



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

N Mohana
General Manager

Date : September 07, 2017
C.A.672/2017

In the matter of

M/s. PRI Precision Automotive Pvt Ltd.,
Plot No.74,75,76, Cavery Nagar,
Mathiravedu Village,
Chennai-600 077

(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 May 08, 2017 (received at Reserve Bank on May 24, 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



M/s. PRI Precision Automotive Pvt Ltd. – C.A.672/2017

inflow of funds received from a person resident outside India for allotment of shares
(ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank and
(iii) delay in allotment of shares in terms of Paragraph 9 (1) A, Paragraph 9 (1) B and Paragraph 8 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 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: The applicant company was incorporated on September 14, 2007 under the provisions of the Companies Act, 1956 (Registration No. U29221TN2007FTC064749) and is engaged in business of Repair and maintenance of other fabricated metal products. The applicant received foreign inward remittances from M/s Perfect Rapid Co. Ltd., South Korea 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	1,16,866.00	05.11.2007	17.12.2007
2	4,45,761.00	06.12.2010	24.10.2011
3	26,67,999.00	19.04.2011	12.10.2011
4	9,10,600.00	23.08.2011	22.10.2011
5	12,76,250.00	18.11.2011	23.11.2011
6	22,08,150.00	13.02.2012	15.03.2012
7	11,31,563.00	18.07.2013	13.03.2014

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one day to nine months 18 days approximately beyond the stipulated time of 30 days in respect of the remittances at Sr. Nos. 1 to 4,6 and 7. 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 and filed FC-GPR as indicated below:

Sl. No.	No. of shares/CCPs allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	10000	10	1,00,000	18.12.2007	07.01.2008
2	46262	10	4,62,620	01.06.2011	30.03.2012
3	357859	10	35,78,590	15.10.2011	30.03.2012
4	348440	10	34,84,400	14.05.2012	13.06.2012
5	36502	10	11,31,562	07.01.2014	14.05.2015

The applicant filed the form FC-GPR as indicated above with delay ranging from four months 15 days to one year three months seven days approximately beyond the stipulated time of 30 days in respect of the allotment at Sr. Nos.2, 3 and 5. 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 company allotted shares on 01.06.2011 against the balance of ₹ 16,866/- remaining in the remittance received on 05.11.2007 as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	05.11.2007	16,866.00	01.06.2011

The company allotted shares with delay of three years 26 days approximately without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

4a. It is stated that the applicant was referred to Directorate of Enforcement as no application for compounding was made when called upon to do so. Accordingly, without prejudice to any action that may be taken by the Directorate of Enforcement against the applicant, the present application is being considered.



5. The applicant vide letter dated May 08, 2017 chose not to appear for the personal hearing for further submission in person and/or producing documents, if any, in support of the application. The applicant, in the compounding application, had admitted the contravention as stated in paras 2 to 4 above for which compounding has been sought. It had been 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.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and other documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

- (a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 74,80,939/- with duration of contravention ranging from one day to nine months 18 days approximately;
- (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. The contravention relates to an amount of ₹ 51,72,772/- with the duration of contravention ranging from four months 15 days to one year three months seven days approximately; and
- (c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank. The contravention relates to an amount of ₹ 16,866/- with the duration of contravention being three years 26 days approximately.



M/s. PRI Precision Automotive Pvt Ltd. – C.A.672/2017

7. 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 contraventions are to be compounded and I consider that an amount

of ₹ 35,561/- (Rupees thirty five thousand five hundred and sixty one only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B and 8 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 ₹ 35,561/- (Rupees thirty five thousand five hundred and sixty one 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 Seventh day of September, 2017.

Sd/-

N Mohana
General Manager