



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: September 4, 2017
CA NO: 4350/2017

In the matter of

Quippo Valuers and Auctioneers Private Limited
D-2, 5th Floor Southern Park, Saket Place, New Delhi-110017

(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

Order

The applicant has filed a compounding application dated April 11, 2017 (received in the Reserve Bank of India on April 17, 2017) for compounding the 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 non-submission of share certificate for its investment in its Joint Venture (JV) M/s. Quippo Energy Yemen Limited in terms of Regulation 15(i) 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 GoIndustry Quippo Valuers and Auctioneers Private Limited on June 3, 2005 under the Companies Act, 1956. (CIN NO: U51103DI2005PTC137538). Its name changed Quippo Valuers and Auctioneers Private Limited on April 16, 2011. Quippo Energy Limited (formerly known as Quippo Energy Private Limited), entered agreement with M/s. Hadharamount & Mareb Power Company Limited to form a Joint Venture named M/s. Quippo Energy Yemen Ltd in Yemen and remitted on January 6, 2011 YER 10,200,000/- (approx. INR at Rs.23, 04,370) for its 51% share of investment in Joint venture (JV) and the same was deposited in CAC Bank Yemen. The JV was incorporated on January 9, 2011. The other partner not contributed its share of investment at YER 98,00,000/-. The JV was unable to commence operations due to persistent and socio economic inconsistencies prevailing in Yemen. The applicant Viz., Quippo Valuers and Auctioneers Private Limited has acquired the 100% share of M/s. Quippo Energy Limited (formerly known as Quippo Energy Private Limited) on October 28, 2013. The applicant decided to write off its entire investment due to the prevailing political crises and the JV not started its operations, The applicant sought permission for write off through its letter dated May 30, 2015 and the AD Bank forwarded the same to Reserve Bank of India on vide its letter dated August 13, 2015. While processing the application for write off, it was observed that the share certificate was not obtained by the Indian Party for its initial investment, thereby contravening Regulation 15(i) of FEMA120- RB 2004. The write off proposal was approved on March 8, 2017, the transaction was regularised on May 08, 2017 and the UIN No. AHJAZ201200116 was closed.

3. Regulation 15(i) of the said notification requires that an Indian Party, which has acquired foreign security in terms of the Regulations in Part-I, shall receive share certificates or any other document as an evidence of investment in the foreign entity to the satisfaction of the Reserve Bank within six months, or such



further period as Reserve Bank may permit, from the date of effecting remittance or the date on which the amount to be capitalised became due to the Indian Party or the date on which the amount due was allowed to be capitalised.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO. CEFA .No./11910/15.20.67/2016-17 dated May 30, 2017 for further submission in person and /or producing documents, if any, in support of the application. The personal hearing was held on July 20, 2017 during which Shri Siddharth Banwat and Shri. Raja Valechha, Chartered Accountants of M/s. T.P. Ostwal & Associates LLP, represented the applicants. Further they submitted further documents vide their letter dated August 4, 2017. 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 15(i) of FEMA 120-RB 2004 as amended from time to time. The amount and period of contravention is as follows.

i) Regulation 15(i) of FEMA 120-RB 2004 as amended from time to time:
Amount of contravention- Rs. 23,04,370 (USD 50217.12 and YER 10,200,000)
and the period of contravention is less than one month approximately

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.67,283/- (Rupees



sixty seven thousand two hundred and eighty three only) will meet the end of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 15(i) 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. 67,283/- (Rupees sixty seven thousand two hundred and eighty three 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 fourth day of September, 2017.

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(R. Seetharaman)
Deputy General Manager