



In the

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

Present

Shri. Subrata Das  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)

Date: October 16, 2018  
C.A. HYD 315

In the matter of

M/s. Wandertrails Services Private Limited  
Plot No. 10, Doctor's Colony  
Pedawaltair, Visakhapatnam  
Andhra Pradesh – 530 017

**(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 May 25, 2018 received on May 28, 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) delay in reporting receipt of foreign inward remittances; (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity and (iii) delay in refund of excess share application money to the non-resident investor in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively of



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

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 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 2013 on 27.01.2016 (CIN: U63090AP2016PTC098156). The company is engaged in the business of travel agency activities.
- b) The applicant had received foreign inward remittances from single foreign investor towards advance for subscription to equity shares as indicated below.

<b>S. No</b>	<b>Name of the Remitter</b>	<b>Total Amount (INR)</b>	<b>Date of Receipt</b>	<b>Date of Reporting</b>
1	Earlsfield Investments PPC	2011400	18-04-2016	11-07-2016
2	Earlsfield Investments PPC	6909727.50	30-05-2016	11-07-2016
3	Earlsfield Investments PPC	4324500	09-06-2016	20-09-2016
4	Earlsfield Investments PPC	1500000	28-09-2016	31-01-2017
5	Earlsfield Investments PPC	3428280	03-11-2016	31-01-2017
6	Earlsfield Investments PPC	1166814.30	27-12-2016	06-05-2017
7	Earlsfield Investments PPC	3436176.20	06-01-2017	02-02-2017
8	Earlsfield Investments PPC	3597625	27-01-2017	06-05-2017
9	Earlsfield Investments PPC	3537600	31-03-2017	27-04-2017
10	Earlsfield Investments PPC	1715715	28-04-2017	20-07-2017
11	Earlsfield Investments PPC	2921952	12-05-2017	18-07-2017



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

12	Earlsfield Investments PPC	1784285	15-05-2017	20-07-2017
13	Earlsfield Investments PPC	4110198.75	03-07-2017	18-07-2017
14	Earlsfield Investments PPC	2011528	19-08-2017	07-09-2017
	<b>Total</b>	<b>4,24,55,801.75</b>		

The applicant received the foreign inward remittances amounting to **₹4,24,55,801.75** as indicated above out of which remittances amounting to **₹2,93,60,298.80** were reported to Reserve Bank of India with delays ranging from 12 days to 3 months 10 days approximately beyond the prescribed period 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.

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

SI No	Name of the investor	Date of allotment of shares	Number of equity shares/CCPS S allotted	Amount for which shares allotted (INR)	Date of reporting
1	Earlsfield Investments PPC	09-06-2016	10 Equity	254723.61	28-09-2016
			510 CCPS	12990904.10	
2	Earlsfield Investments PPC	25-11-2016	193 CCPS	4916165.48	24-03-2017
3	Earlsfield Investments PPC	01-01-2017	46 CCPS	1171728.56	08-05-2017
4	Earlsfield Investments PPC	24-02-2017	276 CCPS	7030371.36	08-05-2017
5	Earlsfield Investments PPC	31-03-2017	139 CCPS	3540658.04	18-09-2017



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

6	Earlsfield Investments PPC	29-05-2017	252 CCPS	6419034.72	19-09-2017
7	Earlsfield Investments PPC	13-07-2017	161 CCPS	4101049.96	19-09-2017
8	Earlsfield Investments PPC	07-09-2017	78 CCPS	1986816	21-11-2017
		<b>Total</b>		<b>4,24,11,451.83</b>	

The applicant filed form FCGPRs for issue of shares amounting to **₹4,24,11,451.83** as indicated above and the same were reported with delays ranging from 1 month 7 days to 4 months 19 days approximately beyond the stipulated period of 30 days. 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 person resident outside India.

e. The applicant has delayed in refund of excess share application money of **₹ 44,350.23** to the foreign investor beyond the stipulated period of 180 days from the date of receipt of remittances. Period of contravention ranges from 6 months 13 days to 7 months 29 days approximately.

SI No	Name of the investor	Date of receipt	Total Amount (INR)	Excess share application money (INR)	Date of seeking approval for refund
1	Earlsfield Investments PPC	03-07-2017	4110198.75	19638.23	28-08-2018
2	Earlsfield Investments	19-08-2017	2011528	24712	28-08-2018



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

	PPC				
		<b>Total</b>		<b>44,350.23</b>	

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, 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 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13<sup>th</sup> November, 2007 in the official Gazette of the Govt. of India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/676/14.66.003/2018-19 dated October 08, 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 October 15, 2018 during which Shri. Surya Prakash Palakodeti, Chartered Accountant represented the applicant. The authorized representative of the company admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of delay in obtaining KYC and FIRC and lack of professional guidance in their initial stages. In view of the foregoing, the representative of the



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

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 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 ₹2,93,60,298.80 and the delay ranges from 12 days to 3 months 10 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 ₹ 4,24,11,451.83 and the period of contravention ranges from 1 month 7 days to 4 months 19 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007 for delay in refund of share application money to the foreign investor and the contravention relates to an amount of ₹44,350.23 and the delay ranges from 6 months 13 days to 7 months 29 days approximately.

5. It has been declared in the compounding application dated May 25, 2018 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 June 26, 2018 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 thereafter. Accordingly, the



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

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 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 **₹ 50,000/- (Rupees Fifty Thousand Only)** will meet the ends of justice.

7. 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 **₹ 50,000/- (Rupees Fifty Thousand 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 16<sup>th</sup> day of October 2018



Compounding of contraventions under FEMA 1999  
M/s Wandertrails Services Private Limited  
CA No. HYD 315

Sd/-

(Subrata Das)  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)