



In the

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

Present

Smt. K S Jyotsna
General Manager

Date: October 22, 2019
C.A. BGL 473/2019

In the matter of

M/s Double Two India Private Limited
Annamalai Arcade No.45
Hosur Main Road
Bengaluru – 560027
(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 July 25, 2019, received at this office of Reserve Bank of India, Bengaluru on August 13, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the regulations issued there under. The contraventions sought to be compounded are (i) delay in submission of form FC-GPR to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraph 9(1)(B), of Schedule I to 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 03, 2000, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB), and (ii) delay in allotment of shares to the foreign investor/persons resident outside India, beyond 60 days from the date of receipt of the inward remittance, in terms of Paragraph 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident



Outside India) Regulations, 2017, notified vide Notification No. FEMA 20(R)/2017-RB, dated November 07, 2017, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).

2. The relevant facts of the case are as follows: The applicant, M/s Double Two India Private Limited, was incorporated on October 29, 2016, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Deputy Registrar of Companies, Ministry of Corporate Affairs, Government of India. The activity undertaken by the company is single brand retailing in readymade garments. The applicant had received funds towards share application money from the non-resident investor, namely, M/s Wakefield Shirt Company Limited, United Kingdom, as shown below:

Table – 1

Sl. No.	Date of Receipt	Amount (INR)	Date of reporting to RBI/AD
1	08-02-2017	2,45,000.00	07-03-2017
2	13-06-2017	14,70,000.00	19-09-2017
3	10-04-2018	75,80,000.00	05-05-2018
	Total	92,95,000.00	

3. The company had received an inward remittance of ₹75,80,000.00, from the non-resident investor, M/s Wakefield Shirt Company Limited, United Kingdom, on April 10, 2018, and had allotted 758 equity shares worth ₹75,80,000.00, to the non-resident investor, on August 03, 2018, with a delay beyond the prescribed time limit of 60 days, from the date of receipt of inward remittance. Whereas, in terms of Paragraph 2 of Schedule 1 to Notification No. FEMA 20 (R)/2017- RB, dated November 07, 2017, if the capital instruments are not issued within sixty days from the date of receipt of the consideration, the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/ FCNR(B) accounts, as the case may be, within fifteen days from the date of completion of sixty days.

4. The applicant company allotted equity shares and filed form FC-GPRs with Reserve Bank/AD as indicated below:



Table – 2

Sl. No.	Date of Allotment	Number of equity shares allotted	Amount (INR)	Date of reporting to RBI/AD
1	19-04-2017	245	2,45,000.00	29-03-2019
2	11-08-2017	147	14,70,000.00	08-12-2017
3	03-08-2018	758	75,80,000.00	31-08-2018
	Total	1150	92,95,000.00	

The applicant filed the form FC-GPR on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank with a delay ranging from two months and twenty eight days to one year ten months and ten days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 1 and 2, in the Table – 2, above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to person/s resident outside India. In respect of the form FCGPR indicated at serial number 3, in the Table 2 above, the company had allotted equity shares and filed form FC-GPR with Reserve Bank/AD, in accordance with Regulation 13.1(2) of Schedule 1 to Notification No. FEMA 20 (R)/2017- RB, dated November 07, 2017.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 995/22.11.334/2019-20, dated October 15, 2019, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Anand Annamalai, Managing Director, Mr. Gopal Krishnaraj H H, Company Secretary, and Mr. C R Raghavendra, Advocate, who appeared for the personal hearing on October 21, 2019, admitted the contraventions as stated in paragraphs 3 and 4 above, committed by the applicant, for which compounding has been sought. The representatives of the applicant requested that as the contraventions were 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.

6. 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 following FEMA provisions issued in terms of:

(a) Paragraph 2 of Schedule 1 to Notification No. FEMA 20(R)/2000-RB, as the applicant allotted the shares to the non-resident investor with a delay beyond the stipulated period of 60 days from the date of receipt of amount of consideration, as detailed in paragraph 3 above. The contravention relates to an amount of **₹75,80,000.00**, and the period of contravention is one month and twenty five days; and

(b) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPRs to the Reserve Bank after issue of shares to person/s resident outside India, as detailed in paragraph 4 above. The contravention relates to an amount of **₹17,15,000.00**, and the period of delay ranges from two months and twenty eight days to one year ten months and ten days.

7. It has been declared in the compounding application dated July 25, 2019, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the undertaking, 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 contraventions which are



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.

8. 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 contraventions are to be compounded, and I consider that an amount of **₹1,00,445.00 (Rupees One Lakh Four Hundred and Forty Five only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, and Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2017-RB, 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 **₹1,00,445.00 (Rupees One Lakh Four Hundred and Forty Five only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd 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 Second day of October 2019.

Sd/-

(K S Jyotsna)
General Manager