



In the
Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Eugene E Karthak
Regional Director

Date: November 28, 2017
C.A. BGL 247/2017

In the matter of

M/s TUV Rheinland (India) Private Limited
82/A, West Wing, 3rd Main Road
Electronic City Phase I
Bengaluru - 560100
(Applicant)

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

ORDER

The applicant has filed a compounding application dated August 01, 2017, received at this office of Reserve Bank of India, Bengaluru 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 contravention sought to be compounded is delay in reporting receipt of foreign inward remittances towards subscription to equity, in terms of paragraph 9(1)(A) 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 03, 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, M/s TUV Rheinland (India) Private Limited, was incorporated on June 18, 1996, under the Companies Act, 1956. The company is in the business of testing and certifying the quality/safety of various products including material components, home



appliances, audio/video appliances, office equipment, medical equipment, industrial devices, apart from offering management certificate systems such as ISO 9001, ISO 14001 and homologation, etc. The applicant had received funds towards share application money from foreign investors, namely, M/s TUV Rheinland Japan Limited, Japan, M/s TUV International GmbH, Germany and TUV Rheinland AG, Germany as shown below:

Table-1

Sl. No	Date of receipt	Amount (INR)	Date of Reporting to RBI/AD
1	24-10-1996	5,00,000.00	04-12-1996
2	21-01-2009	8,43,27,793.47	18-04-2009
3	22-01-2009	7,51,20,000.00	18-04-2009
4	11-02-2009	62,80,000.00	18-04-2009
5	05-02-2010	9,47,25,000.00	19-03-2010
6	03-02-2011	24,68,00,000.00	25-04-2011
7	25-06-2012	17,53,75,000.00	26-07-2012
8	31-07-2012	6,12,45,000.00	28-08-2012
9	21-12-2012	4,70,47,000.00	06-08-2014
10	06-01-2014	33,94,80,000.00	12-07-2014
11	23-12-2016	55,00,00,000.00	01-03-2017
	Total	168,08,99,793.47	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from one day to one year, six months and seventeen days approximately, beyond the stipulated time of 30 days in respect of remittances as indicated at serial numbers 1 to 7, and 9 to 11 in Table-1 above. 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 applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1639 /22.09.980/2017-18 dated November 27, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative Shri M. Bhaskar, Director, appeared for the personal hearing on November 28, 2017. The representative of the applicant admitted the contraventions as stated in paragraph 2 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention but was mainly due to inadvertence, and the same would not be repeated. In view of the above, he requested to take a lenient view in disposal of the application. 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 personal hearing and thereafter.

4. 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:

(a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs. 161,96,54,793.47**, and the period of delay ranges from one day to one year, six months and seventeen 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 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 contravention is to be compounded, and I consider that an amount of **Rs.2,03,270.00 (Rupees Two**



Lakh Three Thousand Two Hundred and Seventy only), will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB by the applicant based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs.2,03,270.00 (Rupees Two Lakh Three Thousand Two Hundred and Seventy only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, within a period of 15 days from the date of this order. In case of failure to deposit the said 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, the Twenty Eighth day of November, 2017.

Sd/-

(Eugene E Karthak)
Regional Director