



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

Present
Devika Gowrishankar
Deputy General Manager
Date: December 13, 2019
CA No. NDL 498/2019

In the matter of
Qatar Aviation Services India Private Limited
D-77, 2nd Floor, Defence Colony, New Delhi - 110024

(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 July 13, 2019 (received at Reserve Bank of India, New Delhi on July 18, 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 issue of shares to the person resident outside India prior to receipt of the amount of consideration, in terms of paragraph 2(2) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/2017-RB dated November 7, 2017 (hereinafter referred to as FEMA 20(R)/2017-RB), as amended from time to time.



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

(a) The applicant company, incorporated on February 05, 2019, is engaged in the business of other data processing, hosting and related activities n.e.c.

(b) The applicant had received foreign inward remittances on four occasions against 45,00,000 equity shares issued on April 04, 2019 to its subscribers to the Memorandum of Association (MoA), M/s Qatar Airways Group Q.C.S.C, Qatar and M/s Qatar Aviation Services, Qatar, for a consideration of ₹4,50,00,000/-. Out of the total consideration, the applicant received ₹37,23,440.85 in two tranches with delay of 12 days each, as detailed below, in contravention of paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-RB, as then applicable.

S. No.	Date of issue	Amount (₹)	Date of receipt of remittance
1	04.04.2019	38,920.68	16.04.2019
2	04.04.2019	36,84,520.17	16.04.2019
Total		37,23,440.85	

Whereas, in terms of paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-RB, an Indian company accepting FDI has to receive the share application money from the non-resident investor prior to issue of shares, and the shares have to be issued within sixty days from the date of the receipt of consideration.

(c) Thus, there are contraventions of paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-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. Ms Ishita Parashar, Legal Advisor, appeared for personal hearing on December 13, 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, she submitted that the contraventions were without any *malafide* or wilful intention but were mainly due to exact amount of foreign exchange required to be remitted after deduction of bank charges not having been conclusively determined. She 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 provisions of paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-RB, on account of issue of shares to the person resident outside India prior to receipt of the amount of consideration as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹37,23,440.85 (Rupees Thirty Seven Lakh Twenty Three Thousand Four Hundred Forty and Paise Eighty Five only) and the period of contravention is 12 days.

5. It has been declared in the compounding application dated July 13, 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 August 28, 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 **₹68,617/- (Rupees Sixty Eight Thousand Six Hundred and Seventeen only)** will meet the ends of justice in the circumstances of this case.



7. Accordingly, I compound the admitted contraventions of paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-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 **₹68,617/- (Rupees Sixty Eight Thousand Six Hundred and Seventeen 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 13th day of December 2019.

Sd/-
(Devika Gowrishankar)
Deputy General Manager