



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Ajay Kumar Misra**  
**Chief General Manager**

Date: July 19, 2019  
CA No 4877 / 2019

In the matter of

**SPA Agencies (India) Private Limited**  
**Unit No. 506, 5<sup>th</sup> Floor, Rectangle One**  
**D-4, District Centre, Saket**  
**New Delhi – 110017**

**(Applicant)**

In exercise of the powers conferred under section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

**Order**

The applicant has filed the application dated January 18, 2019 (received in the Reserve Bank on January 25, 2019), for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The applicant has sought to be compounded for delay in reporting the transfer in Form FC-TRS for transfer of shares from person resident in India to person resident outside India, in contravention of Regulation 10(A)(b)(ii) 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 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts are as under: The applicant company, namely, SPA Agencies (India) Pvt. Ltd. (CIN U74140TN1997PTC038375), was incorporated under the Companies Act, 1956, on June 09, 1997. The applicant company is engaged in the business of trading, exporting, importing and dealing in all kinds of chemicals and chemical goods.

The applicant, transferred 37,50,000 shares of M/s SPA Lifestyle Private Limited (incorporated in New Delhi) to M/s Lladra S.A. (incorporated in Spain), on December 31, 2014, for a consideration of Rs. 1,20,00,000/-, after taking approval of the erstwhile Foreign Investment Promotion Board (FIPB). However, there was a delay in reporting the abovementioned share transfer in Form- FCTRS beyond the stipulated time period, in contravention of Regulation 10A(b)(ii)(b) of Notification No. FEMA 20/2000-RB. The required reporting was done on 07.06.2016.

3. Regulation 10(A)(b)(ii) of Notification No.FEMA.20/2000-RB states that, “where the transfer of shares....requires the prior approval of the Foreign Investment Promotion Board (FIPB) as per the extant Foreign Direct Investment (FDI) policy....the transfer....adheres with the pricing guidelines and documentation, reporting requirements as stipulated by the Reserve Bank from time to time.”

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/6399/15.20.67/2018-19 dated April 26, 2019 for further submission in person and/or producing documents, if any, in support of the application. The representative of the applicant, vide e-mail dated 15.07.2019, opted to not attend the personal hearing and stated that they did not have anything further to add.

It has been declared in the compounding application dated January 18, 2019, that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has also 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 been informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. 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.

The application is, therefore, being considered on the basis of the averments made in the application and the documents produced therein.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 10(A)(b)(ii) of Notification No.FEMA.20/2000-RB. The amount of contravention is Rs. 1,20,00,000/- and the period of contravention is one year four months approximately.

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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules 2000. Accordingly, it stands to reason that payment of an amount of Rs. 76,667/- (Rupees seventy six thousand six hundred and sixty seven only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention



committed by the applicant namely, Regulation 10(A)(b)(ii) of Notification No.FEMA.20/2000-RB, on payment of a sum of Rs. 76,667/- (Rupees seventy six thousand six hundred and sixty seven only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 the 19th day of July, 2019

**Sd/-**  
**(Ajay Kumar Misra)**  
**Chief General Manager**