



In the

Reserve Bank of India
Foreign Exchange Department
11th floor, Central Office Building
Shahid Bhagat Singh Marg
Mumbai - 400 001

Present

Devinder Kumar
Deputy General Manager

Date: November 30, 2017
CA NO: 4470/2017

In the matter of

TLC Relationship Management Private Limited
501 Salcon Aurum, Jasola District Centre, New Delhi-110 076

(Applicant)

In exercise of 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

The applicant has filed a compounding application dated July 12, 2017 (received in the Reserve Bank of India on July 19, 2017) for compounding the contraventions of the provisions of the Foreign Exchange Management Act, 1999 (The FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in submission of Form ODI-Part I, (ii) delay in submission of share certificate to the AD bank and (iii) delay in submission of Annual Performance Reports (APRs). The above were in contravention of Regulations 6(2)(vi), 15(i) and 15(iii) respectively of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB dated July 07,



2004, as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts of the case are as follows: The applicant was incorporated as TLC Relationship Management Private Limited on February 07, 2003 under the Companies Act, 1956 (CIN NO: U74999DL2003PTC118849). The applicant is engaged in the business of customer relationship management and development as consultant, marketers, implements of call centres, IT services, loyalty programme etc. The applicant acquired 50% stake in TLC International Ltd. Kenya from its group company Preferred Card Marketing Pvt. Ltd. (PCML) for a consideration of US\$29,741. The rupee equivalent amount of ₹19,26,649/- was transferred to PCML on October 14, 2015. However, the applicant did not submit the Form ODI-Part I in respect of the above transaction within the prescribed timeframe. The share certificate was submitted to the AD bank with a delay of more than six months and the Annual Performance Reports (APRs) in the prescribed form were also not submitted in prescribed time limits. The delay in submission of duly completed APRs is evident from the table below:

Sr. No.	APR for the Period	Due date of submission	Submitted to AD bank on
1	2011	30.06.2012	04.09.2012
2	2012	30.06.2013	11.04.2015
3	2013	30.06.2014	19.11.2015
4	2014	30.06.2015	24.11.2015

3. Thus, the applicant contravened the provisions of Regulations 6(2)(vi), 15(i) and 15(iii) of Notification No. FEMA 120/2004-RB, which are reproduced below:

3.1 Regulation 6(2)(vi) of the said notification requires the Indian Party to submit duly completed Part I of the Form ODI, as prescribed by the Reserve Bank from time to time, to the designated branch of an authorised dealer.

3.2 Regulation 15(i) provides that the Indian Party shall receive share certificates or any other document as an evidence of investment in the foreign entity to the satisfaction of the Reserve Bank within six months, or such further period as



Reserve Bank may permit, from the date of effecting remittance or the date on which the amount to be capitalised became due to the Indian Party or the date on which the amount due was allowed to be capitalised.

3.3 Regulation 15(iii) (as amended from time to time): "An Indian Party shall submit to the Reserve Bank, through the designated Authorised Dealer, every year on or before a specified date, an Annual Performance Report (APR) in Part III of Form ODI in respect of each JV or WOS outside India, and other reports or documents as may be prescribed by the Reserve Bank from time to time. The APR, so required to be submitted, has to be based on the audited annual accounts of the JV / WOS for the preceding year, unless specifically exempted by the Reserve Bank."

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO.CEFA.No./2854/15.20.67/2017-18 dated September 29, 2017 for further submission in person and /or producing documents, if any, in support of the application. The personal hearing was held on November 16, 2017 during which Ms Kanika Khurana, Chartered Accountant represented the applicant. The representative of the applicant, while admitting the contraventions for which compounding has been sought, submitted that the lapses were inadvertent and requested that a lenient view may be taken 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 and thereafter.

5. I have given my careful consideration of the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 6(2)(vi), 15(i) and 15(iii) of FEMA 120/2004-RB. The amount and the period of contravention is as under:

(a) Regulation 6(2)(vi): The amount of contravention is ₹19,26,649/- and the period of contravention is more than eleven months.

(b) Regulation 15(i): Delay in submission of share certificate was six months nineteen days.



(c) Regulation 15(iii): Delays in submission of APRs is as mentioned in Para 2 above.

6. In terms of provisions of section 13 of FEMA, any person contravening any provision of the Act shall be liable to pay up to three times the sum involved in the contravention upon adjudication. However, after considering the submissions made by the applicant with regard to the contraventions and the entire relevant facts and circumstances of the case, 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 ₹62,500/- (Rupees Sixty two thousand five hundred only) will meet the ends of justice.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, the admitted contravention committed by the applicant, viz., Regulation 6(2)(vi), 15(i) and 15(iii) of Notification No FEMA 120/2004-RB on payment of a sum of ₹62,500/- (Rupees Sixty two thousand five hundred only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai-400 001 by a Demand Draft drawn in favour of "Reserve Bank of India" and payable at "Mumbai" within a period of 15 days from the date of the 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 shall apply.

The application is disposed of accordingly.

Dated this the thirtieth day of November, 2017.

Sd/-

(Devinder Kumar)
Deputy General Manager