



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

R Subramanian
Regional Director

Date: March 07, 2018
C.A. HYD 258

In the matter of

M/s. Brandix Apparel India Private Limited
Plot no. 18
Brandix India Apparel City SEZ
Pudimadaka Road, Atchuthapuram Mandal
Visakhapatnam - 531 011

(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 compounding application dated October 20, 2017 received on October 30, 2017 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances; (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity and (iii) neither the equity instruments were issued nor amount refunded to the foreign investor within 180 days from the date receipt of foreign inward remittance in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a



Compounding of contraventions under FEMA 1999
M/s Brandix Apparel India Private Limited
CA No. HYD 258

Person Resident Outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated 3rd May 2000 (hereinafter referred to as Notification No. FEMA 20 /2000-RB) as then applicable.

2. The relevant facts of the case are as follows:

- a) The applicant is a company incorporated as Private Limited Company under the Companies Act, 1956 on 28.03.2005 (CIN: U51311AP2005PTC067650). The company is engaged in the business of manufacturing apparels.
- b) The applicant had received foreign inward remittances from the foreign investor towards advance for subscription to equity shares as indicated below.

Sl No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Brandix Lanka Limited, Colombo	21792945.39	26.07.2007	11.10.2007
2	Brandix International Limited, Hong Kong	4121250	17.08.2007	02.11.2007
3	Brandix International Limited, Hong Kong	20507500	29.08.2007	01.11.2007
4	Brandix International Limited, Hong Kong	3316489	13.09.2007	01.11.2007
5	Brandix International Limited, Hong Kong	11798245	04.10.2007	01.11.2007
6	Brandix International Limited, Hong Kong	76093052	23.10.2007	13.12.2007
7	Brandix International Limited, Hong Kong	10276458	16.11.2007	13.12.2007
8	Brandix International Limited, Hong Kong	109067546	26.11.2007	12.03.2008
9	Brandix International Limited, Hong Kong	27948142	06.12.2007	08.01.2008
10	Brandix International Limited, Hong Kong	7626370	27.02.2008	26.03.2008
	Total	29,25,47,997.39		

The applicant received the foreign inward remittances amounting to ₹29,25,47,997.39/- as indicated above out of which remittances amounting to



₹23,48,98,782.39/- were reported to Reserve Bank of India with delays ranging from 19 days to 2 months 16 days approximately beyond the prescribed period of 30 days. Whereas in terms of Paragraph 9(1)(A) of Schedule 1 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.

c) The company allotted shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Brandix International Limited, Hong Kong	20.06.2008	2925477	292547700	15.07.2009
	Total		2925477	292547700	

The applicant filed form FCGPRs for issue of shares amounting to ₹29,25,47,700/- as indicated above with a delay of 11 months 26 days approximately beyond the stipulated period of 30 days. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification no. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d. The company has delayed in allotting shares to the foreign investors beyond the stipulated period of 180 days in respect of remittances aggregating to ₹28,49,21,627.39/- and the delay ranges from 17 days to 6 months 22 days approximately .



Compounding of contraventions under FEMA 1999
M/s Brandix Apparel India Private Limited
CA No. HYD 258

Sl No	Name of Remitter	Total Amount (INR)	Date of receipt	Excess share application money (INR)	Date of allotment of shares
1	Brandix Lanka Limited, Colombo	21792945.39	26.07.2007	21792945.39	20.06.2008
2	Brandix International Limited, Hong Kong	4121250	17.08.2007	4121250	20.06.2008
3	Brandix International Limited, Hong Kong	20507500	29.08.2007	20507500	20.06.2008
4	Brandix International Limited, Hong Kong	3316489	13.09.2007	3316489	20.06.2008
5	Brandix International Limited, Hong Kong	11798245	04.10.2007	11798245	20.06.2008
6	Brandix International Limited, Hong Kong	76093052	23.10.2007	76093052	20.06.2008
7	Brandix International Limited, Hong Kong	10276458	16.11.2007	10276458	20.06.2008
8	Brandix International Limited, Hong Kong	109067546	26.11.2007	109067546	20.06.2008
9	Brandix International Limited, Hong Kong	27948142	06.12.2007	27948142	20.06.2008
	Total	284921627.39		284921627.39	

*Delay has been calculated with effect from 29.11.2007 in terms of A.P (DIR Series) Circular No. 20 dated December 14, 2007(except for S.no. 9)



Compounding of contraventions under FEMA 1999
M/s Brandix Apparel India Private Limited
CA No. HYD 258

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB, 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. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Govt. of India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1518/14.66.003/2017-18 dated February 28, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on March 05, 2018 during which Shri. Hathy Rasool, authorized representative and Shri. N Sudheer, Company Secretary represented the applicant. The authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of ignorance of FEMA regulations. In view of the foregoing, the representative of the applicant 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 the submissions made in this context by the applicant during the personal hearing.



4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:-

(a) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹23,48,98,782.39/- and the delay ranges from 19 days to 2 months 16 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 29,25,47,700/- and the period of contravention is 11 months 26 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB for delay in allotment of shares to the foreign investor and the contravention relates to an amount of ₹ 28,49,21,627.39/- and the delay ranges from 17 days to 6 months 22 days approximately.

5. It has been declared in the compounding application dated October 20, 2017 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 declaration dated October 20, 2017 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. 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.



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. 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 **Rs.12,73,346/- (Rupees Twelve Lakhs Seventy Three Thousand Three Hundred Forty Six Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 of Schedule 1 to Notification No. FEMA-20/2000-RB 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.12,73,346/- (Rupees Twelve Lakhs Seventy Three Thousand Three Hundred Forty Six Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 07th day of March 2018

Sd/-

(R Subramanian)
Regional Director