



In the

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

Present

Shri G. P. Borah
Chief General Manager

Date: October 17, 2017

C.A. No. 697/2017

In the matter of

Saffron Brand Consultants India Pvt. Ltd.
2nd floor, Kohinoor Estate
165 Tulsi Pipe Road
Lower Parel
Mumbai 400 013

(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 there under, I pass the following

Order

1.The applicant has filed the compounding application dated May 9, 2017 (received at the Reserve Bank on May 19, 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) neither the equity instruments were issued nor the money refunded to the foreign investor, a person resident outside India within 180 days of the receipt of the inward remittance (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity & (ii) delay in submission of Form FC-GPR to the Reserve



Bank after issue of shares to a person resident outside India in terms of paragraphs 8, 9(1)(A) & 9(1)(B) respectively, of 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 Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on September 23, 2008 under the Companies Act, 1956. Its main activity is to carry on the business of providing consultancy and advisory services for selecting unique brand name, logo, trade mark, trade name, image, logo to express the personalities, quality, activities of the client and to make strategy visible and clear to all the audiences by developing a unique brand and serve the right understanding and wider knowledge of client personalities, quality, activities by different mode of publicity, advertisement viz. publishing books, magazines, novels, journals, special bulletins, news papers of all kinds and languages, or any kind of literature in India and abroad and to give publicity of clients brand, logo, trade mark through computer education, Knowledge CD's, educational software programs, development of software, use of informational technology or holding conferences, seminars, educational camps whether individually or in collaboration with other organizations, governmental agencies, conducting and holding event shows etc. in India and abroad and to provide consultancy for importance of brand, trade mark and provide advisory and support services to the clients to register the brand, trade mark and making clients aware about development of brand, trade name, logo which is essential part in the business to reflect the identity and protecting the same by registering with the appropriate authorities in India and abroad in any industries and to advice the benefits of the brands and to provide consultancy on complete range of self development and other information relating to the strategy of the business and to assist in obtaining directly or indirectly benefit of the goodwill from the market. The applicant received foreign inward remittance from M/s Saffron Brand Consultants SA. Spain & M/s Saffron Brand Consultants Ltd. (Nominee Shareholders), United Kingdom towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.



FED, MRO
Saffron Brand Consultants India Pvt. Ltd.
MUM 697

Sr. No	Amount (in INR)	Date of Receipt	Date of Reporting
1.	6,02,585	15/01/2009	14/06/2012
2.	26,21,351	31/03/2009	14/06/2012
3.	9,46,800	16/06/2009	11/09/2012
4.	10,062	22/01/2009	14/06/2012
5.	24,83,280	12/02/2009	16/08/2012
6.	11,77,200	30/06/2009	14/06/2012
7.	8,79,900	01/09/2010	08/06/2011
8.	21,65,931	03/02/2011	08/06/2011
9.	1,94,862	26/08/2011	14/09/2011
10.	7,85,648	27/09/2011	14/10/2011
11.	3,31,718	03/11/2011	08/11/2011
12.	4,05,238	25/11/2011	07/01/2012
13.	1,93,223	13/01/2012	29/03/2012
14.	1,90,482	01/02/2012	06/03/2012
15.	1,27,354	23/02/2012	16/03/2012
16.	3,24,094	20/03/2012	27/03/2012
17.	65,670	29/03/2012	04/05/2012
18.	1,34,105	16/05/2012	25/05/2012
19.	1,37,400	06/11/2012	11/12/2012
20.	2,10,477	07/01/2013	29/01/2013
21.	12,66,400	23/06/2011	07/07/2011
22.	5,72,080	19/05/2011	31/05/2011
23.	18,99,600	23/06/2011	07/07/2011
24.	5,06,590	07/09/2011	14/09/2011
25.	1,57,560	05/12/2011	07/01/2012
26.	1,69,850	29/12/2011	27/03/2012
27.	1,62,525	29/02/2012	16/03/2012
28.	2,75,618	23/05/2012	28/05/2012
Total	1,89,97,603		



Amount Refunded			
Sr. No	Amount (in INR)	Date of Receipt	Date of Reporting
29.	23,69,600	15/09/2010	08/06/2011
30.	7,24,680	20/01/2011	08/06/2011
31.	5,63,120	30/11/2010	08/06/2011
32.	18,50,100	28/01/2011	08/06/2011
Total	55,07,500		

The applicant reported receipt of remittances amounting to Rs. 1,71,62,920/- to the Reserve Bank on dates indicated above and with a delay ranging from 13 days to 3 years 5 months and 5 days approximately beyond the stipulated time of 30 days in respect of remittances recorded at serial no. 1 to 8, 12, 13, 26 & 29 to 32 above. 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.

3. The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr no	No of shares	Face value	Premium	Amount Rs.	Date of allotment	Date of reporting
1.	60,000	10	----	6,00,000	05/03/2009	22/02/2013
2.	24,832	10	90	24,83,200	03/08/2009	22/02/2013
3.	26,213	10	90	26,21,300	20/09/2009	22/02/2013
4.	21,240	10	90	21,24,000	05/12/2009	22/02/2013
Total	1,32,285		Total	78,28,500		

The applicant filed form FC-GPRs as indicated above amounting to Rs. 78,28,500/- with a delay ranging from 3 years 1 month 17 days to 3 years 10 months 17 days approximately beyond the prescribed limit in respect of allotment indicated at Sr. No. 1 to 4 above. 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 a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. In respect of remittances amounting to Rs. 1,11,56,325/-, as detailed in Sr. No. 7 to 28 in para 2 above, the company approached RBI on April 05, 2016 with the request to refund after 180 days of receipt of investment with a delay ranging from 2 years 9 months 1 day to 5 years 1 month 7 days approximately. 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) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Government of India.

5. The applicant was given an opportunity for personal hearing vide e-mail dated September 25, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on September 29, 2017 during which Shri Hrishikesh Patil, Financial Accountant, represented the applicant in the cabin of Shri G. P. Borah, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The representatives of the applicant 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:

(a) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were not issued to the person resident outside India within 180 days from the date of receipt of the inward remittance/share application not refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance. The contravention relates to an amount of Rs.1,11,56,325/-and the duration ranging from 2 years 9 months 1 day to 5 years 1 month 7 days approximately.

(b) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs. 1,71,62,920/- and the duration ranging from 13 days to 3 years 5 months 5 days approximately.

(c) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB 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 an amount of Rs. 78,28,500/- with a delay ranging from 3 years 1 month 17 days to 3 years 10 months 17 days approximately.

7. 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. 2,17,822 /- (Rupees Two lakh seventeen thousand eight hundred twenty two only) will meet the ends of justice.



8. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraph 8, 9(1)(A) and 9(1)(B) 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. 2,17,822 /- (Rupees Two lakh seventeen thousand eight hundred twenty two 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.

9. The above order is passed only in respect of contraventions of paragraph 8, 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB 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.

The application is disposed of accordingly.

Dated: October 17, 2017

Compounding Authority

Sd/-

(G. P. Borah)
Chief General Manager