



In the

**Reserve Bank of India**  
Foreign Exchange Department  
11th floor, NCOB  
Fort, Mumbai - 400 001

Present

**Tuli Roy**  
**General Manager**

Date: April 18, 2018  
CA No 4547/2017

In the matter of

**M/s Centor India Agri Pvt. Ltd.**  
Plot No. 32 & 33, Bliss Paradise Khanamet  
Near Hitex, Hyderabad -500 084

**(Applicant)**

In exercise of the powers 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**

The applicant has filed a compounding application dated October 11, 2017 (received at the Reserve Bank on October 25, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under.

2. The relevant facts of the case are as follows: The company Centor India Agri Private Limited was incorporated on April 9, 2013 under the Companies Act 1956. The main objectives of the company is to engage in seed applied services and supporting technologies. IPECO Pty Ltd is an Australian Proprietary Company Limited by shares which held 93.48% of the paid up capital of Centor India Agri Private Ltd. M/s Agritec Pty Ltd. holds 5.59% of paid up capital in Centor India Agri Pvt. Ltd. The applicant accompany, Centor India Agri Pvt Ltd received Rs 97,01,267.70 (Rupees Ninety seven lakhs One



Thousand Two Hundred Sixty Seven only) or its equivalent in foreign currency from IPECO and Agritec towards Foreign Direct investment on various dated between 2013 and 2016. However, the receipt of funds were reported to RBI with a delay ranging from 3 years to 4 months. There was also delay in filing FCGPR. Out of remittances of Rs 97,01,267.70 equivalent in foreign currency the company had received an amount equivalent to Rs 24,91,358.90 in its EEFC account. This credit of FDI proceeds into EEFC account is a contravention of FEMA Regulations. The details of the remittances are as follows:

Para 9(1) A to Schedule I of FEMA 20-delay in reporting inward remittance

Date of receipt of funds	Amount received	Date of intimation to RBI	Delay
20.05.2013	927,344	01.08.2016	3 yrs 1 month
11.07.2013	538,560	01.08.2016	2 yrs 11 months
20.11.2013	575,179.80	16.08.2016	2 yrs 7 months
29.11.2013	554,800	20.03.2017	3 yrs 3 months
13.02.2014	1,366,084.80	16.08.2016	2 yrs 5 months
26.03.2014	1,903,494.60	16.08.2016	2 yrs 3 months
05.05.2014	546,400	19.01.2017	2 yrs 8 months
08.05.2014	552,000	16.08.2016	2 yrs 2 months
30.06.2014	1,384,558.90	16.08.2016	2 yrs 2 months
06.02.2015	233,851.50	16.08.2016	1 yr 5 months
11.12.2015	710,388.55	09.08.2016	7 months
26.02.2016	408,605.55	16.08.2016	4 months
<b>Total</b>	<b>97,01,267.70</b>		

Para 9 (1) B to Schedule 1 of FEMA 20- delay in filing FCGPR

Date of allotment of shares	Date of intimation to RBI	Delay period
02.08.2013	14.05.2016	2 yrs 8 months
29.3.2014	14.05.2016	2 yrs
17.05.2014	14.05.2016	1 yr 10 months
10.07.2014	14.05.2016	1 yr 9 months
05.03.2015	14.05.2016	1 yr 1 month
13.01.2015	14.05.2016	3 months
22.04.2016	23.05.2016	1 day



Para 2 of Schedule 1 read with Regulation 4 of FEMA 10

Amount	Date of conversion into INR	Date of regularisation	Delay
5,54,800	29.11.2013	03.01.2018	4 yrs 1 month
5,52,000	08.05.2014	03.01.2018	3 yrs 7 months
13,84,558.90	30.06.2014	03.01.2018	3 yrs 6 months
<b>Total=24,91,358.90</b>			

The applicant has filed the application dated October 11, 2017 (received at the Reserve Bank on October 25, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The above amounts to the contravention of Regulation 9(1) A and 9 (1) B of Schedule I of Notification No. FEMA 20/2000-RB dated May 3, 2000 as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB). It had also contravened Para (2) of Schedule I read with Regulation 4(A) of Notification No. FEMA 10/2000 dated May 3, 20000 as amended from time to time.

3. 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.”

In terms of para 9(1)(B) of FEMA 20/2000-RB “An Indian company issuing shares or convertible debentures in accordance with these Regulations shall submit through AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the Registered office of the company operates.....not later than 30 days from the date of issue of shares, a report in the form FC-GPR as specified by the Reserve Bank from time to time...”

Para 4 of FEMA 10/2000-RB states “Opening, holding and maintaining an Exchange Earner's Foreign Currency Account - A person resident in India may open, hold and maintain with an authorised dealer in India, a Foreign Currency Account to be known as Exchange Earner's Foreign Currency (EEFC) Account, subject to the terms and



conditions of the Exchange Earners' Foreign Currency Account Scheme specified in the <sup>1</sup>Schedule-I. Para 2 of FEMA 10/2000-RB clarifies the permissible credits to EEFC account which are as follows –

- i) "A portion of inward remittance/Payment received by the recipient in foreign exchange subject to the provisions of paragraph (1);
- ii) Interest earned on the funds held in the account;
- iii) Recredit of unutilised foreign currency earlier withdrawn from the account;
- iv) Amount representing repayment by the account holder's importer customer, of loan/advances granted in terms of clause (iv) of Paragraph 3.
- v) Representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/GDRs under the Sponsored ADR/GDR Scheme approved by the Foreign Investment Promotion Board of Government of India."

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter No. FE.CO.CEFA No 8034/15.20.67/2017-18 dated March 26, 2018 for further submission in person and/or producing documents, if any, in support of the application. The representative of the applicant appeared for the personal hearing on April 16, 2018 during which Mr Murali Krishna Gottipati, CA was present. During the personal hearing, the representative of the applicant admitted the contraventions committed by the company for which they have sought compounding. The representative of the applicant stated that the company had taken action to rectify the mistakes and have received RBI approvals. He therefore requested that the matter may be viewed leniently.

It has also been declared in the compounding application dated October 11, 2017, 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 been subsequently declared in the declaration dated February 27, 2018, furnished as an addendum to the compounding application that the applicant was not under any

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<sup>1</sup> Words amended w.e.f 31.2.2009 vide FEMA 219



enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not been informed of initiation of any such enquiry/investigation/adjudication proceeding against it/him/her thereafter. It has further been declared that the applicant has not filed any appeal under section 17 or section 19 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.

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 during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing before me. Accordingly, I hold that the applicant has contravened the FEMA provisions mentioned above.

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 contraventions are to be compounded and I consider that an amount of Rs. 154,571 /- (Rupees One hundred fifty four thousand five hundred and seventy one only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contravention of Paragraphs 9(1)(A), 9(1)(B) of Schedule 1 of Notification No. FEMA 20/2000-RB and Para 2 of Schedule I read with Regulation 4 of FEMA 10/2000-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. 154,571 /- (Rupees One hundred fifty four thousand five hundred



and seventy one only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department , 5<sup>th</sup> Floor, Amar Building, 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.

The application is disposed of accordingly.

Dated this the eighteenth day of April 2018

Sd/-

**(Dr. Tuli Roy)**  
**General Manager**