



**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 Suresh Mantri
Assistant General Manager**

Date: August 18, 2017

CA No: PAN03

In the matter of

**M/s Tara Tourism and Hotels (Goa) Pvt Ltd
C/o Office No.402, 4th Floor,
Kamat Towers, EDC Complex,
Patto, Panaji, Goa 403001
(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 July 21, 2017 (received at Reserve Bank of India, Panaji on July 24, 2017) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in issue of shares to a person resident outside India in terms of Paragraph 8 of Schedule I 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 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 April 7, 2005 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:

The company had received a remittance towards FDI of ₹ 4,40,000/- on 14.05.2006 and had allotted 990 shares of ₹ 100 each resulting into a balance of ₹ 3,41,000/-. Further, the company had allotted 3410 shares of ₹ 100 each on 13.03.2017 with a delay of 10 years and 4 months beyond the prescribed period of 180 days. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, the shares have to be issued and / or amount refunded within 180 days from the date of receipt of the inward remittance.

3. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. PNJ.FED.82/02.01.405/2017-18 dated August 10, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on August 17, 2017 and was represented by Ms Sushma N Khandeparker, Director of the company. The applicant admitted the contravention committed by the company for which compounding has been sought. During the personal hearing, it was submitted that the delay in issue of shares was unintentional. The shares were not allotted because the company was not operational since inception.



The applicant stated that there was 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 .

4. 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 Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares. The contravention relates to an amount of ₹ 3,41,000/- and the duration of contravention is 10 years 4 months approximately.

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 contraventions are to be compounded and I consider that an amount of ₹ 32,558/- (Rupees Thirty Two Thousand Five Hundred Fifty Eight only) will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 8 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 ₹ 32,558/- (Rupees Thirty Two Thousand Five Hundred Fifty Eight 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, 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 18th day of August 2017

Sd/-

(Suresh Mantri)
Assistant General Manager