



In the

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

Present

**Smt. K S Jyotsna**  
**General Manager**

Date: August 13, 2019  
**C.A. BGL 420/2013**

In the matter of

**M/s Due North Yoga Private Limited**  
No. 42, 80 Feet Road, HAL III Stage,  
Bengaluru 560075

**(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 April 22, 2019, received at this office of Reserve Bank of India, Bengaluru on May 06, 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 reporting receipt of foreign inward remittance towards subscription to equity, (ii) delay in allotment of shares, beyond 180 days from the date of receipt of inward remittance, and (iii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A), 8 and 9(1)(B) respectively, 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).



2. The relevant facts of the case are as follows: The applicant, M/s Due North Yoga Private Limited, was incorporated on April 13, 2011, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is engaged in operating, managing and maintaining Yoga centers/studios, conducting Yoga training courses, workshops, Yoga Teacher outsourcing and certifications. The applicant had received funds towards share application money from the foreign investors, namely, Madam Ow Mee Eng, Malaysia, Mohd Shahezan Bin Abu Kasim, Malaysia, Mr. Ow Mee Eng, Malaysia and Mr. Sunil Sheriker, Germany, as shown below:

**Table – 1**

<b>Sl. No.</b>	<b>Date of Receipt</b>	<b>Amount (INR)</b>	<b>Date of reporting to RBI/AD</b>
1	19-04-2011	10,05,000.00	05-08-2011
2	19-04-2011	3,35,000.00	05-08-2011
3	24-01-2012	6,60,000.00	09-10-2012
4	31-03-2012	4,31,080.00	09-10-2012
5	31-03-2012	1,00,000.00	09-10-2012
6	31-03-2012	1,43,600.00	09-10-2012
7	12-05-2012	30,680.00	09-10-2012
8	12-04-2013	2,53,511.90	12-06-2013
9	02-05-2013	5,000.00	15-04-2019
10	03-05-2013	2,95,000.00	15-04-2019
11	06-05-2013	3,00,000.00	15-04-2019
12	15-07-2013	5,00,000.00	15-04-2019
13	16-07-2013	1,00,000.00	15-04-2019
14	05-11-2013	3,00,000.00	15-04-2019
	<b>Total</b>	<b>44,58,871.90</b>	

The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from one month to five years two months and thirty days, beyond the stipulated period of 30 days in respect of the remittances as indicated, in the Table-1 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations



should report to the Reserve Bank of India, as per the prescribed procedure, not later than 30 days from the date of receipt of the amount of consideration.

3. The company had allotted equity shares to the foreign investor, in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA.20/2000 RB dated May 03, 2000. However, in the instances mentioned here below, the company had allotted the shares, beyond the stipulated period of 180 days from the date of receipt of inward remittance.

i. The company had received inward remittance ₹10,05,000.00 and ₹3,35,000.00 on April 19, 2011, from the non-resident investors Mr. Ow Mee Eng, Malaysia and Mr. Mohd Shahezan Bin Abu Kasim, Malaysia respectively. The company had allotted 1,00,500 and 33,500 equity shares to Mr. Ow Mee Eng, Malaysia and Mr. Mohd Shahezan Bin Abu Kasim, Malaysia respectively with the total shares worth ₹13,40,000.00, on October 20, 2011, with a delay of four days beyond 180 days from the date of receipt of remittances, without prior approval from Reserve Bank. The amount of contravention is **₹13,40,000.00**, and the period of delay is four days.

ii. The company had received an inward remittance of ₹2,53,511.90, from the non-resident investor Mr Ow Mee Eng, Malaysia, on April 12, 2013. The company had allotted 9,887 equity shares worth ₹2,53,502.68 on March 04, 2014, with a delay of four months and twenty three days beyond 180 days from the date of receipt of remittance, with prior approval from the Reserve Bank. The company was given approval vide Reserve Bank's letter Ref No. FE.BG.FID.No. 7557/21.08.005/2013-14 dated February 26, 2014. The amount of contravention is **₹2,53,502.68**, and the period of delay is four months and twenty three days.

iii. The company had received an inward remittance of ₹30,680.00, from the non-resident investor Mohd Shahezan Bin Abu Kasim, Malaysia, on May 12, 2012. The company had allotted 1,196 equity shares worth ₹30,665.00 on March 17, 2014, with a delay of one year four months and nine days beyond 180 days from the date of receipt of remittance, with prior approval from Reserve Bank. The company was given approval vide Reserve Bank's letter Ref No.FE.BG.FID.No.7819/21.08.005/2013-14 dated March 12, 2014. The amount



of contravention is ₹30,665.44, and the period of delay is one year four months and nine days.

iv. The company had received inward remittances, in six tranches, amounting to ₹15,00,000.00, from the non-resident investor Mr. Sunil Sheriker, Germany, during the period May 02, 2013 to November 05, 2013. The company had allotted 58,502 shares worth ₹14,99,991.28 on March 30, 2015, with a delay ranging from ten months and twenty six days to one year five months and one day beyond 180 days from the date of receipt of inward remittances, without the prior approval of Reserve Bank. The amount of contravention is ₹14,99,991.28, and the period of delay ranges from ten months and twenty six days to one year five months and one day.

Whereas, in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000, and as amended from time to time, read with AP (Dir series) Circular No. 20, dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons, permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. In the above mentioned instances, the total amount of contravention is ₹31,24,159.40, and the period of delay ranges from four days to one year five months and one day.

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	20-10-2011	33500	335000.00	09-12-2011
		100500	1005000.00	
2	31-03-2012	119108	1191080.00	15-02-2013
3	26-09-2012	14360	143600.00	02-07-2013
4	04-03-2014	9887	253502.68	11-03-2014



5	17-03-2014	1196	30665.44	25-03-2014
6	30-03-2015	58502	1499991.28	15-04-2019
	<b>Total</b>	<b>337053</b>	<b>44,58,839.40</b>	

The applicant filed the form FC-GPRs on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank with a delay ranging from twenty days to three years eleven months and seventeen days, beyond the prescribed period of 30 days in respect of allotment of shares as indicated at serial numbers 1, 2, 3 and 6, 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.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 471/22.08.005/2019-20, dated August 08, 2019, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representative Mr. Manjunatha Hegde, Practicing Company Secretary, who appeared for the personal hearing on August 09, 2019, admitted the contraventions as stated in paragraphs 2, 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, the representative 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 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 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittance received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹44,58,871.90**, and the period of delay ranges from one month to five years two months and thirty days.
- (b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to delay in allotment of shares, beyond 180 days from the date of receipt of inward remittance, as detailed in paragraph 3 above. The total amount of contravention is **₹31,24,159.40**, and the period of delay ranges from four days to one year five months and one day; and
- (c) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPR 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 **₹41,74,671.28**, and the period of delay ranges from twenty days to three years eleven months and seventeen days.

7. It has been declared in the compounding application dated April 22, 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 with 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 **₹1,09,488.00, (Rupees One Lakh Nine Thousand Four Hundred and Eighty Eight only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 8 and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-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 **₹1,09,488.00, (Rupees One Lakh Nine Thousand Four Hundred and Eighty Eight 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 Thirteenth day of August 2019.

Sd/-

**(K S Jyotsna)**  
**General Manager**