



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

Present

Shri Subrata Das
Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)

Date: March 12, 2020
C.A. HYD 481

In the matter of
Shri Mohana R Velagapudi
17939 Cachet Isle Drive
Tampa, FL 33647, USA

(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 December 19, 2019 received by us on December 23, 2019 for compounding of contravention 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 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 (herein after 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, Shri. Mohana R Velagapudi, a person of Indian origin, holding the shares of M/s Asian Institute of Gastroenterology Private Limited, on non-repatriable basis, was granted permission by RBI Foreign Exchange Department, Central Office Mumbai, to convert his investment in 4,25,000 equity shares, into repatriable basis and for their transfer to M/s Ileum Investments Limited, a non-resident company.

b) The applicant was also advised, inter alia, to adhere to the reporting guidelines in terms of Regulation 10A(b)(i) of FEMA Notification No. 20 dated May 03, 2000 as amended from time to time. In terms of these guidelines, the applicant is required to file Form FC-TRS within 60 days from the date of receipt of consideration or the date of transfer whichever is earlier.

c) There was a transfer of 4,00,000 equity shares & 25,000 equity shares on September 04, 2015 & March 30, 2017 respectively. However, the FC-TRS forms for these transfers were filed belatedly. The details of the share transfers are as indicated below:

Sl No	No. of shares transferred	Total amount of consideration (₹)	Date of receipt of consideration	Date of transfer	Date of filing FCTRS
1	4,00,000	18,00,00,000	20.07.2015	04.09.2015	25.11.2019
			24.07.2015		
2	25,000	1,35,25,000	20.07.2015	30.03.2017	25.05.2017
			24.07.2015		
			30.03.2017		
	4,25,000	19,35,25,000			

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1972 /14.66.003/2019-20 dated March 02, 2020 for further submission in person and/or producing documents, if any, in support of the application.



(b) The applicant vide e-mail dated March 03, 2020 stated that he is not able to appear for the personal hearing and requested that the compounding application may be disposed of based on the facts/details submitted by him. 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.

4. It has been declared in the compounding application dated December 19, 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 December 19, 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 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.

5. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has, by delaying submission of forms FC-TRS, contravened the FEMA provisions contained in Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 to FEMA Notification No. FEMA 20/2000-RB as amended from time to time. The contravention relates to an amount of ₹ 19,35,25,000/- and the duration of the contravention ranges from 1 year 8 months 5 days to 4 years 2 months 5 days.



Compounding of contraventions under FEMA 1999
Shri Mohana R Velagapudi
CA No. HYD 481

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 **₹ 5,22,500/- (Rupees Five Lakh Twenty Two Thousand Five Hundred Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention namely, the 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 **₹ 5,22,500/- (Rupees Five Lakh Twenty Two Thousand Five Hundred 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 of accordingly.

Dated this 12th day of March 2020

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)