



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: August 6, 2019
C.A. HYD 438

In the matter of

Mr. Y V Prasad
A-38, Lake Community,
Emaar Boulder Hills,
Gachibowli, Hyderabad-500032

(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 there under, I pass the following

Order

The applicant has filed the compounding application dated June 28, 2019 received on the same day 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 delay in reporting of Form FCTRS for the transfer of shares from resident to non-resident to the Reserve Bank of India in terms of Regulation 10 A (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 3rd May 2000 as then applicable and as amended (hereinafter referred to as Notification no. FEMA 20/2000-RB).



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

(a) The applicant, Shri Y V Prasad, a resident individual (PAN AAFPY8627A) had transferred 180000 equity shares held in M/s Apollo Micro Systems Ltd, a company incorporated on 03.03.1997 (CIN: L72200TG1997PLC026556), to Mr Arindam Bhattacharjee, a non-resident individual.

(b) The details of form FCTRS filed for the transfer of shares is shown below:

Name of the transferor	Name of the transferee	Date of transfer of shares	No. of shares transferred	Consideration amount	Date of reporting in form FCTRS
Shri Y V Prasad, resident	Mr Arindam Bhattacharjee	15.09.2017	180000	INR 3,60,00,000/-	13.04.2019

The form FCTRS was filed with a delay of 1 year 4 months 29 days approximately beyond 60 days from the date of transfer of shares in contravention of Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 of FEMA 20. Whereas in terms of Regulation 10 A (b)(i) of Notification No. FEMA 20/2000- RB dated 03.05.2000, as then applicable read with paragraph 10, 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/293/14.66.003/2019-20 dated July 31, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on August 2, 2019 during which he 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 but was on account of lack of awareness on compliance requirements. In view of the above, 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 Regulation 10 A (b)(i) read with Paragraph 10 of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-TRS and the contravention relates to an amount of ₹3,60,00,000/- and the period of contravention is 1 year 4 months 29 days approximately.

5. It has been declared in the compounding application dated June 28, 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 June 28, 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.

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 **₹81,000/- (Rupees Eighty One Thousand 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 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 **₹81,000/- (Rupees Eighty One Thousand Only)** which shall be deposited by the



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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 3, 2000 shall apply.

The application is disposed of accordingly.

Dated this 6th day of August 2019

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and

Chief General Manager (Hyderabad)