



In the

**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: February 26, 2020  
**C.A. BGL 509/2019**

In the matter of

**Hinduja Investments Private Limited**  
#7 & 12, Industrial Suburb, 2<sup>nd</sup> Stage  
Yeshwantpur  
Bengaluru – 560022

**(Applicant)**

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

**ORDER**

The applicant has filed a compounding application dated November 05, 2019, received at this office of Reserve Bank of India, Bengaluru, on November 06, 2019, for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in reporting the transfer of shares by Resident to Non-Resident, in terms of Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB, dated May 03, 2000, as amended from time to time and Paragraph 4 of A.P. (DIR Series) Circular No. 63 dated April 22, 2009.

**2.** The relevant facts of the case are as follows: The applicant company, M/s Hinduja Investments Private Limited, was incorporated at Bengaluru,



Karnataka, on February 03, 2006, under the Companies Act, 1956, as per the Certificate of Incorporation issued by Registrar of Companies, Karnataka. The activity undertaken by the company, is to carry out the business of designing, manufacturing, importing, exporting and dealing or distributing all kinds of readymade garments.

The applicant company M/s Hinduja Investments Private Limited is a resident shareholder of the company, M/s Gokaldas Intimatewear Private Limited, which was incorporated in Bengaluru on November 16, 2001. The activity undertaken by M/s Gokaldas Intimatewear Private Limited is to manufacture all types of textile garments and clothing accessories.

3. The applicant company M/s Hinduja Investments Private Limited, had purchased the shares of M/s Gokaldas Intimatewear Private Limited, from its non-resident investor, M/s Barbara S.A, France, and filed form FC-TRS with Reserve Bank/ AD Bank, as indicated below:

**Table 1**

Sr. No	Date of outward remittance	Date of transfer of shares	No. of shares transferred	Amount of Outward remittance (in ₹)	Date of reporting to RBI/AD Bank
1	16-11-2007	28-12-2007	12,14,880	1,21,48,800.00	06-09-2019
2	24-12-2007		12,14,880	1,21,48,800.00	
3	17-11-2008		9,00,000	90,00,000.00	
4	21-01-2009		7,19,840	71,98,400.00	
		<b>Total</b>	<b>40,49,600</b>	<b>4,04,96,000.00</b>	

The applicant company had remitted ₹4,04,96,000.00, in four tranches, from November 16, 2007, to January 21, 2009, to the non-resident seller M/s Barbara S.A, France, in lieu of transfer of 40,49,600 shares. However, the resident transferee, reported the share transfer in form FC-TRS with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, on September 06, 2019. The stipulated time period of 60 days to file form FC-TRS to AD Bank/RBI, to report the transfer of shares from Resident to Non-



Resident and vice versa, came into effect from April 22, 2009, notified vide A.P. (Dir Series) Circular No. 63. Thus, the delay period would be ten years four months and fifteen days, as per the said circular.

Whereas, in terms Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB and Paragraph 4 of A.P. (DIR Series) Circular No. 63 dated April 22, 2009, form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the form FC-TRS, within the given timeframe would be on the transferor / transferee, resident in India.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1888/22.05.676/2019-20, dated February 06, 2020, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Sumir Hinduja, Director and Mr. Ganapati Hegde, Authorized Person, who appeared for the personal hearing on February 20, 2020, admitted the contraventions as stated in paragraph 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representatives of the applicant requested that as the contravention was not intentional or with a malafide intention, and was mainly due to inadvertence, 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.

5. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the FEMA provision issued in terms of Regulation 10A (b) (i) read with Paragraph 10 of Schedule I to FEMA 20/2000-RB and Paragraph 4 of A.P. (DIR Series) Circular No. 63 dated April 22, 2009, due to delay in reporting of transfer of shares as detailed in Paragraph 3 above. The amount of contravention is **₹4,04,96,000.00**, and the period of delay is ten years four months and fifteen days.



6. It has been declared in the compounding application dated November 05, 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 been declared in the undertaking dated November 04, 2019, furnished as part of 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 it, 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 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.

7. 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. 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 **₹5,31,000.00 (Rupees Five Lakh Thirty One Thousand only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Regulation 10A (b)(i) read with para 10 of Schedule I to Notification No. FEMA 20/2000-RB and Paragraph 4 of A.P. (DIR Series) Circular No. 63 dated April 22, 2009, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹5,31,000.00 (Rupees Five Lakh Thirty One Thousand only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of



the “Reserve Bank of India”, payable at Bengaluru, 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, the Twenty Sixth day of February 2020.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**