In the

**Reserve Bank of India**
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

**Shri S .V. Potphode**
**Assistant General Manager**

**Date: January 10, 2018**

**C.A. No. 714/2017**

In the matter of

**Tejpal Mehta**
A/1306 Oberoi Park View
Thakur Village
Kandivali (East)
Mumbai 400 101
(Applicant)

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

**Order**

1.      The applicant has filed a compounding application dated August 14, 2017 (received at the Reserve Bank of India on August 23, 2017) 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 for delay in submission of form FC-TRS on transfer of shares from Non-Resident to Resident, in contravention of Regulation 10B (2) read with paragraph 10 of Schedule I to Foreign Exchange Management Regulations, 2000

notified vide Notification No. FEMA 20/RB-2000 dated May 3, 2000 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2.  The relevant facts of the case are as follows: M/s Icube Analytics and Data services Private Limited, has allotted 8,421 equity shares of Rs.10/- each to M/s Think and Tell Enterprises, France and 10,526 equity shares of Rs.10/- each to M/s Carcasses Alain, France, on December 1, 2014. Shri Tejpal Mehta purchased those equity shares on October 10, 2015. It was mutually agreed between the transferor and the transferee that money be transferred in the Financial Year 2016-17. Since the money was not transferred at the time of purchase of those shares, Shri Tejpal Mehta did not file FC-TRS. Subsequently, Shri Mehta transferred the money on July 6, 2017 and filed FC-TRS on July 25, 2017 resulting into delay of 1 year 7 months 16 days approximately from the date of purchase of share to the date of filing of form FC-TRS i.e. October 10, 2015 to July 25, 2017, thereby contravening the provision of Regulation 10B (2) read with paragraph 10 of Schedule I to Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA 20/RB-2000 dated May 3, 2000 as amended from time to time in terms of which a person resident outside India, may transfer share or convertible debenture or warrants of an Indian company, without the prior permission of the Reserve Bank, by way of sale, to a person resident in India subject to the adherence to pricing guidelines, documentation and reporting requirements for such transfers as may be specified by Reserve Bank from time to time.

3.  The applicant was given an opportunity for personal hearing vide email dated December 15, 2017 for further submission in person and/or producing documents, if any, in support of application. The personal hearing took place on December 15, 2017 during which Ms. Shraddha Panchamia, Consultant; an authorized representative, represented the applicant in the cabin of Shri S. V. Potphode, Assistant General Manager, Foreign Exchange Department, Mumbai Regional Office. The representatives of the applicant admitted the contravention committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that there was no mala fide intention by the applicant and the contravention was inadvertent. The representatives of the

applicant requested that in view of the foregoing, a lenient view may be taken 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 as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

4.      I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the FEMA provisions issued in terms of Regulation 10B (2) read with paragraph 10 of Schedule I to Notification No. FEMA 20/2000-RB. The amount of contravention is Rs.1,89,470/- for a period of 1 year 7 months 16 days approximately.

5.    In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to 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 Rs.11,670/- (Rupees Eleven Thousand Six Hundred Seventy only) will meet the ends of justice.

6.      Accordingly, I compound the admitted contravention namely, the contravention of Regulation 10B (2) read with paragraph 10 of Schedule I 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 of Rs.11,670/- (Rupees Eleven Thousand Six Hundred Seventy only)  which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 3rd Floor, Main Building, Fort, Mumbai – 400 001 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 Proceeding) Rules, 2000 dated May 3, 2000 shall apply.

7.     The above order is passed only in respect of contravention of Regulation 10B (2) read with paragraph 10 of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: January 10, 2018

Sd/-

**(S. V. Potphode)**
Assistant General Manager