



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

G. P. Borah
Chief General Manager

Date: January 31, 2018

C.A. No. 720/2017

In the matter of

M/s Sheltrex Karjat Private Limited
Tanaji Malusare City Site
Shirse-Akurle, Karjat (West)
Raigad, Maharashtra- 410 201

(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 thereunder, I pass the following

Order

1. The applicant has filed the compounding application dated September 18, 2017 (received at the Reserve Bank of India on September 19, 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 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 August 28, 1986 under the Companies Act, 1956 as Gopi Resorts Private Limited. The name was changed to Sheltrex Karjat Private Limited on November 18, 2016. Its main activity is 1) To own, construct, run, render, technical advice in constructing, furnishing and running of, take over, manage, carry on the business of hotel, restaurant, cafe, tavern, bars, refreshment rooms, boarding and lodging, house keepers, clubs, in India or in any other part of the world 2) To provide lodging and boarding, restaurants, eating houses, bar, swimming pool and other facilities to the public including tourists, visitors and other delegates coming to India from foreign countries and to members of delegations and missions from foreign countries and to encourage and carry on and facilitate tourist trade in India.

3. The applicant received foreign inward remittances from Aboyne Mauritius Limited, Mauritius and Brick Eagle Projects (Singapore) Private Limited, Singapore, towards equity / preference share capital and reported the same to the Reserve Bank of India as indicated below.

No.	Amount in Rs.	Date of receipt	Date of reporting
1	19,82,50,000	03-04-2008	12-04-2008
2	17,50,000	30-04-2008	08-05-2008
3	1,00,02,000	11-04-2014	29-10-2014
4	1,22,76,000	18-07-2014	29-10-2014
5	6,73,20,000	26-09-2014	29-11-2014
6	6,19,48,451	20-11-2014	29-11-2014
Total	35,15,46,451		

The applicant reported receipt of remittances to the Reserve Bank of India with a delay ranging from 1 month 4 days to 5 months 18 days approximately, in respect of



remittances from serial no. 3 to 5 above. 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 foreign inward remittances 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.

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

No	No of Shares	FV in Rs.	Amount in Rs.	Date of allotment	Date of reporting
1	20,00,000	100	20,00,00,000	02-04-2008	09-05-2008
2	22,278	1000	2,22,78,000	17-09-2014	27-04-2015
3	1,29,268	1000	12,92,68,000	17-01-2015	14-05-2015
		Total	35,15,46,000		

The applicant filed form FC-GPR as indicated above with a delay ranging from 7 days to 6 month 11 days approximately, at serial No. 1 to 3 above. 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 person resident outside India.

5. The applicant was given an opportunity for personal hearing vide e-mail dated January 15, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on January 18, 2018 during which Shumaila Sernobat, Company Secretary and Sanjay Hegde, Accounts Head represented the applicant. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. The application for compounding is, therefore, being considered on the



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basis of the averments made in the application as well as other documents and submissions submitted along with the application.

6. 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 remittances towards subscription to equity as detailed in paragraph no. 3 above. The contravention relates to an amount of Rs.8,95,98,000/- (Rupees Eight Crore Ninety Five Lakh Ninety Eight Thousand only) and the delay ranging from 1 month 4 days to 5 months 18 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 of India after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.35,15,46,000/- (Rupees Thirty Five Crore Fifteen Lakh Forty Six Thousand only) and the delay ranging from 7 days to 6 month 11 days approximately.

7. It has been declared in the compounding application dated September 18, 2017 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated nil furnished with 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/him/her thereafter. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 of FEMA, 1999. Accordingly, the above contraventions which are being



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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.

8. 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.1,28,000/- (Rupees One Lakh Twenty Eight Thousand only) will meet the ends of justice.

9. 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 as stated above on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs.1,28,000/- (Rupees One Lakh Twenty Eight Thousand 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 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.



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10. The above order is passed only in respect of contraventions of para 9(1)(A) and 9(1)(B) of Schedule 1 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: January 31, 2018.

Compounding Authority

Sd/-

(G. P. Borah)

Chief General Manager