



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. Shishir Kumar
Deputy General Manager

Date: August 02, 2017

C.A. No. 686/2017

In the matter of

M/s Short Breaks Pvt. Ltd.
202, Vireshwar Jyot,
Junction of Hanuman Road & Tejpal Road,
Vile Parle (East),
Mumbai-400 057

(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 there under, I pass the following

Order

1. The applicant has filed the compounding application dated March 21, 2017 (received at the Reserve Bank on March 22, 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 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 1 to Foreign Exchange Management



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(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 August 28, 2013 under the Companies Act, 1956 and is engaged in the business of promotional and marketing activities for booking accommodation in Non- Hotel such as Home stays, Farm stays, Rural House stays, Guest Houses, Cottages, Villas, Retreats, Resorts, Weekends Getaways, Bed and Breakfast and Jungle Resorts in India. The applicant received foreign inward remittance from M/s Bright Ventures Holdings B.V., Netherlands and M/s LDG Internet B.V., Netherlands towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

Sr. No.	Amount of Foreign Inward remittance (INR)	Date of receipt	Date of reporting to RBI
1.	10,000.00	28.10.2013	13.11.2014
2.	50,000.00	29.11.2013	13.11.2014
3.	8,75,000.00	18.02.2014	13.11.2014
4.	1,75,000.00	21.02.2014	13.11.2014
5.	2,50,000.00	03.12.2014	01.06.2015
6.	50,000.00	16.12.2014	01.06.2015
7.	2,00,000.00	25.02.2015	22.06.2015
8.	40,000.00	11.03.2015	22.06.2015
Total	16,50,000.00		

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above and with a delay ranging from 2 months 12 days to 11 months and 16 days approximately beyond the stipulated time of 30 days in respect of remittances recorded at serial Nos. 1 to 8 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.



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

Sr. No.	No. of shares	Face Value (INR)	Amount in Rupees	Date of allotment	Reported to RBI on
1.	6,000	10/-	60,000.00	22.02.2014	17.07.2015
2.	30,000	10/-	3,00,000.00	22.12.2014	17.07.2015
3.	1,05,000	10/-	10,50,000.00	15.03.2014	17.07.2015
4.	24,000	10/-	2,40,000.00	22.04.2015	05.11.2015
Total	1,65,000		16,50,000.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 5 months 14 days to 1 year 3 months 26 days approximately beyond the prescribed limit in respect of allotments indicated at Sr Nos. 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.

4. The applicant was given an opportunity for a meeting vide e-mail dated June 05, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant attended the meeting on June 14, 2017 during which Mr. Nirav Dave, Director, Mrs. Kasturi Dave, Director, Mr. Tushar Shridharani, Consultant and Ms Nandini Parekh, Consultant represented the applicant in the cabin of Kum. S. V. Nadkarni, General Manager, Foreign Exchange Department, Mumbai Regional Office. The authorised representatives of the applicant admitted the contraventions for which compounding has been sought. During the meeting it was submitted that delay was inadvertent and unintentional. The representatives of the applicant requested that in view of the foregoing a lenient view may be taken in disposal of the application. The Company further sought exemption from personal hearing with the compounding authority Shri. Shishir Kumar, Deputy General Manager, vide e-mail dated July 18, 2017. Hence the order is being passed ex-parte. The application for compounding is being considered on



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the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during the meeting and thereafter.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the meeting and thereafter. 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 due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs.16,50,000/- and the duration ranging 2 months 12 days to 11 months and 16 days approximately.

(b) 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. 16,50,000/- with a delay ranging from 5 months 14 days to 1 year 3 months 26 days approximately.

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 Rs. 31,005/- (Rupees Thirty One Thousand Five only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraphs 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. 31,005/- (Rupees Thirty One Thousand Five only) which shall be



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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.

8. The above order is passed only in respect of contraventions of para 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.

Date: August 02, 2017

Compounding Authority

Sd/-

(Shishir Kumar)
Deputy General Manager