



**In the
Reserve Bank of India
Foreign Exchange Department
7th Floor, Gera's Imperium-II,
20 EDC Complex, Patto Plaza,
Panaji 403 001, Goa, INDIA**

Present

**Shri Jaikish
General Manager**

Date: November 09, 2016

CA No: PAN02

In the matter of

**M/s Shoreline Holiday Retreat Pvt Ltd
Villa A-8, Saudades, 44/1, Calata, Majorda, Salcete, Goa
(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 October 3, 2016 (received at Reserve Bank of India, Panaji on October 7, 2016) 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 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 I to Foreign Exchange Management (Transfer or Issue

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of Security by a Person Resident Outside India) Regulations, 2000 notified, vide Notification No. FEMA 20/2000-RB dated 3rd May 2000 and 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 is a company registered as a private limited company, incorporated on October 10, 2007 under the Companies Act, 1956 with the main object of undertaking the business of running hotels, rooming houses, camps and other lodging places. The applicant received foreign inward remittances towards issue of equity shares as detailed below:

Sr No	Amount (₹.)	Date of Receipt	Reported to RBI on
1	11,12,875	17-01-2008	13-11-2008
2	10,14,000	22-02-2008	13-11-2008
3	32,36,000	12-03-2008	13-11-2008
4	1,03,309	11-01-2008	02-03-2009
5	7,02,000	22-12-2008	02-03-2009
6	10,38,825	12-02-2008	02-03-2009
TOTAL	72,07,009		

The applicant reported receipt of remittances to the Foreign Exchange Department, Panaji Office of the Reserve Bank on the dates indicated above with a delay ranging from 7 months to 1 year 17 days, in respect of remittances received at Sr. Nos 1 to 6, beyond the stipulated time of 30 days. Whereas in terms of paragraph 9 (1) (A) of Schedule I 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.

3. The applicant allotted equity shares and filed FC-GPRs as indicated below:

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Sr. No.	Date of allotment	Amount (₹.)	Reported to RBI on
1	11-01-2008	99,999	03-09-2009
2	06-04-2009	7,02,000	03-09-2009
3	10-06-2008	64,05,000	03-09-2009
	Total	72,06,999	

The applicant filed Form FC-GPR in respect of shares allotted with a delay ranging from 03 months 26 days to 1 year 06 months 21 days. Whereas in terms of paragraph 9 (1) (B) of Schedule I 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 a person resident outside India.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter No. FE.PNJ. No 520/02.01.003/2016-17 dated November 03, 2016 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on November 8, 2016 and was represented by Shri Linus Emmanuel, Director of the company. The representative of the applicant admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delay in reporting was accidental and due to lack of knowledge of FEMA Regulations when the company was in the initial stage of operation. The representative stated that there were no malafide or fraudulent intention and requested that a lenient view may be taken 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 other documents and submissions made in this context by the applicant during personal hearing .



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5. 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 FEMA provisions issued in terms of:

- (a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of ₹. 72, 07,009/- and the duration of delay ranges from 07 months to 01 year 17 days.
- (b) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹. 72, 06,999/- and the duration of delay ranges from 03 months 26 days to 01 year 06 months 21 days.

6. 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 ₹.38,850/- (Rupees Thirty Eight Thousand Eight Hundred Fifty only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1) (A) and 9 (1) (B) of Schedule I 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 ₹.38,850/- (Rupees Thirty Eight Thousand Eight Hundred Fifty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Gera Imperium II, 7th Floor, EDC, Patto Plaza, Panaji,



FED, CEFA, Panaji

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Goa 403 001 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.

The application is disposed of accordingly.

Dated this the 09th day of November, 2016

Sd/-

(Jaikish)
General Manager