



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 : October 06, 2017
C.A.701/2016

In the matter of

M/s. Nilpeter India Pvt Ltd.
No.15, Medavakkam Road,
Sholinganallur,
Chennai-600 119

(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 August 03, 2017 (received at Reserve Bank on August 04, 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 allotment of shares,



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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 September 05, 2008 under the provisions of the Companies Act, 1956 (Registration No. U74991TN2008PTC069168) and is engaged in the business of manufacture of printing and bookbinding machines and machines for activities supporting printing on a variety of materials (other than textiles). The company has been earlier compounded for contraventions of paragraphs 9(1) A, 9 (1) B and 8 vide compounding order No. CA 036/2013 dated April 25, 2013. Subsequent to the above order, the applicant has received foreign inward remittances from M/s Nilpeter A/S, Denmark towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Foreign Inward Remittance (in Rs.)	Date of receipt	Reported to RBI on
1	2,50,00,000	15.12.2014	30.01.2015
2	2,00,00,000	09.02.2015	05.03.2015
3	2,00,00,000	16.07.2015	14.08.2015
4	9,04,00,000	03.05.2016	30.05.2016
5	5,50,00,000	16.09.2016	13.10.2016
6	6,40,00,000	23.06.2017	18.07.2017

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay of 16 days approximately beyond the prescribed period of 30 days in respect of remittance recorded at Sr.No.1. 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 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 against the above remittances and filed FC-GPRs as indicated below:

Sl. No.	No. of shares issued	Face Value (in Rs.)	Amount (INR)	Date of issue / allotment of shares	Reported to RBI on
1	1000000	10	2,50,00,000	27.01.2015	25.02.2015
2	800000	10	2,00,00,000	30.03.2015	04.05.2015
3	800000	10	2,00,00,000	14.09.2015	14.10.2015
4	3616000	10	9,04,00,000	08.06.2016	06.07.2016
5	2200000	10	5,50,00,000	04.11.2016	24.11.2016
6	2560000	10	6,40,00,000	20.07.2017	17.08.2017

The applicant filed form FC-GPRs as indicated above with delay of five days approximately beyond the prescribed limit in respect of the allotment at Sr. No.2. 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 October 03, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on October 06, 2017 during which Shri P Pandiyan, Manager-Accounts represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that 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 during the personal hearing.

5. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. 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 due to delay in reporting of receipt of inward remittance towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 2,50,00,000/- with the duration of contravention being 16 days 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 as detailed in paragraph 3 above. The contravention relates to an amount of ₹ 2,00,00,000/- with the duration of contravention being five 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 consider that an amount of ₹ 42,000/- (Rupees forty two thousand 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 (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ 42,000/- (Rupees forty two thousand 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 Sixth day of October, 2017.



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Sd/-

**R Kesavan
Chief General Manager**