



In the

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

Present

R. Subramanian
Regional Director

Date: June 02, 2017
C.A. HYD 192

In the matter of

M/s. Vital Paper Products Private Ltd
No. 215, Benjamin Road,
Sector 24, Sri City
Varadiahpalem Mandal
Chittoor District,
Andhra Pradesh-517 541

(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 January 31, 2017 received by us on April 25, 2017 for compounding of contravention 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 (i) delay in reporting receipt of foreign inward remittances towards subscription to equity; in terms of Paragraph 9 (1) (A) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 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 3rd May 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:

- a) The applicant is a resident company incorporated as a private limited company under the Companies Act, 1956 on 21.05.2012. The company is engaged in the business of manufacture of paper and related products.
- b) The applicant had received foreign inward remittances from overseas 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	Vital Solutions Pte Ltd	9963000	11.06.2012	10.07.2012
2	Vital Solutions Pte Ltd	16500000	12.07.2012	26.07.2012
3	Vital Solutions Pte Ltd	11000000	23.07.2012	16.08.2012
4	Vital Solutions Pte Ltd	17632000	28.08.2012	17.09.2012
5	Vital Solutions Pte Ltd	15678000	08.10.2012	02.11.2012
6	Rajiv Dhar	10	24.12.2012	21.03.2013
7	Vital Solutions Pte Ltd	17364000	18.06.2013	12.07.2013
8	Vital Solutions Pte Ltd	6010000	27.03.2014	11.04.2014
9	Vital Solutions Pte Ltd	29200000	21.05.2014	18.06.2014
10	Vital Solutions Pte Ltd	27427500	18.09.2014	01.10.2014
11	Vital Solutions Pte Ltd	12000000	29.03.2016	29.09.2016
12	Vital Solutions Pte Ltd	11975400	18.04.2016	07.10.2016
13	Vital Solutions Pte Ltd	28661280	20.06.2016	29.09.2016
14	Vital Solutions Pte Ltd	10000000	06.04.2016	28.09.2016
15	Vital Solutions Pte Ltd	13386000	20.09.2016	28.09.2016
16	Vital Solutions Pte Ltd	9969000	04.10.2016	25.10.2016
17	Vital Solutions Pte Ltd	19944000	10.11.2016	24.11.2016
18	Vital Solutions Pte Ltd	20328000	19.12.2016	27.12.2016
19	Vital Solutions Pte Ltd	27168000	27.12.2016	19.01.2017
20	Vital Solutions Pte Ltd	54312000	06.01.2017	25.01.2017



21	Vital Solutions Pte Ltd	40794000	18.01.2017	31.01.2017
	TOTAL	39,93,12,190		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 39,93,12,190/- to the Regional Office of Reserve Bank of India and remittances amounting to ₹ 6,26,36,690/- was reported with delay ranging from 1 month 26 days to 5 months 1 day approximately as indicated above. 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.

3. a) The applicant was given an opportunity for personal hearing vide letter HY.FE.FID/2482/14.66.003/2016-17 dated 16.05.2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on May 22, 2017 during which Shri. R.Srinivasa Rao, Plant Financial Controller, Shri. Nirmal Kumar Jain K, Chartered Accountant and Ms. Sneha Motha, Chartered Accountant represented the applicant. The 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 due to administrative reasons and was not willful or with malafide intention. In view of the foregoing, 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 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 1 to Notification No. FEMA.20/ 2000-RB due to delay in reporting of receipt of foreign inward remittances towards subscription to equity shares as detailed above. The contraventions relate to an amount of ₹ 6, 26, 36,690 /-



FED
M/s. Vital Paper Products Pvt Ltd
CA No. HYD 192

and the duration of contravention ranges from 1 month 26 days to 5 months 1 day 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 ₹ 89,670 /- (**Rupees Eighty Nine Thousand Six Hundred Seventy only**) will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions namely, the contraventions of Paragraph 9 (1) (A) 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 ₹ 89,670 /- (**Rupees Eighty Nine Thousand Six Hundred Seventy 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 favor 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 2nd day of June 2017.

Sd/-

(R. Subramanian)
Regional Director