



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 Sandeep Kulkarni
Assistant General Manager

October 31,2019

CA No. MUM 938/2019

In the matter of
M/s Saurashtra Freight Pvt Ltd
65/C, 6th Floor,
Mittal Tower, Nariman Point,
Mumbai 400 021

(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 July 19, 2019, received at the Reserve Bank on July 30, 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) Regulation 14(6)(ii)(a) of FEMA 20: Delay in filing Form DI to Reserve Bank after making Downstream Investment.



2 Brief details of the applicant company are as follows:

Date of Incorporation	January 16, 2017
Its main activities are:	Cargo handling incidental to water transport

3 The company made downstream investment and filed form DI/s as indicated below:

Delay in filing Form DI						
<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 on which investment became downstream (DD-MM-YY)	Number of shares	IP (FV+ premium) (in INR)	Amount (IP*no of shares) (in INR)	Date of reporting (DD-MM-YY)	Para Regulation 14(6)(ii)(a) delay
1	03-07-2017	9999	10.00	99,990.00	23-04-2019	1Y 8M 20D
	TOTAL			99,990.00		

The applicant filed form DI as indicated above with a delay of 1Y 8M 20D. Whereas, in terms of Regulation 14(6)(ii)(a) of FEMA 20, the Indian company/LLP making downstream investment is to notify SIA, DIPP and FIPB of its downstream investment in the prescribed form within 30 days of such investment, even if capital instruments have not been allotted, along with the modality of investment in new/existing ventures (with/without expansion programme).

4 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 October 22, 2019. The applicant appeared for personal hearing on October 30, 2019, during which Ms. Parvati Dilip, Company Secretary of the Company, Ms. Kanika Arora, Vice President- Finance & Accounts and Shri. Ankur Singhania, Consultant represented the applicant in the cabin of Shri Sandeep Kulkarni, Assistant General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contravention 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.

5 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) Regulation 14(6)(ii)(a) of FEMA 20, due to the delay in submission of Form DI to the Reserve Bank after making downstream investment and the contravention relates to total amount of Rs.99,990 (Rupees Ninety Nine Thousand Nine Hundred Ninety and Zero Paise Only) with a delay of 1Y 8M 20D approximately.



- 6 It has been declared in the compounding application dated July 19, 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.
- 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.8,749 (Rupees Eight Thousand Seven Hundred Forty Nine and Zero Paise Only) will meet the ends of justice.
- 8 Accordingly, I compound the admitted contravention/s namely, the contravention/s of Regulation 14(6)(ii)(a) 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. 8,749 (Rupees Eight Thousand Seven Hundred Forty Nine 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.
- 9 The above order is passed only in respect of contraventions of Regulation 14(6)(ii)(a) 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.
- 10 The application is disposed of accordingly.
dated: October 31,2019

Compounding Authority

(Sandeep Kulkarni)
Assistant General Manager