



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
3rd Floor, Main Building
Ram Bagh Circle, Tonk Road
Jaipur-302 004

Present

Arun Kumar Singh
Regional Director for Rajasthan and
Chief General Manager, Jaipur

Date: April 30, 2019
C.A. JAI 14/2018

In the matter of

M/s. Royal Fort Resorts Private Limited
204, Orbit Complex, Daita Magri
Udaipur- 313001 (Rajasthan)

(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 November 27, 2018 forwarded vide its letter dated November 27, 2018 (received at Reserve Bank of India, Jaipur on December 05, 2018) 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 inflow of funds received from a person resident outside India



for allotment of shares; (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 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, as then applicable. (Hereinafter referred to as Notification No. FEMA 20/2000-RB).

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

The applicant was incorporated on April 11, 2008 under the provisions of the Companies Act, 1956 (Registration Number U55101RJ2008PTC026357) and is engaged in the business of Hotel & Tourism. The applicant received foreign inward remittances on various occasions from 2009 to 2017 from (i) "Kids can free the Children" (ii) "Me To We Trips INC" and (iii) "We Charity" towards subscription to equity shares and reported the same to the Reserve Bank of India. However, the company delayed FDI reporting on two occasions – as per the details mentioned below in Table A:

Table 'A'

Sr.No	Amount of Inward Remittance in ₹	Date of Receipt	Date of Reporting	Delay in reporting in days (Para 9(1)(A))
01	51,51,474.14	28-06-2017	05-09-2017	39
02	16,89,155.50	07-04-2011	04-07-2011	58
Total	68,40,629.64			39 to 58 days

The applicant reported receipt of above mentioned remittances to the Reserve Bank of India, Jaipur on the dates indicated above with a delay of 39 day and 58 days beyond the stipulated period of 30 days in respect of the Remittances at Sr. No. 01 and Sr. No. 02. respectively. Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to



Notification No. FEMA 20/2000-RB dated May 03, 2000, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report

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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 reported allotment of shares to the Reserve Bank of India, Jaipur on the dates indicated below (Table B) with a delay of five days, 16 days and 15 days beyond the stipulated period of 30 days in respect of the Sr. No. 1, Sr. No. 2 and Sr. No. 3. respectively. Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, 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 issue of shares to person resident outside India.

Table 'B'

Sr.no.	Date of Allotment of Shares	Amount (₹) of Shares	Date of Reporting	Delay in reporting in days (Para 9(1)(B))
1	04-10-2011	16,89,100.00	08/11/2011	5
2	01-08-2013	1,54,33,500.00	16/09/2013	16
3	19-03-2016	40,69,120.00	03/05/2016	15
Total		2,11,91,720.00		Five days to 16 days

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FE.JP.No.891/2/06.10.206/2018-19 dated April 18, 2019 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA, 1999. The applicant vide its e-mail dated April 22, 2019 has expressed its inability to appear for personal hearing and requested the Bank to process the application on the basis of documents already submitted alongwith the compounding application. The



application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents submitted with the application.

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5. It has been declared in the compounding application dated November 27, 2018 forwarded to us vide letter dated November 27, 2018 and received by us on December 05, 2018 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 27, 2018 furnished with the compounding application that the applicant was under enquiry/investigation/adjudication by Directorate of Enforcement. Accordingly RBI vide letter FE.JP.No./471/06.10.206/2018-19 dated December 14, 2018 had sought comments from DoE to be furnished within 30 days as to whether it had objection, if any, in terms of the proviso to rule 8(2) of the Compounding Rules to compound the contraventions sought to be compounded by the applicant. (A reminder dated 21 January 2019 was issued to DoE in this regard giving another seven days to respond). DoE vide its letter F.No.RBI/SDE/WR/B-211/2018/3740 dated January 22, 2019 has confirmed its 'no objection' to compounding by RBI in the matter. Accordingly, the above contraventions which are being compounded in 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. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:

(a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB i.e. 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



₹68,40,629.14 (Rupees Sixty eight lakh forty thousand six hundred twenty nine and paisa fourteen only) with duration of contravention ranging from 39 day to 58 days approximately;

(b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB i.e. delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares to

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persons resident outside India. The contravention relates to an amount of ₹ 2,11,91,720.00 (Rupees Two crore eleven lakh ninety one thousand seven hundred and twenty only) with the duration of contravention ranging from 5 days to 16 days approximately;

7. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to pay a penalty upto 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 that an amount of ₹ 26,375.00

(Rupees Twenty six thousand three hundred and seventy five only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely contravention 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 ₹ 26,375.00 (Rupees twenty six thousand three hundred and seventy five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur within a period of **15 days** from the date of this order.



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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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 30th day of April 2019

-Sd/-

(Arun Kumar Singh)

Regional Director for Rajasthan and
Chief General Manager, Jaipur