



In the
Reserve Bank of India
10/3/8, Nrupathunga Road,
Bengaluru-560001

Present

Eugene E Karthak
Regional Director

Date: June 15, 2017
C.A. BGL 202/2017

In the matter of

M/s. ID Fresh Food (India) Private Limited
No. 37, Doddenkundi Industrial Area
Whitefield Road, Mahadevapura
Bengaluru 560048
(Applicant)

In exercise of the powers under section 15 (1) of the Foreign Exchange Management Act, 1999, and the Regulations/Rules/Notifications/Orders framed there under, I pass the following

Order

The applicant has filed a compounding application dated February 6, 2017, received in Reserve Bank of India, Bengaluru on February 10, 2017 (Addendum dated May 11, 2017, received on May 15, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in reporting receipt of foreign inward remittances towards subscription to equity in terms of paragraph 9(1) (A) of Schedule I 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 03, 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, M/s ID Fresh Food (India) Private Limited was originally incorporated as M/s Magnificent Foods Products Private Limited, on December 17, 2012, under the Companies Act, 1956. The activity undertaken by the company is "To carry on the business



of manufacture, distribute and sale of products, etc.” The applicant had received funds towards share application money from foreign investors viz., M/s SCI Growth Investments II, Mauritius and Helion Venture Partners III LLC, Mauritius, as shown below:

Sl. No	Date of Receipt	Total Amount	Date of Reporting
1	18.03.2013	3,00,00,000.00	29.04.2013
2	06.09.2013	3,00,00,000.00	15.10.2013
3	30.09.2014	15,00,40,627.03	27.01.2015
4	12.08.2015	5,37,37,711.33	19.04.2016
5	12.08.2015	9,99,77,435.64	19.04.2016
	Total	36,37,55,774.00	

The applicant reported receipt of remittances to the Authorized Dealer Bank with a delay ranging from 9 days to 7 months and 8 days approximately, beyond the stipulated time of 30 days in respect of all remittances indicated above. Whereas, in terms of paragraph 9(1) (A) of Schedule I 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 applicant was given an opportunity for personal hearing, vide the Reserve Bank’s letter No.FE.BG.FID (CEFA) No.6642/22.08.914/2016-17 dated June 13, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on June 15, 2017 Shri Puneet Parihar, Senior Associate, K Law & Co., and Shri. Keertan Sreekumar, Associate, K Law & Co., represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in paragraph 2 above committed by the applicant, for which compounding has been sought. The representative of the applicant requested that as the contraventions were not intentional and were beyond the control of the applicant, 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.

4. I have given my careful consideration to the documents on record (read with para 8.3 of Master Direction No.4/2015-16 dated January 1, 2016 (updated as on May 26, 2016) on Compounding of Contraventions under FEMA, 1999. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs. 36,37,55,774.00** and the period of delay ranges from 9 days to 7 months and 8 days approximately.

5. 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 are to be compounded and I consider that an amount of **Rs. 1,11,000.00 (Rupees One Lakh and Eleven Thousand only)** will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, contraventions of Paragraph 9(1) (A) of Schedule I 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. 1,11,000.00 (Rupees One Lakh and Eleven Thousand only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru - 560001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Bengaluru 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 Fifteenth day of June 2017.

Sd/-

(Eugene E Karthak)
Regional Director