



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

Present

K Ravi
Deputy General Manager

Date: July 12, 2019
C.A. 910/2018

In the matter of

Mr. S Joseph Arokiaraj
Old No.11/2A, New No.33/2A
Annai Velankanni Nagar, Sowripalayam
Coimbatore – 641 028

(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 April 12, 2019 (received at Reserve Bank on May 10, 2019) 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 reporting the transfer



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of shares from resident to non-resident i.e., delay in submission of FC-TRS in terms of Regulation 10A (b)(i) read with Paragraph 10 of 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 then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB)

2. The relevant facts of the case are as follows: The applicant, an individual by name Mr. S Joseph Arokiaraj, is a resident shareholder in the company M/s. Ammeraal Beltech (India) Pvt Ltd., a private limited company incorporated under the Companies Act, 1956 on October 22, 2010 with CIN U25192TN2010FTC077795.

3. The applicant sold 150000 equity shares of ₹10/- each at a negotiated price of ₹10/- to the Non-Resident shareholder M/s. Ammeraal Beltech Internat, Beheer, Netherlands. The applicant reported the transfer in form FC-TRS to the Authorised Dealer bank as detailed below:

No of Shares	Negotiated Price ₹	Amount Involved (₹)	Date of receipt of consideration	Date of filing FC TRS with AD
150000	10.00	14,84,658.21	09.05.2016	13.07.2016
		16,364.00	30.05.2016	

The applicant filed the Form FC TRS on the date indicated above with a delay of 5 days approximately beyond the prescribed period of 60 days for the remittance received on 09.05.2016. Whereas in terms of Regulation 10A (b)(i) read with Paragraph 10 of Notification No. FEMA 20/2000-RB, the form FC-TRS should be submitted to the AD Category – I bank within 60 days from the date of receipt of consideration. The onus of submission of the form FC-TRS within the given timeframe would be on the transferor / transferee, resident in India.

4. The applicant was advised about the contravention vide memorandum dated October 06, 2018. The applicant has filed a compounding application dated April 12, 2019. It has been declared in the compounding application that the particulars given by the applicant in the application are true and correct to the best of his knowledge



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and belief. It has been declared in the declaration 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/him/her thereafter. Accordingly, the above contravention which is being compounded in this Order is 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.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated July 05, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide email dated July 09, 2019 chose not to appear for the personal hearing scheduled on July 10, 2019. The applicant, in the compounding application, had admitted the contravention as stated in para 3 above for which compounding has been sought. It had been submitted that the delay was unintentional. 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.

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

(a) Regulation 10A (b)(i) read with Paragraph 10 of Notification No. FEMA 20/2000-RB, due to delay in filing Form FC-TRS with the Authorised Dealer as detailed in paragraph 3 above. The contravention relates to an amount of ₹14,84,658.21 and the duration of the contravention being 5 days approximately.

7. In terms of Section 13 of the FEMA, if any person contravenes any provision of the Act, or contravenes any rule, regulation, notification, direction or order issued in exercise of the powers under this Act, or contravenes any condition subject to which an authorization is issued by the Reserve Bank, he, upon adjudication, shall be liable to a



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penalty up to thrice the sum involved in such contravention. However, considering the circumstances which led to the delay and other relevant facts of the case, I consider that an amount of ₹10,200/- (Rupees ten thousand two hundred only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 10A (b)(i) read with Paragraph 10 of 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 ₹10,200/- (Rupees ten thousand two hundred only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 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 accordingly.

Dated this twelfth day of July, 2019.

Sd/-

K Ravi

Deputy General Manager