



In the
RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present
Devika Gowrishankar
Deputy General Manager
Date: August 28, 2019
CA No. NDL 433/2019

In the matter of
B2B Travel Agency India Private Limited
268E Space, Nirvana Country Sector-50, South City-II, Gurugram, Haryana-122001
(Applicant)

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

ORDER

The applicant has filed the compounding application dated April 10, 2019 (received at Reserve Bank of India, New Delhi on April 22, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in reporting foreign inward remittance received for issue of shares, and (ii) delay in filing Form FC-GPR after issue of shares 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 (hereinafter referred to as FEMA 20/2000-RB), as amended from time to time.

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

(a) The applicant company was incorporated on December 14, 2016 and is engaged



in the business of travel agency activities.

(b) The applicant had reported the receipt of foreign inward remittance from its foreign investor, M/s Trip Brands LLC, USA, on twelve occasions from January 2017 to August 2018. On three occasions the applicant reported the receipt of remittance with delay ranging from 1 year, 3 months and 10 days to 1 year and 5 months, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

S. No.	Date of receipt	Amount (₹)	Date of reporting
1	11.01.2017	6,62,352.00	10.07.2018
2	11.01.2017	3,31,158.50	11.06.2018
3	30.01.2017	23,31,903.00	11.06.2018
Total		33,25,413.50	

Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of receipt of the amount of consideration received by Indian company for issue shares or convertible debentures or warrants, report in Advance Reporting Form as specified by Reserve Bank from time to time along with the documents prescribed therein. Further, on four other occasions the delays were in contravention of the provisions of Regulation 13.1(1) of FEMA 20(R)/2017-RB, as then applicable, and the applicant has paid Late Submission Fee (LSF) for the said contraventions as required in terms of Regulation 13.2 of FEMA 20(R)/2017-RB.

(c) The applicant had reported issue of shares to its foreign investor, M/s Trip Brands LLC, USA, on eight occasions from December 2016 to September 2018. On two occasions the applicant reported the allotment/ issue of shares in Form FC-GPR with delay of 1 year, 4 months & 2 days and 1 year, 3 months & 9 days, as detailed hereunder, beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

S. No.	Date of allotment/ issue	No. of shares allotted/ issued	Amount (₹)	Date of reporting in Form FC-GPR
1.	14.12.2016*	5,500	55,000.00	12.06.2018
2.	01.02.2017	3,27,040	32,70,400.00	12.06.2018
Total			33,25,400.00	



* For 5,500 MoA shares allotted on December 14, 2016, the amount of consideration was received on January 11, 2017.

Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates not later than 30 days from the date of issue of shares or convertible debentures or warrants, a report in the form FC-GPR as specified by the Reserve Bank from time to time together with documents prescribed therein. Further, on six other occasions the delays were in contravention of the provisions of Regulation 13.1(2) of FEMA 20(R)/2017-RB, as then applicable, and the applicant has paid Late Submission Fee (LSF) for the said contraventions as required in terms of Regulation 13.2 of FEMA 20(R)/2017-RB.

(d) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/ or by producing documents, if any, in support of the application. Shri Hanees UK, General Manager - HR & Admin, appeared for personal hearing on August 23, 2019 on behalf of the applicant. The representative of the applicant admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, he submitted that contraventions were without any malafide or wilful intention but were mainly due to procedural delay and lack of awareness about reporting requirements under FEMA. He requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

(a) Paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in reporting of foreign inward remittance received towards subscription of shares as detailed in paragraph 2(b) above. The contraventions relate



to an amount of ₹33,25,413.50 (Rupees Thirty Three Lakh Twenty Five Thousand Four Hundred Thirteen and Paise Fifty only) and the period of delay ranges from 1 year, 3 months and 10 days to 1 year and 5 months.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in filing Form FC-GPR after issue of shares as detailed in paragraph 2(c) above. The contraventions relate to an amount of ₹33,25,400/- (Rupees Thirty Three Lakh Twenty Five Thousand and Four Hundred only) and the periods of delay are 1 year, 4 months & 2 days and 1 year, 3 months & 9 days.

5. It has been declared in the compounding application dated April 10, 2019, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has also been declared in the declaration dated May 10, 2019, furnished as a part of 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. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA. 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 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules, 2000. Accordingly, it stands to reason that payment of an amount of **₹30,910/- (Rupees Thirty Thousand Nine Hundred and Ten only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contraventions of paragraphs 9(1)(A), and 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, by the applicant



based on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹30,910/- (Rupees Thirty Thousand Nine Hundred and Ten only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi - 110001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 the 28th day of August 2019.

Sd/-
(Devika Gowrishankar)
Deputy General Manager