



In the

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

Present

Shekhar Bhatnagar
Chief General Manager

Date: August 29, 2017
CA No 4379 / 2017

In the matter of

Troupe International Limited
c/o Zuri Hospitality Private Limited
244, Hoody Village
Rajapalya, ITPL Road, Whitefield Road
Opposite TATA Elxsi
Bangalore - 560048

(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 March 22, 2017 (received in the Reserve Bank on May 08, 2017), 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) transfer of shares by an OCB (Overseas Corporate Body) to non-resident without prior approval of the Reserve Bank of India (ii) non-receipt of sale proceeds with respect to non-repatriable shares in the NRO



account of the applicant and (iii) delay in reporting the transfer of shares, with respect to non-repatriable shares, within the stipulated time period. The above amounted 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, as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts are as under: The applicant, namely, Troupe International Limited, an erstwhile OCB, is a company incorporated outside India, on May 8, 1998, having registered office in British Virgin Islands.

The applicant had acquired an aggregate of 24,49,800 shares (on repatriation and non-repatriation basis) of Ramboo Cane (India) Private Limited, an erstwhile group company of the Zuri group, on February 5, 1999. Further, on November 22, 1999 and September 10, 2000, Troupe subscribed to an aggregate of 39,30,000 shares (on repatriation and non-repatriation basis) of Zuri Hospitality Private Limited. On June 4, 2008, Ramboo Cane (India) Private Limited underwent a change of name to become Laguna Kumarakom Resorts Private Limited. On August 19, 2009, Troupe sold its entire shareholding in Zuri Hospitality Private Limited as well as Laguna to Charade (Mauritius) Limited, a non-resident entity, forming a part of the Zuri group, at a consideration of INR 3.52 per share for Laguna (totaling to INR 86,12,800), and at a consideration of INR 3.77 per share for the applicant (totaling to INR 1,48,14,000). The abovementioned transfer of shares was completed without obtaining the prior approval of RBI. Further, the sale proceeds in respect of the transferred shares (non-repatriable) were not received by Troupe in its NRO account. The transfer of shares for non-repatriable shares was also not reported in Form FC-TRS. All of the above was in contravention of Regulation 3 of Notification No. FEMA 20/2000-RB. Laguna was later merged into the applicant under a court order of amalgamation, on March 31, 2010.

The fair value certificates of equity shares have now been submitted, the sales proceeds in respect of the non-repatriable equity shares have been transferred into Troupe's NRO account and the transfer of non-repatriable shares by



Troupe to Charade has been reported in form FC-TRS. Further to the completion of the above administrative action, the form FC-TRS were taken on record, subject to compounding, vide RBI letter dated January 21, 2016.

3. According to Regulation 3 of Notification No.FEMA.20/2000-RB dated May 03, 2000, as then applicable and as amended from time to time, "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 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. FE.CO.CEFA/120/15.20.67/2017-18 dated July 06, 2017 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on July 25, 2017 during which Shri R.Srinivasan, Zuri Group, Shri S.Baranidharan, Senior Manager, Accounts and Tax, Zuri Group, Shri Abhishek Kalra, AZB and Partners and Shri Rushabh Maniar, AZB and Partners, represented the applicants. The representatives of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations due to ignorance and requested that a lenient view may be taken in the matter. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 3 of Notification No. FEMA 20/2000-RB. The amount of contravention is INR 2,34,26,800 and period of contravention is six and a half years 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. 2,25,701/- (Rupees two lakh twenty five thousand seven hundred and one 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 on payment of a sum of Rs. 2,25,701/- (Rupees two lakh twenty five thousand seven hundred and one 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 ninth day of August, 2017

Sd/-

(Shekhar Bhatnagar)
Chief General Manager