



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

R Subramanian
Regional Director

Date: March 08, 2018
C.A. HYD 265

In the matter of

M/s. Neotiss Limited
#9-14, Pashamylaram
I.D.A. Isnapur, Patancheru Mandal
Sangareddy District
Telangana-502 307

(Applicant)

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

Order

The applicant has filed the compounding application dated November 08, 2017 received on November 13, 2017 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity in terms of Paragraph 9(1)(A) and Paragraph 9(1)(B) respectively of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide Notification No.



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FEMA.20/2000-RB dated 3rd May 2000 (hereinafter referred to as Notification No. FEMA 20 /2000-RB) as then applicable.

2. The relevant facts of the case are as follows:

- a) The applicant is a company originally incorporated as M/s. Chitrakoot Speciality Steels Limited under the Companies Act, 1956 on 30.11.1996 and changed its name subsequently and finally to M/s. Neotiss Limited on 01.07.2016 (CIN: U99999TG1996PLC025571). The company is engaged in the business of manufacturing or dealing in any manner in tubes and other hollow sections in various metals and alloys.
- b) The applicant received foreign inward remittances from various foreign investors towards advance for subscription to equity shares as indicated below.

Sl No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Lalit Kapoor	2326978	27.03.2001	09.05.2001
2	AMS Informatix Inc.	4651606	29.03.2001	09.05.2001
3	Paul Barlett	1687989	02.05.2001	28.05.2001
4	Preet Mohan Kapoor	1999980	06.09.2004	24.11.2004
5	Paul Barlett	968342	12.10.2004	10.11.2004
6	Valtimet SAS	199599655.81	05.04.2006	26.04.2006
7	Valtimet SAS	106756129	20.05.2009	27.05.2009
8	Valtimet SAS	139495005	15.04.2011	29.04.2011
9	Vallourec Heat Exchanger Limited	466242400	23.12.2015	19.01.2016
10	Neotiss SAS	14985027	11.01.2017	22.02.2017
	Total	93,87,13,111.81		



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The applicant received foreign inward remittances amounting to Rs.93,87,13,111.81/- as indicated above out of which remittances amounting to Rs.2,39,63,591/- were reported to Reserve Bank of India with delays ranging from 11 days to 1 month 19 days beyond the prescribed period of 30 days. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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.

c) The company allotted shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares/CC PS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Lalit Kapoor	15.04.2001	51700	2326500	09.05.2001
2	AMS Informatix Inc.	15.04.2001	103350	4650750	09.05.2001
3	Paul Barlett	21.05.2001	37500	1687500	28.05.2001
4	Preet Mohan Kapoor	27.10.2004	176988	1999964.40	24.11.2004
5	Paul Barlett	27.10.2004	85694	968342.20	24.11.2004
6	Valtimet SAS	05.04.2006	13103969	199599655.81	03.05.2006
7	Valtimet SAS	08.06.2009	10675612	106756120	06.07.2009
8	Valtimet SAS	11.10.2011	13949500	139495000	22.05.2017
9	Vallourec Heat Exchanger Tubes	20.02.2016	46624240	466242400	23.03.2016
10	Neotiss SAS	11.03.2017	1498502	14985020	14.04.2017
	Total		86307055	93,87,11,252.41	



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The applicant filed form FCGPRs for issue of shares amounting to Rs.93,87,11,252.41/- as indicated above out of which shares amounting to

Rs.62,07,22,420/- were reported with delays ranging from 2 days to 5 years 6 months 11 days approximately beyond the stipulated period of 30 days. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification no. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1519/14.66.003/2017-18 dated February 28, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on March 05, 2018 during which Shri. Kishore Eswaran, Director and Ms. Khusboo Laxmi Bhagat, Practicing Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of concerned official leaving the job without proper intimation. In view of the foregoing, the representative of the applicant 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 the submissions made in this context by the applicant during the personal hearing.

4. I have given my careful consideration to the documents on record. 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 for delay in reporting the receipt of consideration towards issue of shares amounting to Rs.2,39,63,591/- and the delay ranges from 11 days to 1 month 19 days.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.62,07,22,420/- and the period of contravention ranges from 2 days to 5 years 6 months 11 days approximately.

5. It has been declared in the compounding application dated November 08, 2017 that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated November 08, 2017 furnished with the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/ adjudication proceedings against it thereafter. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.

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 am persuaded to take a lenient view on the amount for which the contravention is to be compounded



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and I consider that an amount of Rs.5,95,185/- (Rupees Five Lakhs Ninety Five Thousand One Hundred Eighty Five Only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 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 Rs.5,95,185/- (Rupees Five Lakhs Ninety Five Thousand One Hundred Eighty Five Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 accordingly.

Dated this 08th day of March 2018

Sd/-

(R Subramanian)
Regional Director