



In the

Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

Shri G. P. Borah
Chief General Manager

Date: October 17, 2017

C.A. No. 709/2017

In the matter of

Axiom Propack Pvt. Ltd.
2701, Avalon, B Wing
Hiranandani Gardens, Powai
Mumbai 400 076

(Applicant)

In exercise of the powers conferred 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

1. The applicant has filed the compounding application dated August 04, 2017 (received at the Reserve Bank on August 09, 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 remittance towards subscription to equity and (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India in terms of paragraphs 9(1)(A) and 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. 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 20, 2011 under the Companies Act, 1956. Its main activity is to carry on the business as manufacturers, producers, processors, buyers, sellers, dealers, importers, exporters, agents in all typers of containers, closures, of all kinds such as plastics, tins steel, glass, paper, aluminium, woodier including composite containers for industrial, domestic and commercial use and carry on the business of coating, lamination, printing slitting and other speciality coatings lamination, printing, foiling, slitting and other speciality coatings etc.. The applicant received foreign inward remittance from (i) Mr. Satish Kambalimath, U. S., (ii) Mr. Balachandra Kuchinad, U. S. and (iii) Mr. Ravi Jhaveri & Ms. Rita Jhaveri, U.S. towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

Sr. No	Amount	Date of Receipt	Date of Reporting
1.	3,31,50,000	03/07/2013	23/07/2015
2.	2,00,00,000	17/02/2014	23/07/2015
3.	93,68,813	29/09/2013	10/06/2015
4.	30,68,816	17/10/2013	10/06/2015
5.	31,69,810	13/11/2013	10/06/2015
6.	48,18,440	04/04/2012	09/07/2015
Total	7,35,75,879		

The applicant reported receipt of remittances amounting to Rs.7,35,75,879/- to the Reserve Bank on dates indicated above with a delay ranging from 1 year 4 months 6 days to 3 years 2 months 5 days approximately beyond the stipulated time 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.



3. The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr no	No of shares	Face value	Premium	Amount Rs.	Date of allotment	Date of reporting
1.	22,10,000	10	5	3,31,50,000	08/07/2013	31/07/2015
2.	5,57,700	10	5	83,65,500	21/03/2014	31/07/2015
3.	9,30,760	10	2.5	1,16,34,500	17/06/2014	31/07/2015
4.	5,57,300	10	18	1,56,04,400	22/03/2014	20/08/2015
5.	4,13,600	10	1.65	48,18,440	26/11/2012	14/10/2013
Total	46,69,360		Total	7,35,72,840		

The applicant filed form FC-GPRs as indicated above amounting to Rs. 7,35,72,840/- with a delay ranging from 9 months 19 days to 1 year 11 months 23 days approximately beyond the prescribed limit. 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 a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to a person resident outside India.

4. The applicant was given an opportunity for personal hearing vide e-mail dated September 25, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on September 29, 2017 during which Shri Walter D'souza, Chief Financial Officer, Shri Prasad Desai, Finance Executive and Shri Paresh Shah, Consultant represented the applicant in the cabin of Shri G. P. Borah, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The representatives of the applicant requested that in view of the foregoing a lenient view may be taken 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.



5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. 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 the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs. Rs.7,35,75,879/- with a delay ranging from 1 year 4 months 6 days to 3 years 2 months 5 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs. 7,35,72,840/- with a delay ranging from 9 months 19 days to 1 year 11 months 23 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 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 Rs. 4,68,760/- (Rupees Four lakh sixty eight thousand seven hundred and sixty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention 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 Rs. 4,68,760/- (Rupees Four lakh sixty eight thousand seven hundred and sixty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour



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of the "Reserve Bank of India" and payable at Mumbai 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.

8. The above order is passed only in respect of contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: October 17, 2017

Compounding Authority

Sd/-

(G. P. Borah)
Chief General Manager