



In the

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

Present

Smt. N. Sara Rajendra Kumar
General Manager

Date: December 10, 2019
C.A. HYD 467

In the matter of

Smt. Lingamaneni Prasanthi
D. No. 60-2-1/A, Lingamaneni Dream Homes
Gayatri Nagar, Vijayawada – 520 008

(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 thereunder, I pass the following

Order

The applicant has filed the compounding application dated November 06, 2019 received by us on November 18, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contravention sought to be compounded is delay in submission of form FC-TRS on transfer of shares from Resident to Non-Resident in terms of Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 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 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) There was a transfer of 5,000 shares of M/s Lingamaneni Educational Academy Foundation Private Limited on August 10, 2016, from Resident, Smt. Lingamaneni Prasanthi (PAN No: ABKPL8034E) to Non-Resident Company M/s Futuretech Holding Company, USA.
- b) The applicant has filed form FC-TRS with a delay beyond the prescribed time as detailed in table below:

| Sl No | Name of Resident Transferor | Name of the Non-Resident Transferee | No. of shares transferred | Total amount of consideration (INR) | Date of receipt of consideration | Date of Transfer | Date of filing FC-TRS |
|-------|-----------------------------|-------------------------------------|---------------------------|-------------------------------------|----------------------------------|------------------|-----------------------|
| 1 | Lingamaneni Prasanthi | Futuretech Holding Company, USA | 5,000 | 59,90,065 | 10.08.2016 | 10.08.2016 | 17.09.2019 |

The applicant had filed form FC-TRS with a delay of 2 years 11 months 7 days from the date of receipt of consideration in contravention of Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 of FEMA 20. Whereas in terms of Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 to FEMA Notification No. 20 dated May 03, 2000, in case of transfer of shares or convertible debentures or warrants of an Indian company by way of sale from a resident to non-resident, the transferor/transferee resident shall report the transfer of shares in form FCTRS to AD bank as specified by the RBI from time to time, within 60 days from the date of payment of consideration or the date of transfer of shares, whichever is earlier.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1324 /14.66.003/2019-20 dated December 09, 2019 for



further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide e-mail dated December 09, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

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:-

Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 to FEMA Notification No. 20/2000-RB for delay in filing of form FC-TRS after receipt of consideration and the contravention relates to an amount of ₹ 59,90,065/- and the period of contravention is 2 years 11 months 7 days approximately.

5. It has been declared in the compounding application dated November 06, 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 November 06, 2019 furnished with the compounding application 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 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 under 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



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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 **₹ 31,000/- (Rupees Thirty One Thousand Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention of Regulation 10A(b)(i) read with Paragraph 10 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 **₹ 31,000/- (Rupees Thirty One Thousand 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 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 03, 2000 shall apply.

The application is disposed accordingly.

Dated this 10th day of December 2019.

Sd/-
(N Sara Rajendra Kumar)
General Manager