



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

Shri J. K. Pandey
Chief General Manager

Date: August 01, 2018

C.A. No. 754/2018

In the matter of

ME Indian Conferences Private Limited
Hyde Park, 506/506-A,
Saki Vihar Road
Opp Ansa Industrial Estate
Andheri (E), Mumbai – 400 071

(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 April 2, 2018 (received at the Reserve Bank on April 6, 2018) 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) neither the equity instruments were issued nor the money refunded to the foreign



investor, a person resident outside India, within 180 days of the receipt of the inward remittance (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity & (iii) 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 8, 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 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 company was incorporated on September 15, 2014 under the Companies Act, 2013 as ME Indian Conferences Private Limited. Its main activities are to carry on, undertake, promote and execute in any part of India or abroad on national and international level, the business for sale and production of global summits, strategic business conferences, seminars, congresses, corporate marketing events, sport hospitality and business language training programs and for that purpose to carry out market surveys, researches, training programs, development activity and other similar activities to carry on the business for production of market analysis report on line subscription products and business publications, market research, business of internet products, sales promotion drive, seminars, exhibitions, trade fair and other similar activities for and on behalf of the company and to take up or take part or act as an advisor/consultants in market surveys, market research and development activity for the same.

3. The applicant received foreign inward remittance from ME Holding (IOM) Limited, Isle of Man and Marcus Evans Worldwide Holdings (IOM) Limited, Isle of Man, towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.



Sr. No.	Amount in INR	Date of receipt	Date of reporting
1	1,00,054.97	13-11-2014	03-11-2016
2	1,00,163.50	23-02-2015	04-03-2015
3	30,74,210.38	07-07-2015	03-11-2016
4	97,37,707.21	04-12-2015	17-05-2016
5	97,22,719.98	28-03-2016	26-04-2016
6	1,30,00,000.00	24-10-2017	18-12-2017
Total	3,57,34,856.04		

The applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above with a delay ranging from 25 days to 1 year 10 months 21 days approximately, in respect of remittance recorded at serial no. 1, 3, 4 and 6 above, beyond the stipulated time of 30 days. 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.

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

Sr. No.	No. of shares	FV in INR	Premium in INR	Amount in INR	Date of allotment	Date of filing
1	100000	1	0	1,00,000.00	13-03-2015	03-09-2015
2	4868853	1	1	97,37,706.00	14-01-2016	03-08-2016
3	4861359	1	1	97,22,718.00	30-03-2016	25-08-2016
4	13000000	1	0	1,30,00,000.00	07-11-2017	26-12-2017
			Total	3,25,60,424.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 19 days to 5 months 20 days approximately, beyond the prescribed limit in respect of allotment indicated at Sr. No. 1 to 4 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 company received inward remittances as stated in para 3 above. The company has approached Reserve Bank of India on November 3, 2016 for refund of excess amount of Rs.31,74,265.35 (Rupees Thirty One Lakh Seventy Four Thousand Two Hundred Sixty Five and Thirty Five Paise Only). The Reserve Bank of India, vide, letter dated October 18, 2017, accorded approval for refund of excess amount. The company refunded excess share application money on March 1, 2018 and March 5, 2018. Whereas in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of security by A person resident outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Government of India.

6. The applicant was given an opportunity for personal hearing vide e-mail dated July 12, 2018, for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for the personal hearing on July 13, 2018, during which Shri Hardik Kothari, Senior Associate, represented the applicant in the cabin of Shri J. K. Pandey, Chief General Manager, Mumbai Regional Office. 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 basis of the averments made in the application as well as other documents and submissions submitted along with the application.

7. 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 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were not issued to the person resident outside India within 180 days from the date of receipt of the inward remittance/share application nor refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance. The contravention relates to an amount of Rs.31,74,265.35 (Rupees Thirty One Lakh Seventy Four Thousand Two Hundred Sixty Five and Thirty Five Paisa Only) and with the delay ranging from 2 years 1 month 26 days to 2 years 9 months 24 days, approximately.

(b) 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 remittance towards subscription towards shares as detailed in paragraph 3 above. The contravention relates to an amount of Rs.2,59,11,972.56 (Rupees Two Crore Fifty Nine Lakh Eleven Thousand Nine Hundred Seventy Two and Fifty Six Paisa only) and with a delay ranging from 25 days to 1 year 10 months 21 days, approximately.

(c) 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 after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.3,25,60,424/- (Rupees Three Crore Twenty Five Lakh Sixty Thousand Four Hundred Twenty Four Only) with a delay ranging from 19 days to 5 months 20 days, approximately.

8. It has been declared in the compounding application dated April 2, 2018, 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 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.

9. 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.84,912/- (Rupees Eighty Four Thousand Nine Hundred Twelve only) will meet the ends of justice.

10. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraph 8, 9(1)(A) and 9(1)(B) 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 Rs.84,912/- (Rupees Eighty Four Thousand Nine Hundred Twelve 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.



FED, MRO
ME Indian Conferences Private Limited
MUM 754

11. The above order is passed only in respect of contraventions of paragraph 8, 9(1)(A) and 9(1)(B) of Schedule I 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: August 01, 2018.

Compounding Authority

Sd/-

(J. K. Pandey)

Chief General Manager