



In the

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

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: April 26, 2019  
**C.A. BGL 354/2018**

In the matter of

**M/s Zoomcar India Private Limited**  
Unit Nos. 701 to 717, 7<sup>th</sup> Floor, Tower-B  
Diamond District, No.150  
Airport Road, Kodihalli  
Bengaluru - 560008  
**(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 December 12, 2018, received at this office of Reserve Bank of India, Bengaluru on December 14, 2018, and addendum to the application dated April 24, 2019, received on April 24, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the regulations issued there under. The contraventions sought to be compounded are, (i) allotment of shares prior to receipt of share application money, and (ii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 8 and 9(1)(B), respectively, 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 Zoomcar India Private Limited, was incorporated on September 10, 2012, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The company is in the business of providing self-drive cars on rent. The applicant had received funds towards share application money from foreign investor, M/s Zoomcar INC, USA, as shown below:

**Table – 1**

Sl. No	Date of receipt	Amount (INR)	Date of Reporting to RBI/AD
1	31-10-2012	3,71,999.10	30-11-2012
2	06-12-2012	2,67,450.90	01-06-2013
3	07-01-2013	24,44,663.00	30-05-2013
4	12-02-2013	7,83,013.58	30-05-2013
5	28-02-2013	20,88,111.82	30-05-2013
6	15-03-2013	21,39,529.70	30-05-2013
7	26-04-2013	21,38,930.00	30-05-2013
8	24-05-2013	17,50,905.00	19-06-2013
9	12-06-2013	18,28,136.70	25-06-2013
10	27-06-2013	39,76,602.60	11-07-2013
11	23-07-2013	40,53,954.60	24-12-2013
12	19-08-2013	43,32,552.77	24-12-2013
13	07-10-2013	4,28,94,774.40	24-10-2013
14	17-01-2014	39,47,132.12	03-04-2014
15	18-03-2014	121,38,786.00	03-04-2014
16	19-03-2014	60,68,786.00	03-04-2014
17	09-04-2014	1,47,90,691.65	08-05-2014
18	21-04-2014	4,07,70,009.60	08-05-2014
19	23-09-2014	10,24,23,795.00	20-10-2014
20	05-11-2014	10,94,38,784.00	20-11-2014
21	26-11-2014	11,04,28,773.00	08-01-2015
22	12-12-2014	11,14,18,762.00	29-12-2014



23	02-03-2015	56,07,553.60	06-04-2015
24	25-03-2015	1,22,98,770.00	20-04-2015
25	15-04-2015	86,22,768.00	28-04-2015
26	27-04-2015	8,47,78,744.00	19-05-2015
27	05-05-2015	6,35,01,730.00	11-02-2016
28	26-05-2015	6,39,36,221.00	11-02-2016
29	05-06-2015	2,01,19,348.00	11-02-2016
30	16-06-2015	3,18,87,974.00	11-02-2016
31	22-06-2015	13,35,90,228.00	11-02-2016
32	13-07-2015	6,34,06,231.85	25-08-2015
33	28-07-2015	21,73,94,721.20	25-08-2015
34	04-09-2015	66,20,675.60	28-09-2015
35	24-11-2015	4,97,23,674.00	21-12-2015
36	10-12-2015	5,33,98,665.00	06-01-2016
37	28-12-2015	6,62,98,674.00	14-01-2016
38	28-01-2016	6,80,68,638.60	24-02-2016
39	21-03-2016	6,58,45,913.00	27-05-2016
40	26-04-2016	9,24,26,720.10	20-05-2016
41	18-05-2016	1,47,20,511.65	30-05-2016
42	23-08-2016	16,76,98,658.40	06-12-2016
43	14-09-2016	46,85,78,661.20	06-12-2016
44	03-01-2017	34,04,98,638.00	19-01-2017
45	21-04-2017	32,06,48,717.40	04-05-2017
46	24-08-2017	12,79,36,801.50	03-10-2017
47	13-09-2017	12,79,16,802.00	05-10-2017
48	28-09-2017	9,81,26,729.00	05-10-2017
49	21-12-2017	128,02,798.50	12-01-2018
50	08-03-2018	1950,56,098.80	23-03-2018
51	29-06-2018	1231,15,896.00	19-07-2018
52	26-09-2018	1016,38,548.00	Single Master Form (SMF) Reporting introduced with effect from September 01, 2018.
53	23-10-2018	3317,16,025.70	
<b>Total</b>		<b>411,84,78,279.64</b>	

The applicant company had already been compounded by Reserve Bank, for the contravention in respect of delay in reporting the inward remittances as indicated at serial numbers 1 to 48 in Table – 1, to Reserve Bank of India, in violation of



Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000, vide Order C.A. BGL 241/2017, dated November 09, 2017.

3. The applicant company had allotted 10,000 equity shares to the non-resident investor M/s Zoomcar INC, USA, towards Memorandum of Subscription on December 20, 2012, for which the amount of consideration was not remitted by the investor at the time of allotment. Subsequently, the company had received inward remittances amounting to ₹2,21,54,704.12, in three tranches from January 17, 2014, to March 19, 2014, from the non-resident investor, M/s Zoomcar INC, USA, and allotted 1,47,031 equity shares worth ₹2,20,54,650.00, to the non-resident investor on March 29, 2014, leaving behind an excess share application money of ₹1,00,054.12. Out of this excess share application money, an amount of ₹1,00,000.00, was utilized for the allotment of 10,000 equity shares issued on December 20, 2012, which happened prior to the receipt of amount of consideration, in violation of the terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000- RB dated May 3, 2000, and as amended from time to time, read with AP (Dir Series) Circular No. 20 dated December 14, 2007. The amount of contravention is ₹1,00,000.00, and the period of contravention is one year two months and twenty seven days.

4. The applicant company had allotted equity shares and filed Form FC-GPR with Reserve Bank/AD as indicated below:

Table – 2

Sl. No.	Date of Allotment	Number of equity shares allotted	Amount (INR)	Date of reporting to RBI/AD
1	20-12-2012	10000	1,00,000.00	14-01-2015
2	27-04-2013	4263	6,39,450.00	25-06-2013
3	13-06-2013	75634	1,13,45,100.00	25-06-2013
4	19-11-2013	380573	5,70,85,950.00	10-12-2013
5	29-03-2014	147031	2,20,54,650.00	14-01-2015
6	07-06-2014	370405	5,55,60,750.00	10-10-2014
7	20-11-2014	73159	10,24,23,770.54	12-01-2015
8	02-01-2015	157045	21,98,67,554.31	30-01-2015



9	09-02-2015	79573	11,14,18,114.60	05-03-2015
10	14-05-2015	18949	2,65,29,092.67	11-06-2015
11	24-06-2015	60545	8,47,78,741.70	06-08-2015
12	03-07-2015	223588	31,30,35,497.34	03-08-2015
13	09-09-2015	200572	28,08,00,800.00	19-10-2015
14	02-11-2015	4729	66,20,600.00	11-12-2015
15	19-01-2016	75298	16,94,20,500.00	23-02-2016
16	26-03-2016	59517	13,39,13,250.00	14-04-2016
17	13-06-2016	47620	10,71,45,000.00	06-07-2016
18	10-09-2016	74532	16,76,97,000.00	04-10-2016
19	06-10-2016	208257	46,85,78,250.00	01-11-2016
20	16-01-2017	151332	34,04,97,000.00	09-02-2017
21	17-05-2017	142510	32,06,47,500.00	07-06-2017
22	25-09-2017	113712	25,58,52,000.00	16-10-2017
23	26-10-2017	43612	9,81,27,000.00	21-11-2017
24	05-02-2018	5690	128,02,500.00	19-02-2018
25	09-04-2018	55747	1950,53,735.77	30-04-2018
26	16-07-2018	35186	1231,12,647.26	30-07-2018
	<b>Total</b>	<b>2819079</b>	<b>368,51,06,454.19</b>	

The applicant filed the form FC-GPRs on allotment of shares with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank with a delay ranging from one day to one year eleven months and twenty six days, beyond the prescribed period of 30 days in respect of allotment of shares as indicated at serial numbers 1, 2, 5, 6, 7, 11 to 15, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations has to submit to the Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to person/s resident outside India.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 4691/22.08.554/2018-19 dated April 22, 2019, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Manish Kumar, General Counsel & Senior VP Corporate Affairs, and Mr.



Rakesh K P, Senior Executive, Legal, who appeared for the personal hearing on April 25, 2019, admitted the contraventions as stated in paragraphs 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representatives of the applicant requested that as the contraventions were not intentional or with a malafide intention, and was mainly due to inadvertence, 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.

6. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to allotment of shares prior to receipt of share application money as detailed in paragraph 3 above. The total amount of contravention is **₹1,00,000.00**, and the period of delay is one year two months and twenty seven days; and

(b) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPR to the Reserve Bank after issue of shares to person/s resident outside India, as detailed in paragraph 4 above. The contravention relates to an amount of **₹1,03,54,34,759.58**, and the period of delay ranges from one day to one year eleven months and twenty six days.

7. It has been declared in the compounding application dated December 12, 2018, 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 undertaking dated December 20, 2018, 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 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.

8. 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 **₹1,32,990.00, (Rupees One Lakh Thirty Two Thousand Nine Hundred and Ninety only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 8 and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹1,32,990.00, (Rupees One Lakh Thirty Two Thousand Nine Hundred and Ninety only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> 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.



FED, CEFA  
M/s Zoomcar India Private Limited  
C.A. BGL354/2018

The application is disposed of accordingly.

Dated this, the Twenty Sixth day of April 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**