: 4322/2017

In the matter of

ALP Overseas Private Limited
Corporate Office: Plot No 32, Sector 18, HUDA, Gurgaon, Haryan-122015

(Applicant)

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

The applicant has filed a compounding application dated March 6, 2017 (received in the Reserve Bank of India on March 8, 2017) for compounding the 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) proceeds of disinvestment of shares of Enterprise / Ameriseal Inc- United States of America were repatriated beyond 90 days and (iii) delayed submission of APRs for the years 2010 and 2011. The above were in contravention of Regulation 16(2) and 15(iii) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 4, 2004, as



amended from time to time.(hereinafter referred to as Notification No FEMA 120-RB 2004).

2. The relevant facts of the case are follows: The applicant was incorporated as GTP Overseas Private Limited on July 3, 1996 under the Companies Act, 1956. (CIN NO: U74900DL1996PTC080083). Its name changed to ALP Overseas Private Limited on June 15, 2007 and ALP Elastomers Private Limited on November 3, 2007 and again to ALP Overseas Private Limited on February 6, 2008. The applicant is engaged in manufacture of automobile sealing products. The applicant had acquired 80% stake in Enterprise / Ameriseal Inc, United States of America, a Joint Venture with Mr. Chuck Fallon, promoter of the JV in the financial year 2009-10 with an amount of US \$ 28,084. On April 11, 2011, the applicant entered in to a sale agreement with the promoter of the JV for sale of its entire 80% stake to the promoter Mr. Chuck Fallon, at US \$ 28000 as per fair valuation by the chartered Accountant. The applicant had received the disinvestment proceeds of US \$ 26773.53 only due to the financial difficulties of the overseas buyer and the balance of US \$ 1126.47 was written off by the applicant. The details of the remittances made to the above JV and of receipt of the proceedings of disinvestment are as under:

Date	Details	Amount in US \$	Amount in INR	Remarks
April 9, 2009	Investment	10000.00	507400.00	UIN No: NDJAZ20090761
June 29, 2009	Investment	10000.00	479700.00	UIN No: NDJAZ20090761
June 30, 2009	Investment	8084.00	387789.00	UIN No: NDJAZ20090761
Total Investment		20084.00	1374889.00	
June 2, 2011	Disinvestment	7688.81	345099.20	
July 19, 2011	Disinvestment	7644.86	340056.00	
June 3, 2014	Disinvestment	11439.86	676115.15	.
Total Disinvestment		26773.53	1361270.35	Repatriation beyond 90 days.

The proceeds of disinvestment of shares of Enterprise / Ameriseal Inc USA, were repatriated by the applicant beyond 90 days and delayed submission of the APRs for the years 2009, 2010 and 2011, thus contravening the provision of regulation 16(2) and 15 (iii) of Notification No FEMA 120-RB 2004). These transactions were later reported



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to the Reserve Bank of India by the applicant through AD bank vide its letter dated on January 18, 2017 and filed the APR for the period April 9 2009 to December 31, 2010 and January 1, 2011 to December 31, 2011 on November 5, 2016 and January 9, 2017 respectively and the transactions were regularised on May 15, 2017.

3.1 Regulation 16(2) of the said notification requires that sale proceeds of shares / securities shall be repatriated to India immediately on receipt thereof and in any case not later than 90 days from the date of sale of the shares / securities and documentary evidence to this effect shall be submitted to the Regional office of the Reserve Bank through the designated authorized dealer.

3.2 Regulation 15(iii) of the said notification requires that the Indian party to submit to the Reserve Bank through the Authorised Dealer every year within 60 days from the date of expiry of the statutory period as specified by the respective laws of the host country for finalization of the audited accounts of the Joint Venture / Wholly Owned Subsidiary outside India or such further period as may be allowed by Reserve Bank, an Annual Performance Report in Form ODI Part III in respect of each Joint Venture or Wholly Owned Subsidiary outside India set up or acquired by the Indian Party and other reports or documents as may be specified by the Reserve Bank from time to time.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO. CEFA .No./106/15.20.67/2017-18 dated July 6, 2017 for further submission in person and /or producing documents, if any, in support of the application. The personal hearing was held on July 21, 2017 during which Shri Nitin Dwivedi, Company Secretary, Shri. Sushil Kumar Dubey, Company Secretary, Shri. . Manoj Shah, Chartered Accountant and Viral Satra, Chartered Accountant represented the applicants. The application is considered on the basis of the averments made and documents produced in the application.

5. I have given my careful consideration of the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 16(2) and 15(iii) of FEMA 120-RB 2004 as amended from time to time. The amount and period of contravention is as follows.



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- i) Regulation 16(2) of FEMA 120-RB 2004 as amended from time to time: Amount of contravention- Rs. 10,16,171.15 (US\$ 19084.72) and the period of contravention is less than one month approximately for Rs.3,40,056 (US \$ 7644.86) and two years and eleven months approximately for Rs.6,76,115.15 (US \$ 11439.86)
- ii) Regulation 15(iii) of FEMA 120-RB 2004 as amended from time to time: Non-submission of 2 numbers of APR (i.e. for the year 2010 and 2011).

6. In terms of provisions of section 13 of FEMA, any person contravening any provision of the Act shall be liable to pay up to three times the sum involved in the contravention upon adjudication. However, taking into account the relevant facts and circumstance 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 Rs.75,757/- (Rupees Seventy five thousand seven hundred and fifty seven only) will meet the end of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 16(2) and 15 (iii) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 4, 2004, as amended from time to time, by the applicant stated above on the facts discussed above in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of Rs.75,757/- (Rupees seventy five thousand seven hundred and fifty seven only) which shall be deposited by the applicant with the Reserve Bank of India, 11th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001 by a Demand Draft drawn in favour of "Reserve Bank of India" and payable at "Mumbai" within a period of 15 days from the date of the 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 shall apply.

The application is disposed accordingly.

Dated this twenty eighth day of July, 2017.

Sd/-

(R. Seetharaman)



Deputy General Manager

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