



In the

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

Present

**R Kesavan**  
**Chief General Manager**

Date : September 21, 2017  
**C.A.694/2016**

In the matter of

**M/s. TGI Packaging Pvt Ltd.**  
F44 & F45 SIPCOT Industrial Park,  
8th Main, 3rd Cross, Irungattukottai,  
Sriperumbudur,  
Chennai- 602105

**(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 July 10, 2017 (received at Reserve Bank on July 12, 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



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inflow of funds received from a person resident outside India for allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 9 (1) B 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.

2. The relevant facts of the case are as follows: The applicant company was incorporated on October 04, 1995 under the provisions of the Companies Act, 1956 (Registration No. U65191TN1995PTC033118) and is engaged in business of manufacture of packing paper. The applicant received foreign inward remittances from i) Mr. Sameer Kalra, Australia ii) Dhruv Kalra, USA iii) Nakul Kalra, USA iv) Ryina Chhabra, Australia towards subscription to equity shares and reported the same to the Reserve Bank as below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	2,00,86,898.00	28.11.2011	13.02.2012
2	52,78,152.00	16.12.2011	31.03.2012
3	1,93,80,000.00	22.06.2012	28.06.2012
4	1,16,66,000.00	31.07.2012	31.08.2012
5	1,95,73,200.00	11.10.2012	31.10.2012

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one day to two months 15 days approximately beyond the prescribed period of 30 days in respect of remittances at Sr. Nos. 1,2 and 4. 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-GPRs as indicated below:

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	40173	10	2,00,86,500	07.03.2012	21.03.2012
2	10556	10	52,78,000	26.03.2012	13.04.2013
3	62092	10	3,10,46,000	02.11.2012	20.12.2012



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4	39146	10	1,95,73,000	30.03.2013	27.04.2013
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The applicant filed form FC-GPRs as indicated above with delay ranging from 18 days to 11 months 17 days approximately beyond the prescribed limit in respect of the allotments at Sr. Nos. 2 and 3. 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 applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated September 16, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on September 21, 2017 during which Shri P C Srinivasa Varma, Manager-Accounts and Ms Alpa Jain, Practicing Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in para 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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 the personal hearing.

5. 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 inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 3,70,31,050/- with the duration of contravention ranging from one day to two months 15 days approximately; and



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(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 and the contravention relates to an amount of ₹ 3,63,24,000/- with the duration of contravention ranging from 18 days to 11 months 17 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 ₹ 45,250/- (Rupees forty five thousand two hundred and fifty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions 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 ₹ 45,250/- (Rupees forty five thousand two hundred and fifty 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 Twenty First day of September, 2017.

Sd/-



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**R Kesavan**  
**Chief General Manager**