



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 S. V. Potphode**  
**Assistant General Manager**

**Date: February 22, 2019**

**C.A. No. MUM 809/2018**

In the matter of

**Shri. Adil Daruwala**  
607/D, Daulat Manzil  
Dr. Ambedkar Road, Dadar (E)  
Mumbai – 400 014

(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 thereunder, I pass the following

**Order**

1. The applicant has filed a compounding application dated December 03, 2018 (received at the Reserve Bank of India on December 11, 2018) 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 for delay in submission of form FC-TRS on transfer of shares from Resident to Non-Resident, in contravention of Regulation 10 A (b) (i) read with paragraph 10 of Schedule I to Foreign Exchange Management Regulations, 2000



notified vide Notification No. FEMA 20/RB-2000 dated May 3, 2000 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: Mr. Adil Daruwala, Indian Resident transferred 1200 equity shares of M/s Manjri Stud Farm Private Limited, held by him to M/s Strand Developers Mauritius Limited along with its nominees (Non Resident), on April 12, 2013 and filed form FC-TRS on May 11, 2018. Whereas in terms of Regulation 10A (b) (i) read with Para 10 of Schedule 1 to FEMA 20/2000-RB, 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 warrants or vice versa, the transferor/transferee, resident in India, shall submit to the AD bank a report in the form FC-TRS specified by Reserve Bank from time to time , within 60 days from the date of receipt or payment of the amount of consideration and the onus of submission of the form FC-TRS within the specified time shall be on the transferor / transferee, resident in India. Thereby, the applicant contravened the provisions of Regulation 10 A (b) (i) read with paragraph 10 of Schedule I to Notification No. FEMA 20/2000-RB.

3. The applicant was given an opportunity for personal hearing vide email dated February 08, 2019 for further submission in person and/or producing documents, if any, in support of application. The personal hearing took place on February 12, 2019, during which Shri Adil Daruwala, Shri Sandeep Jaiswal, Shri S S Shah, Director, Deloitte Haskins & Sells LLP and Shri Abdullah R Fakhri, Manager, Deloitte Haskins & Sells LLP represented the applicant in the cabin of Shri S. V. Potphode, Assistant General Manager, Foreign Exchange Department, Mumbai Regional Office. The representatives of the applicant admitted the contravention committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that there was no mala fide intention by the applicant and the contravention was inadvertent. The representatives of the applicant requested that in view of the foregoing, 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 and thereafter.



4. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the FEMA provisions issued in terms of Regulation 10 A (b) (i) read with paragraph 10 of Schedule I to Notification No. FEMA 20/2000-RB. The amount of contravention is Rs.1,54,800/- (Rupees One Lakh Fifty Four Thousand Eight Hundred Only) for a period of 4 Years 10 Months 27 Days, approximately.

5. It has been declared in the compounding application dated December 03, 2018, that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated February 08, 2019, that the applicant was not under any enquiry/ investigation/ adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/ adjudication proceedings against it/him/her thereafter. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 of FEMA, 1999. 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 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 Rs.14,917/- (Rupees Fourteen Thousand Nine Hundred Seventeen Only) will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 10 A (b) (i) read with paragraph 10 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 Rs.14,917/- (Rupees Fourteen Thousand Nine Hundred Seventeen Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 3<sup>rd</sup> Floor, Main Building, 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 Proceeding) Rules, 2000 dated May 3, 2000 shall apply.

8. The above order is passed only in respect of contravention of Regulation 10 A (b) (i) read with paragraph 10 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.

Dated: February 22, 2019

**(S. V. Potphode)**  
Assistant General Manager