



In the

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

Present

**Meghna Singh**  
**Assistant General Manager**

Date: November 28, 2017  
CA No 4459 / 2017

In the matter of

**Rajan Mittal**  
**Metrod Metals Pvt. Ltd., 161/162 Mittal Court, A Wing**  
**Nariman Point, Mumbai 400 021**

**(Applicant)**

In exercise of the powers conferred under section 15 (1) 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 application dated July 05, 2017 (received in the Reserve Bank on July 07, 2017), for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded are not taking prior approval of RBI for transfer of shares from NRI to NR. The above amounts to the contravention of Regulation 3 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 and as amended from time to time (hereinafter referred to as FEMA 20).



2. The relevant facts are as under:

The applicant an NRI held 1,000 shares of an Indian company Metrod Metals Private Limited on non-repatriation basis. The applicant transferred these shares to Metrod (Mauritius) Private Ltd., an NR without obtaining approval from RBI. Transfer of shares (1000 equity shares) from Mr Rajan Mittal, NRI to Metrod (Mauritius) Private Ltd, NR required prior RBI approval (as Regulation 9(2)(ii) of FEMA 20 permits only NRI to NRI transfer of shares). Transfer of shares without obtaining RBI approval was a contravention of Regulation 3 of FEMA 20. Post facto approval for transfer of 1000 equity shares from NRI to NR was conveyed on June 16, 2017 subject to the NRI applying for compounding of contravention.

3. Regulation 3 of FEMA 20 states that "Save as otherwise provided in the Act or Rules or Regulations made thereunder, no person resident outside India shall issue or transfer any security:

Provided that a security issued prior to, and held on, the date of commencement of these Regulations, shall be deemed to have been issued under these Regulations and shall accordingly be governed by these Regulations:

Provided further that the Reserve Bank may, on an application made to it and for sufficient reasons, permit a person resident outside India to issue or transfer any security, subject to such conditions as may be considered necessary"

4. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA No./4037/15.20.67/2017-18 dated November 10, 2017 for further submission in person and/or producing documents, if any, in support of the application. The representative of the applicant attended the personal hearing on November 24, 2017. The application is, therefore, being considered on the basis of the averments made in the application, documents produced and submissions made during personal hearing.



5. I have given my careful consideration to the documents on record. It was observed that the applicant has contravened the provisions of Regulation 3 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time. The amount and period of contravention is as follows:

Regulation 3 of Notification No.FEMA.20/2000-RB – Amount of contravention– Rs. 10,000/- and period of contravention – 3 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 take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 1000/- (Rupees one thousand 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 3 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 1000/- (Rupees one thousand 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 twenty eighth day of November, 2017



Sd/-

(Meghna Singh)  
Assistant General Manager