In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

R Kesavan
Chief General Manager

Date: August 10, 2017
C.A.692/2017

In the matter of

M/s. Straits Food Chain Pvt Ltd.
93/11, New College Complex,
Peters Road, Royapettah,
Chennai- 600 014

(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 June 21, 2017 (received at Reserve Bank on July 10, 2017) for compounding of contraventions 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 submission of

Form FC-GPR on allotment of shares to Reserve Bank, in terms of Paragraph 9 (1) B 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 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 21, 2015 under the provisions of the Companies Act, 1956 (Registration No. U55101TN2015PTC102277) and is engaged in Business of cafeterias, fast-food restaurants and other food preparation in market stalls. The applicant received foreign inward remittances from Mr. Sheikh Babu Nooruddin, Singapore towards subscription to equity shares and reported the same to the Reserve Bank as below

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	65,39,000.00	01.10.2015	14.10.2015
2	35,11,780.00	18.12.2015	11.01.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above within the prescribed period of 30 days in terms of paragraph 9 (1) A of Schedule I to Notification No. FEMA 20/2000-RB

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

Sl. No	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	600000	10	60,00,000	21.09.2015	30.01.2016
2	53900	10	5,39,000	07.10.2015	30.01.2016
3	351178	10	35,11,780	15.04.2016	16.02.2017

The applicant filed the form FC-GPRs as indicated above with delay ranging from two months 23 days to nine months one day approximately beyond the prescribed limit in respect of allotments. 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 person resident outside India.

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated August 07, 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 10, 2017 during which Shri V Rajkumar represented the applicant. The authorized representative of the applicant admitted the contravention as stated in para 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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 the personal hearing.

5. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

   (a) Paragraph 9 (1) B of Schedule 1 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

₹ 1,00,50,780/- with the duration of contravention ranging from two months 23 days to nine months one day 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 **₹ 14,635/-** (Rupees fourteen thousand six hundred and thirty five only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 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 **₹ 14,635/-** (Rupees fourteen thousand six hundred and thirty five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 Tenth day of August, 2017.

Sd/-

R Kesavan
Chief General Manager