



In the

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

Present

Shri. P Kalyan Chakravarthy
Assistant General Manager

Date: April 16, 2019
C.A. HYD 414

In the matter of

Shri. Anantha Sagar Potluru
F – 504, Nagarjuna Residency
Gachibowli
Hyderabad
Telangana – 500 032

(Applicant)

In exercise of the powers conferred under sub-section 1 of Section 15 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 March 08, 2019 received on the same date for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is, delay in reporting the transfer of shares in form FC-TRS beyond the stipulated time period in terms of Paragraph 10(i) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide



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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 shareholder of M/s. IntegraDelivers India Private Limited (CIN: U74999TG2016PTC113745) of the company. The applicant received an inward remittance of INR **97,069.75** from M/s. Integra Mortgage Solutions LLC, Albuquerque (purchaser), on March 03, 2017 for transfer of 9400 equity shares to the purchaser by the applicant.
- b) Pursuant to the remittance, the form FC-TRS filed by the applicant is not certified by the Authorized Dealer due to certain discrepancies in the submission of documents and the applicant continues to remain the legal owner of 9400 shares as on date. On account of non-transfer of shares, the applicant and the purchaser mutually agreed to unwind the transaction and hence the applicant has remitted the said amount to the remitter, M/s. Integra Mtg Solutions LLC, Albuquerque on March 11, 2019. Here the amount of contravention is INR **97,069.75** and the period of contravention is 1 year 10 days 8 days approximately as indicated below:

SI No	Name of the Remitter	Date of receipt	Amount received (INR)	Date of seeking RBI approval for refund
1	M/s. Integra Mortgage Solutions LLC, Albuquerque	03.03.2017	97069.75	11.01.2019
	Total		97069.75	



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Whereas in terms of Paragraph 10(i) of Schedule 1 to FEMA Notification No. 20 dated May 03, 2000, in case of transfer of shares or convertible debentures of an Indian company by way of sale from a person resident in India to a person resident outside India or vice versa, the transferor/transferee, resident in India shall submit to the AD bank a report in the form FC-TRS as specified by the Reserve Bank from time to time

Within 60 days from the date of receipt or payment of the amount of consideration. Though the para does not deal with the transfer of shares per se, any contravention related to requirements regarding the process of transfer of shares will fall under Paragraph 10(i) of Schedule 1 to FEMA Notification No. 20 dated May 03, 2000.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2085/14.66.003/2018-19 dated April 01, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on April 04, 2019 during which Shri. Anantha Sagar Potluru admitted the contravention for which the compounding has been sought and submitted that the delay was not wilful or with a malafide intention but was on account of delay in submission of documents to the AD bank. In view of the foregoing, the representative of the 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 10(i) of Schedule 1 to Notification No.20/2000-RB dated May 03, 2000 for non-filing of form FC-TRS and the contravention relates to an amount of **INR 97069.75** with a delay of 1 year 10 months 8 days approximately.



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5. It has been declared in the compounding application dated March 08, 2019 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 April 04, 2019 that the applicant was not under any enquiry/investigation/adjudication by any agency

and confirmed that no appeal has been filed by him under section 17 or section 19 of FEMA 1999. In this regard, the applicant has not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. Accordingly, the 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 INR 9029/- (Rupees Nine Thousand Twenty nine Only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contravention of Paragraph 10(i) 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 INR 9029/- (Rupees Nine Thousand Twenty nine 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



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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 16th day of April 2019

Sd/-

(P Kalyan Chakravarthy)

Assistant General Manager