



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

**R.Subramanian**  
**Regional Director**

Date: November 08, 2017  
**C.A. HYD 237**

In the matter of

**M/s Laxmi RA Holdings & Investments Private Limited**  
Plot No 26 & 27  
1<sup>st</sup> Floor, Technocrat Industrial Estate  
IDA Balanagar  
Hyderabad - 500037

**(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 compounding application dated August 17, 2017 received on August 18, 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 delay in filing form FC-TRS towards reporting transfer of shares by resident to Non-resident in terms of Regulation 10(A)(b)(i) ibid read with Paragraph 10 of Schedule 1 to Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) notified vide Notification No. FEMA.20/2000-RB dated 3rd May 2000 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20 /2000-RB).



Compounding of contraventions under FEMA 1999  
M/s Laxmi RA Holdings & Investments Private Ltd  
CA.HYD 237

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

a) The applicant, M/s Laxmi RA Holdings & Investments Private Ltd, is a resident company incorporated under the Companies Act of 1956 on December 27, 1999 (CIN.U67120TG1999PTC033145). The main business activity of the company is trading of pharmaceutical products. The applicant transferred the equity shares held in RA Chem Pharma Ltd (a company incorporated under the Companies Act of 1956 on January 08, 1996) to non-residents and delayed in filing of form FCTRS as per following details:

Name of the Non Resident Transferee	Number of shares	Amount Transferred (₹)	Date of Transfer	Date of Receipt of consideration	Date of filing of FCTRS
Orchem International Trading BV	112391	2,25,74,727	14.12.2007	14.12.2007	15.07.2017
1575773 Ontario Inc	112391	2,24,78,200	12.12.2007	12.12.2007	18.11.2016
<b>Total</b>	<b>2,24,782</b>	<b>4,50,52,927</b>			

The applicant had transferred 2,24,782 equity shares of M/s RA Chem Pharma Limited for consideration amounting to ₹4,50,52,927/-. The applicant delayed in the filing of form FCTRS beyond 60 days from the date of receipt of consideration in contravention of Regulation 10(A)(b)(i) read with Paragraph 10 of FEMA 20. The period of contravention ranges from 8 years 9 months 7 days to 9 years 5 months 1 day approximately from the date of receipt of consideration to the date of filing of FCTRS.



Whereas in terms of Regulation 10(A)(b)(i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB, a resident individual in accordance with these Regulations has to submit to Reserve Bank within 60 days from the date of transfer of shares, a report in form FC-TRS along with documents prescribed therein. The onus of submission of the form FC-TRS within the given time frame would be on the transferor/transferee resident in India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/815/14.66.003/2016-17 dated November 03, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on November 07, 2017 represented by Shri N.V.Ramana Rao, GM-Finance, RA Chem Pharma Ltd, during which the authorized representatives admitted the contraventions for which the compounding has been sought. During the personal hearing, it was submitted that the delay was on account of the disagreement between the parties on the number of shares, pricing etc., and the contravention was neither wilful nor with a malafide intention. In view of the foregoing, the applicant requested to take a lenient view 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 the submissions made in this context by the applicant during the personal hearing.

4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:-

(a) Regulation 10(A)(b)(i) read with Paragraph 10 of Schedule 1 to Notification No. 20/2000-RB for delay in submission of form FC-TRS after receipt of money for transfer of shares to persons resident outside India and the contravention relates to an amount of ₹4,50,52,927/- and the period of



contravention ranges from 8 years 9 months 7 days to 9 years 5 months 1 day approximately.

5. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty upto 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 ₹9,26,500/- (Rupees Nine Lakhs Twenty Six Thousand Five Hundred Only) will meet the ends of justice.

6. Accordingly, I compound the admitted contravention, namely, the contraventions of Regulation 10(A)(b)(i) read with Paragraph 10 of Schedule 1 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 ₹9,26,500/- (Rupees Nine Lakhs Twenty Six Thousand Five Hundred Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 of accordingly.

Dated this 8th day of November 2017

Sd/-

(R. Subramanian)  
Regional Director