



In the
RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present
P S Khual
General Manager
Date: December 12, 2019
CA No. NDL 480/2019

In the matter of
Animesh Jain
53/3, Acacia, Vatika City, Sector 49, Gurugram-122018.

(Applicant)

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

ORDER

The applicant has filed the compounding application dated June 18, 2019 (received at Reserve Bank of India, New Delhi on June 24, 2019) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contravention sought to be compounded is of delay in reporting the transfer of shares in Form FC-TRS beyond the stipulated period, 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 3, 2000 (hereinafter referred to as FEMA 20/2000-RB), as amended from time to time.



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

(a) The applicant, a resident individual, had transferred 430 equity shares of M/s 1MG Technologies Private Limited, a resident company engaged in the business of other information service activities n.e.c., to M/s 1MG Khosla Ventures, USA, a non-resident company, on July 13, 2016 for a consideration of ₹65,63,520/- (Rupees Sixty Five Lakh Sixty Three Thousand Five Hundred and Twenty only) which was received on July 13, 2016.

(b) The applicant reported the said transfer of shares in Form FC-TRS on September 16, 2016 with a delay of 5 days beyond the prescribed period in contravention of Regulation 10A(b)(i) read with paragraph 10 of Schedule 1 to FEMA 20/2000-RB, as then applicable. Whereas, in terms of Regulation 10A(b)(i) of FEMA 20/2000-RB, as then applicable, a person resident in India who proposes to transfer to a person resident outside India any shares or convertible debentures or warrants of an Indian company under the Foreign Direct Investment Scheme, whose activities fall under Annex B to Schedule 1, shall, subject to sectoral limits specified therein, transfer such shares or convertible debentures or warrants without prior approval of the Reserve Bank if the same is by way of sale, subject to the conditions prescribed therein. Further, in terms of paragraph 10 of Schedule 1 to FEMA 20/2000-RB, as then applicable, in case of transfer of shares or convertible debentures or warrants of an Indian company by way of sale from a person resident in India to a person resident outside India or vice versa, the transferor / transferee, resident in India, shall submit to the AD bank a report in the Form FC-TRS, as specified by the Reserve Bank from time to time, within 60 days from the date of receipt or payment of the amount of consideration. The onus of submission of the Form FC-TRS within the specified time shall be on the transferor / transferee, resident in India.

(c) Thus, there is a contravention of Regulation 10A(b)(i) read with paragraph 10 of Schedule 1 to FEMA 20/2000-RB, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/ or by producing documents, if any, in support of the application. Shri Naresh Kumar, Senior Manager-Legal and Ms. Harleen Khanduja, Assistant Manager, appeared for personal hearing on October 24, 2019 on behalf of the applicant. The representatives of the applicant admitted the contravention committed by the applicant



for which compounding has been sought. During the personal hearing, they submitted that the contravention was without any *malafide* or wilful intention but was mainly due to delay in receipt of FIRC and KYC from the AD bank. They requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 10A(b)(i) read with paragraph 10 of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in reporting the transfer of shares in Form FC-TRS beyond the stipulated period. The amount of contravention is ₹65,63,520/- (Rupees Sixty Five Lakh Sixty Three Thousand Five Hundred and Twenty only) and the period of contravention is 5 days.

5. It has been declared in the compounding application dated June 18, 2019 that the particulars given by the applicant in the application are true and correct to the best of his 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 informed of initiation of any such enquiry/ investigation/ adjudication proceedings against him, thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA. 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.

6. In terms of Section 13 of 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 contravention, 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 **₹10,560/- (Rupees Ten Thousand Five Hundred and Sixty only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contravention of Regulation 10A(b)(i) read with paragraph 10 of Schedule 1 to FEMA 20/2000-RB, as then applicable, on payment of an amount of **₹10,560/- (Rupees Ten Thousand Five Hundred and Sixty only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi - 110001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 12th day of December 2019.

Sd/-
(P S Khual)
General Manager