



PRESS RELEASE

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Directorate of Enforcement (ED), Chennai had conducted investigation under FEMA against Jagathrakshakan, a businessman from Tamil Nadu and Member of Parliament, his family members and related Indian entity. Investigation resulted in the passing of Seizure Order dated 11.09.2020 in terms of Section 37A of FEMA, effecting seizure of various movable and immovable properties held in the name of Jagathrakshakan and his family members totally valued at around Rs. 89.19 Crore.

The said seizure order was set aside by the Competent Authority vide Order dated 03.02.2021. Aggrieved by said Order of Competent Authority, ED has preferred an Appeal before the Hon'ble Appellate Tribunal, where the appeal is pending.

On 01.12.2021, FEMA complaint u/s 16 of FEMA, was filed by ED before the Adjudicating Authority against Jagathrakshakan, his family members and related company, charging them for violations of various FEMA provisions, particularly in respect of their investment to the tune of Rs. 42 Crore into a shell company incorporated in Singapore during the year 2017, and acquisition/holding of Singapore Foreign Shares and its subsequent transfer amongst the family members in defiance of extant provisions of FEMA, and also with regard to the investment of around Rs. 9 Crore made into a Sri Lankan entity. The complaint was also with prayer to confiscate the properties seized under the Order dated 11.09.2020.

Having taken the complaint into consideration, Show Cause Notice was issued against the Noticees on 22.12.2021. Opportunity for Personal hearing was offered to the Noticees on various dates, which was attended by their counsel. Noticees had filed individual Writ Petition before the Hon'ble High Court of Madras. Hearing both sides, Hon'ble Single Bench vide order dated 30.11.2023 holding inter alia that the order passed by the Competent Authority vis-à-vis the seizure of the assets will not interfere with the power of Adjudication of the Adjudicating Authority. Subsequently, Noticees preferred Writ Appeals before the Hon'ble High Court of Madras. Hon'ble Division bench, after hearing both sides, also dismissed the Writ Appeals vide order dated 23.07.2024.

Consequently, the Adjudication Proceedings under FEMA were completed after following due process of law. Upon careful examination of the alleged violations by the Noticees vis-à-vis the written replies filed by the Noticees, it was found that the alleged violations were clearly proved. In conclusion, penalty was levied with respect to each of the alleged violations. The properties worth Rs. 89.19 Crore which was seized in terms of Section 37A of FEMA was also ordered for confiscation, and penalty of Rs.908 Crore (approx.) is levied vide Adjudication Order dated 26/08/2024.