



In the
Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

CA No. MUM 954/2019

In the matter of
M/s BMI Wholesale Trading Pvt Ltd
17, 10th Floor, Pinnacle Corporate Park,
G Block, Bandra Kurla Complex, Bandra East,
Mumbai 400 051

(Applicant)

In exercise of the powers conferred under section 15(1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

Order

- 1 The applicant has filed the compounding application dated August 23, 2019, received at the Reserve Bank on August 29, 2019, for compounding of contravention/s of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention/s sought to be compounded are in respect of the following (Regulations/ paras under Schedule 1 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 3, 2000 and as amended from time to time (hereinafter referred to as FEMA 20):
 - (i) Para 9 (1) (A) of FEMA 20: Delay in reporting receipt of foreign inward remittance towards subscription to equity
 - (ii) Para 9 (1) (B) of FEMA 20: Delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India
- 2 Brief details of the applicant company are as follows:

Date of Incorporation	June 16, 2006
Its main activities are:	Wholesale of textiles, fabrics, yarn, household linen, articles of clothing, floor coverings and tapestry, sports clothes.



- 3 The applicant received foreign inward remittances from non-resident investors towards equity shares / compulsorily convertible preference shares/ compulsorily convertible debentures and it reported the same to the Reserve Bank on dates as indicated below.

<u>Delay in reporting Foreign Direct Investment &/or delay in allotting the shares/ refunding the amount</u>						
<u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, and LSF stands for : Late Submission Fees</u>						
Sr. No/ LSF	Date of inward remittance (DD-MM-YY)	Amount received (in INR)	Date of reporting to RBI (DD-MM-YY)	Delay in reporting Foreign Investment	Date of allotment / refund (DD-MM-YY)	Delay in allotment or refund
1	29-07-11	1322,55,000.00	23-08-11	0	23-12-11	0Y 0M 0D
2	09-08-11	406,80,000.00	23-08-11	0	23-12-11	0Y 0M 0D
3	30-08-11	138,00,000.00	27-09-11	0	23-12-11	0Y 0M 0D
4	16-09-11	120,05,000.00	22-09-11	0	23-12-11	0Y 0M 0D
4A	16-09-11	353,40,000.00	22-09-11	0	30-01-12	0Y 0M 0D
5	20-10-11	356,60,000.00	05-11-11	0	30-01-12	0Y 0M 0D
5A	20-10-11	138,00,000.00	05-11-11	0	15-02-12	0Y 0M 0D
6	21-05-12	23,90,100.00	12-06-12	0	08-11-12	0Y 0M 0D
6A	21-05-12	200,00,000.00	12-06-12	0	23-08-12	0Y 0M 0D
7	01-06-12	139,57,500.00	21-06-12	0	21-11-12	0Y 0M 0D
8	05-09-12	111,66,000.00	26-09-12	0	03-01-13	0Y 0M 0D
8A	05-09-12	83,74,053.00	26-09-12	0	27-02-13	0Y 0M 0D
9	25-03-13	54,11,688.13	10-04-13	0	18-09-13	0Y 0M 0D
10	10-05-13	106,34,257.70	21-05-13	0	31-10-13	0Y 0M 0D
11	27-03-14	60,00,000.00	04-04-14	0	15-07-14	0Y 0M 0D
11A	27-03-14	336,74,520.00	04-04-14	0	07-08-14	0Y 0M 0D
12	07-10-14	1800,00,000.00	04-12-14	0Y 0M 27D	07-10-14	0Y 0M 0D
13	12-08-15	504,00,000.00	10-09-15	0	12-08-15	0Y 0M 0D
14	18-08-15	126,00,000.00	27-08-15	0	19-08-15	0Y 0M 0D
15	23-03-17	130,00,010.00	19-04-17	0	31-03-17	0Y 0M 0D
16	30-03-17	50,00,021.70	20-04-17	0	31-03-17	0Y 0M 0D
17	13-02-19	452,07,096.00	NA	0	13-02-19	0Y 0M 0D
	TOTAL	7013,55,247.00				

In terms of Para 9 (1) (A) of FEMA 20, an Indian company issuing equity shares/ compulsorily convertible debentures/compulsorily convertible preference shares 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. However the applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above out of which one remittance was reported with a delay of 0Y 0M 27D.

- 4 The company allotted equity shares/compulsorily convertible preference shares/compulsorily convertible debentures and filed FC-GPRs as indicated below:



Delay in filing Form FCGPR						
<u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, LSF stands for : Late Submission Fees, IP stands for Issue Price and FV stands for Face Value</u>						
Sr. no/ LSF	Date of allotment (DD-MM-YY)	Number of shares	IP (FV+ premium) (in INR)	Amount (IP*no of shares) (in INR)	Date of reporting (DD-MM-YY)	Delay in filing FCGPR
1	23-12-11	15899200	12.50	1987,40,000.00	11-01-12	0
2	08-11-12	239010	10.00	23,90,100.00	21-11-12	0
3	18-09-13	88716	61.00	54,11,676.00	23-10-13	0Y 0M 4D
4	31-10-13	174332	61.00	106,34,252.00	29-11-13	0
5	07-10-14	3819000	47.13	1799,89,470.00	04-12-14	0Y 0M 27D
6	12-08-15	1069383	47.13	504,00,020.79	09-09-15	0
7	19-08-15	267346	47.13	126,00,016.98	08-09-15	0
8	31-03-17	275833	47.13	130,00,009.29	04-10-18	1Y 5M 3D
9	31-03-17	106090	47.13	50,00,021.70	04-10-18	1Y 5M 3D
LSF Paid	13-02-19	959200	47.13	452,07,096.00	18-03-19	LSF Paid
TOTAL				5233,72,663.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 0Y 0M 4D to 1Y 5M 3D. Whereas, in terms of Para 9(1) (B) of FEMA 20, an Indian company issuing shares in accordance with these Regulations has to submit to RBI a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to Non Resident. In case of the allotment/s amounting to Rs. 452,07,096/- (Rupees Four Crore Fifty Two Lakh Seven Thousand Ninety Six and Zero Paise Only) indicated in the above table as "LSF Paid", they were also reported with a delay. In terms of Regulation 13.2 of FEMA 20R/2017-RB, the person/ entity responsible for filing the reports stipulated in Regulation 13.1 shall be liable for payment of late submission fee, as may be decided by the Reserve Bank, in consultation with the Central Government, for any delays in reporting. Since the applicant has already deposited the LSF amount, this delay has not been taken into consideration for computing the amount for compounding the contraventions.

- 5 The applicant was given an opportunity for personal hearing, for further submission in person and/or for producing documents, if any, in support of the application vide e-mail dated December 12, 2019. The applicant appeared for personal hearing on December 17, 2019, during which Ms Khushbu Shah, Consultant and Ms Radha Agiwal, Consultant represented the applicant in the office of the Compounding Authority. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing by the Compounding Authority the representatives of the applicant submitted that the delay was inadvertent and unintentional. They requested that in view of the foregoing 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 submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:
- (i)** Para 9 (1) (A) of FEMA 20, due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed above. The contravention relates to total amount of Rs.1800,00,000/- (Rupees Eighteen Crore and Zero Paise Only) with a delay of 0Y 0M 27D approximately.
 - (ii)** Para 9 (1) (B) of FEMA 20, due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to total amount of Rs.2034,01,177/- (Rupees Twenty Crore Thirty Four Lakh One Thousand One Hundred Seventy Seven and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 4D to maximum 1Y 5M 3D approximately.
- 7** It has been declared in the compounding application dated August 23, 2019 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has also been declared in a declaration attached to 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/him/her 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 are 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 Rs.1,22,750/- (Rupees One Lakh Twenty Two Thousand Seven Hundred Fifty and Zero Paise Only) will meet the ends of justice.
- 9** Accordingly, I compound the admitted contravention/s namely, the contravention/s of Para 9 (1) (A) of FEMA 20 and Para 9 (1) (B) of FEMA 20, by the applicant, on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs. 1,22,750/- (Rupees One Lakh Twenty Two Thousand Seven Hundred Fifty and Zero Paise Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, 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.



- 10 The above order is passed only in respect of contraventions of Para 9 (1) (A) of FEMA 20 and Para 9 (1) (B) of FEMA 20 and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.
- 11 The application is disposed of accordingly.

(Aviral Jain)

Chief General Manager

Compounding Authority

Dated: December 20, 2019