



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 J. K. Pandey**  
**Chief General Manager**

**Date: May 17, 2018**

**C.A. No. 741/2018**

In the matter of

**Liyakat Ali Khan**  
1701 C Wing, RNA Heights  
J. V. Link Road  
Andheri (E)  
Mumbai 400 093  
(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 January 10, 2018 (received at the Reserve Bank of India on January 22, 2018) 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 Resident to Non-Resident, in contravention of Regulation 10 A (b) (i) 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: Mr. Liyakat Ali Khan, Indian Resident sold 3500 equity shares of UMG Index Tradefairs Private Limited held by him to Stormcliff Limited, Cyprus, (Non Resident) vide agreement dated September 28, 2011 and filed form FC-TRS on March 24, 2017, thereby contravening the provision of Regulation 10 A (b) (i) read with paragraph 10 of Schedule I to Foreign Exchange Management Regulations, 2000, in terms of which 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 adherence to the pricing guidelines, documentation and reporting requirements for such transfers, stipulated by the Reserve Bank from time to time.

3. The applicant was given an opportunity for personal hearing vide email dated April 24, 2018, for further submission in person and/or producing documents, if any, in support of application. The personal hearing took place on April 26, 2018, during which Ms. Beena Shah, Finance Manager and Ms. Rajeshri Kanojia, Consultant, represented the applicant in the cabin of Shri J. K. Pandey, Chief 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 10 A (b) (i) read with paragraph 10 of Schedule I to Notification No. FEMA 20/2000-RB. The amount of contravention is Rs.4,07,50,010/- (Rupees Four Crore Seven lakh Fifty Thousand Ten Only) for a period of 5 years 3 months 26 days approximately.

5. It has been declared in the compounding application dated January 10, 2018, 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 been declared in the declaration dated May 14, 2018, 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/him/her 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 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.2,76,500/- (Rupees Two Lakh Seventy Six Thousand Five Hundred 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 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.2,76,500/- (Rupees Two Lakh Seventy Six Thousand Five Hundred only) which shall be deposited by the applicant with the Reserve Bank of India,



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Foreign Exchange Department, 3<sup>rd</sup> Floor, Main 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 Proceeding) Rules, 2000 dated May 3, 2000 shall apply.

8. The above order is passed only in respect of contravention of Regulation 10 A (b) (i) 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: May 17, 2018

Sd/-

**(J. K. Pandey)**  
Chief General Manager