



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

Present

Shri. Subrata Das
Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)

Date: November 15, 2019
C.A. HYD 460

In the matter of

M/s. Seelam Infra Developers Private Limited
8-7-171/13/2, Maithrivan Colony
Old Bowenpally, Hyderabad - 500 011

(Applicant)

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

Order

The applicant has filed the compounding application dated September 24, 2019 received by us on September 24, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in allotment of shares to the foreign investor beyond 60 days from date of receipt of remittance and (ii) delay in filing the Annual Return in respect of the Foreign Liabilities and Assets (FLA Return), in terms of Paragraph 2(2) and Regulation 13.1(3) 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(R)/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as amended from time to time respectively.

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

a) The applicant is a resident company incorporated as a Private Limited Company under the Companies Act, 2013 on November 10, 2014 (CIN: U05000TG2014PTC096306). The company is engaged in the business of “Processing and canning of fish”.

b) The applicant had received foreign inward remittances as indicated below:

S No	Name of Remitter	Amount (INR)	Date of receipt	Date of reporting
1	Ferrel Asset Management Pte Ltd	4,09,40,700	05.02.2019	*
2	Ferrel Capital Pte Ltd	2,96,43,799	02.04.2019	*
	Total	7,05,84,499		

*Reporting not required as the remittance is received after September 01, 2018.

c) The applicant had allotted equity shares and filed form FC-GPRs as indicated below:

S No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Ferrel Capital Pte Ltd	12.04.2019	70,58,449	7,05,84,490	#26.08.2019
		Total		7,05,84,490	

Late Submission Fee was paid to regularize the contravention of Paragraph 13.1(2) of FEMA 20(R) dated November 7, 2017.



d) The applicant had allotted equity shares for ₹ 4,09,40,700/- with a delay of 7 days approximately beyond the prescribed time period as indicated below:

S No	Name of Remitter	Total Amount (INR)	Date of Receipt	Amount for which shares are allotted	Date of allotment
1	Ferrel Asset Management Pte Ltd	4,09,40,700	05.02.2019	7,05,84,490	12.04.2019
2	Ferrel Capital Pte Ltd	2,96,43,799	02.04.2019		
				7,05,84,490	

Whereas in terms of Paragraph 2(2) of Schedule 1 of FEMA 20(R)/2017-RB dated November 07, 2017, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration.

e) The company has delayed in filing FLA Return (Foreign Liabilities and Assets) for the financial year 2018-19 as indicated below. Here the period of contravention is 2 months 18 days approximately.

SI No	Particulars	Financial year	Due date for filing	Date of actual filing
1	FLA Return	2018-19	31.07.2019*	18.10.2019

* Due date for the financial year 2018-19 has been extended from July 15, 2019 to July 31, 2019

Whereas in terms of Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time, "All Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the



15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1054 /14.66.003/2019-20 dated November 05, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide e-mail dated November 06, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts and documents made therein along with the compounding application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

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 2(2) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in allotment of shares to the foreign investor amounting to ₹ 4,09,40,700/- and the period of contravention is 7 days approximately.

(b) Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to the Reserve Bank of India for the financial year 2018-19 with a delay of 2 months 18 days approximately.

5. It has been declared in the compounding application dated September 24, 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 declaration dated September 24, 2019 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 under 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 **₹ 2,64,704/- (Rupees Two Lakh Sixty Four Thousand Seven Hundred and Four Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 2(2) and Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 2,64,704/- (Rupees Two Lakh Sixty Four Thousand Seven Hundred and Four 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.



Compounding of contraventions under FEMA 1999
M/s Seelam Infra Developers Private Limited
CA No. HYD 460

The application is disposed of accordingly.

Dated this 15th day of November 2019.

Sd/-

(Subrata Das)

Regional Director (Andhra Pradesh and Telangana) and
Chief General Manager (Hyderabad)