



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

P. Kalyan Chakravarthy
Assistant General Manager

Date: January 11, 2018
C.A. HYD 266

In the matter of

M/s. Stewken Traveltek India Private Ltd
Plot No.40, D.No.2-1-49/40
Venkateshwara Colony, Uppal
Hyderabad-500039
Telangana

(Applicant)

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

Order

The applicant has filed the compounding application dated October 30, 2017 received on November 15, 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 remittances; (ii) delay in submission of Form FC-GPR to the Reserve Bank of India after issue of shares towards subscription to equity and (iii) delay in receipt of consideration for allotment of shares towards subscription to Memorandum of Association in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively of Foreign Exchange Management



(Transfer or issue of Security by a Person Resident outside India) Regulations 2000 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 3rd May 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:

- a) The applicant is a resident company incorporated as a Private Limited Company under the Companies Act, 2013 on 26.05.2015 (CIN: U74900TG2015PTC099071). The company is engaged in the business of providing information technology support services, more specifically related to travel and tour.
- b) The applicant had received foreign inward remittances from two foreign investors as indicated below:-

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Traveltek Limited	70000	01-08-2016	17-06-2017
2	Kennedy Picken	30618	15-10-2016	01-06-2017
	Total	1,00,618		

The applicant reported receipt of remittances towards share subscription amounting to ₹1,00,618/- to the Regional Office of Reserve Bank of India with a delay ranging from 6 months 17 days to 9 months 17 days approximately as indicated 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 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.



c) The company allotted shares and filed form FC-GPRs as indicated below:

SI No	Name of investor	Date of allotment of shares	Number of shares/CC PS allotted	Amount for which shares allotted (INR)	Date of Reporting
1	Traveltek Limited	26-05-2015	7000	70000	20-06-2017
2	Kennedy Picken		3000	30000	
	Total		10000	1,00,000	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹1,00,000/- as indicated above with a delay of 1 year 11 months 25 days approximately beyond the prescribed limit. 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 of India a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to a person resident outside India.

d) The company delayed in receipt of consideration for allotment of shares to Non Resident investors with a delay beyond one year from the date of allotment of shares as indicated in the Table below:



Sl No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of allotment
1	Traveltek Limited	70000	01-08-2016	26-05-2015
2	Kennedy Picken	30618	15-10-2016	
	Total	1,00,000		

The company has thus contravened the provisions of Para 8 of Schedule 1 of FEMA Notification No 20 dated May 03, 2000 as amended from time to time and the delay in receipt of consideration ranges from 1 year 2 months 06 days to 1 year 4 months 20 days.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1183/14.66.003/2017-18 dated January 03, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on January 08, 2018 during which Shri Piratla Ravi Kumar, Director and Shri Kuldeep Bengani, Practicing Company Secretary represented the applicant. The authorized representatives of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing, it was submitted that the delay was due to their administrative delays but was not wilful or with malafide intention. In view of the foregoing, the representative of the applicant requested to take a lenient view in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as the submissions made in this context by the applicant during the personal hearing.



4. I have given my careful consideration to the documents on record. 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 for delay in reporting the receipt of consideration towards issue of shares amounting to ₹1,00,618/- and the delay ranges from 6 months 17 days to 9 months 17 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹1,00,000 /- , the period of contravention being 1 year 11 months 25 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB for delay in receipt of consideration after allotment of shares towards subscription to Memorandum of Association. The contravention relates to an amount of ₹1,00,000/- and the delay ranges from 1 year 2 months 6 days to 1 year 4 months 20 days approximately.

5. It has been declared in the compounding application dated October 30, 2017 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 30.10.2017 furnished with the compounding application that the applicant was not under any investigation 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. 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 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.



5. 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 contravention is to be compounded and I consider that an amount of ₹55,762/- (Rupees Fifty Five Thousand Seven Hundred Sixty Two Only) will meet the ends of justice.

6. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 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 ₹55,762/- (Rupees Fifty Five Thousand Seven Hundred Sixty Two Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 11th day of January 2018

Sd/-

(P. Kalyan Chakravarthy)
Assistant General Manager