



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

Present  
Shri. P Kalyan Chakravarthy  
Assistant General Manager

Date: February 07, 2020  
C.A. HYD 480

In the matter of

Shri Paturi Srinivasa Rao  
Plot No. 121, G-2, Geethika Residency  
Srinagar Colony  
Hyderabad - 500 073

**(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 02, 2019 received by us on December 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 refund of excess amount of consideration received by a Resident for transfer of shares from the 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 (herein after referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(4) of FEMA 20(R) dated November 07, 2017(hereinafter referred to as Notification No. FEMA 20(R) /2017-RB) as then applicable.

2. The relevant facts of the case are as follows:

- a) There was a transfer of 3,96,498 shares held by resident individual, Mr Paturi Srinivasa Rao in M/s E-Vaidya Pvt Ltd (a company incorporated on 16/12/2011 (CIN: U85100TG2011PTC078079) to non-resident company M/s Kotamma Global Healthcare and Management Services Pte Ltd, Singapore each at INR 65.78/- amounting to INR 26,081,638.44/- on various dates as detailed below .

S No	Name of the transferee	Date of receipt of consideration and amount received	No. of shares transferred and amount of transfer	Excess amount	Date of refund request
1	M/s Kotamma Global Healthcare and Management Services Pte Ltd, Singapore	17/10/2017 & INR 1,32,02,346.52	200,000 for INR 1,31,56,000	46,346.52	08/05/2019
2		13/11/2017 & INR 1,30,60,017.62	196,498 for INR 1,29,25,638.44	1,34,379.18	08/05/2019

There was excess amount of consideration received and the resident transferor has requested the Authorised Dealer for refund, with delays ranging from 1 year 21 days to 1 year 3 months 10 days approximately. Whereas in terms of Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 to FEMA Notification No. 20 dated May 03,



2000 and in terms of Regulation 13.1(4) of FEMA 20(R) /2017-RB dated November 07, 2017.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1656 /14.66.003/2019-20 dated January 29, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on January 31, 2020 during which Ms. Durga Poornima, Chartered Accountant represented the applicant. The authorized representative of the applicant has admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention. 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 provision issued in terms of:-

Regulation 10A(b)(i) read with Paragraph 10 of Schedule 1 to FEMA Notification No. 20/2000-RB date May 03, 2000 and Regulation 13.1(4) of FEMA Notification No. 20(R)/2017-RB dated November 07, 2017 for delay in refund of excess amount of consideration and the contravention relates to an amount of ₹ 1,80,725.70/- and the period of contravention ranging from 1 year 21 days to 1 year 3 months 10 days approximately.



5. It has been declared in the compounding application dated December 02, 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 02, 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 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 **₹ 55,666/- (Rupees Fifty Five Thousand Six Hundred and Sixty Six 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 and Regulation 13.1(4) of Notification No. FEMA 20(R)/0\*/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 55,666/- (Rupees Fifty Five Thousand Six Hundred and Sixty Six Only)** which shall be deposited by the applicant with the



Compounding of contraventions under FEMA 1999  
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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 07<sup>th</sup> day of February 2020.

Sd/-

(P Kalyan Chakravarthy)  
Assistant General Manager