



**Reserve Bank of India  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001**

**CA No. MUM989/2019**

In the matter of  
**M/s Savino Del Bene Freight Forwarders India Pvt Ltd**

704, CNB Square, Sangam Complex  
127 Andheri Kurla Road Chakala, Andheri (East)  
Mumbai 400 059

**(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 October 30, 2019, received at the Reserve Bank on October 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 as amended from time to time (hereinafter referred to as FEMA 20) and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations 2017, notified vide Notification No FEMA 20R/2017 RB dated November 07, 2017, as amended from time to time (hereinafter referred to as FEMA 20R):

- (i) Para 9 (1) (A) of FEMA 20: Delay in reporting receipt of foreign inward remittance towards subscription to equity
- (ii) Para 9 (1) (B) of FEMA 20: Delay in filing Form FC GPR to Reserve Bank after issue of shares to person resident outside India
- (iii) Para 8 of FEMA 20: Neither the equity instruments were issued, nor the money refunded to the foreign investor within 180 days from the receipt of the inward remittance

2 Brief details of the applicant company are as follows:

<b>Date of Incorporation</b>	July 29, 1998
<b>Its main activities are:</b>	International freight forwarding company

3 The applicant received foreign inward remittances from non-resident investors towards equity shares / compulsorily convertible preference shares/ compulsorily convertible debentures and it reported the same to the Reserve Bank on dates as indicated below.

<b><u>Delay in reporting Foreign Direct Investment &amp;/or delay in allotting the shares/ refunding the amount</u></b>						
<small><u>(whereas, "Y" represents delay in number of years, "M" represents delay in number of months and "D" represents delay in number of days, and LSF stands for : Late Submission Fees</u></small>						
<b>Sr. No/ LSF</b>	<b>Date of inward remittance (DD-MM-YY)</b>	<b>Amount received (in INR)</b>	<b>Date of reporting to RBI (DD-MM-YY)</b>	<b>Delay in reporting Foreign Investment</b>	<b>Date of allotment/ refund (DD-MM-YY)</b>	<b>Delay in allotment or refund</b>
1	26-04-01	46,53,000.00	28-02-06	4Y 9M 2D	29-11-01	0Y 1M 7D
2	02-02-06	1,32,42,500.00	28-02-06	0	07-02-06	0Y 0M 0D
3	06-11-13	4,25,01,000.00	01-01-14	0Y 0M 25D	08-11-13	0Y 0M 0D
4	20-10-14	80,15,000.00	16-03-18	3Y 3M 24D	28-02-15	0Y 0M 0D
5	17-04-15	1,05,00,000.00	28-02-18	2Y 9M 11D	22-04-15	0Y 0M 0D
6	04-02-19	4,09,50,000.00	NA	NA	07-02-19	0Y 0M 0D
	<b>TOTAL</b>	<b>11,98,61,500.00</b>				

In terms of Para 9 (1) (A) of FEMA 20, an Indian company issuing equity shares/ compulsorily convertible debentures/compulsorily convertible preference shares 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. However the applicant company reported receipt of remittances to the Reserve Bank of India on dates indicated above in 4 out of 6 total remittances with a delay ranging from 0Y 0M 25D to 4Y 9M 2D.

Funds received to the tune of Rs.21,02,500/- dated 27-10-1998 has not been taken into consideration for compounding process, since the same does not fall under the purview of Foreign Exchange Management Act, 1999.

- 4** In respect of remittances amounting to Rs.46,53,000/- (Rupees Forty Six Lakh Fifty Three Thousand Only), indicated in the table above, the company allotted shares/refunded the amount after 180 days from the date of receipt of investment. Whereas in terms of para 8 of FEMA20, an Indian company is required to issue shares or refund the amount within 180 days from the date of receipt of inward remittance. The period of delay under this para is 1M 7D.
- 5** The company allotted equity shares/compulsorily convertible preference shares/compulsorily convertible debentures and filed FC-GPRs as indicated below:

<b><u>Delay in filing Form FCGPR</u></b>						
<b><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></b>						
<b>Sr. no/ LSF</b>	<b>Date of allotment (DD-MM-YY)</b>	<b>Number of shares</b>	<b>IP (FV+ premium) (in INR)</b>	<b>Amount (IP*no of shares) (in INR)</b>	<b>Date of reporting (DD-MM-YY)</b>	<b>Delay in filing FCGPR</b>
1	29-11-01	465300	10.00	46,53,000.00	26-06-18	16Y 5M 27D
2	07-02-06	1324250	10.00	1,32,42,500.00	26-06-18	12Y 3M 19D
3	08-11-13	1371000	31.00	4,25,01,000.00	18-03-14	0Y 3M 7D
4	28-02-15	229000	35.00	80,15,000.00	17-05-18	3Y 1M 19D
5	22-04-15	300000	35.00	1,05,00,000.00	17-05-18	2Y 11M 25D
LSF Paid	07-02-19	650000	63.00	4,09,50,000.00	15-03-19	LSF Paid
	<b>TOTAL</b>			<b>11,98,61,500.00</b>		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 0Y 3M 7D to 16Y 5M 27D. Whereas, in terms of Para 9(1) (B) of FEMA 20, an Indian company issuing shares in accordance with these Regulations has to submit to RBI a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to Non Resident. In case of the allotment/s amounting to Rs. 4,09,50,000/- (Rupees Four Crore Nine Lakh Fifty Thousand and Zero Paise Only) indicated in the above table as "LSF Paid", they were also reported with a delay. In terms of Regulation 13.2 of FEMA 20R/2017-RB, the person/ entity responsible for filing the reports stipulated in Regulation 13.1 shall be liable for payment of late submission fee, as may be decided by the Reserve Bank, in consultation with the Central Government, for any delays in reporting. Since the applicant has already deposited the LSF amount, this delay has not been taken into consideration for computing the amount for compounding the contraventions.

Funds received to the tune of Rs.21,02,500/- dated 27-10-1998 has not been taken into consideration for compounding process, since the same does not fall under the purview of Foreign Exchange Management Act, 1999.

- 6** 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 February 18, 2020. The applicant appeared for personal hearing on February 24, 2020, during which Shri Dhiraj Surti and Shri Jitesh Gosar represented the applicant in the office of the Compounding Authority. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing by the Compounding Authority the representative of the applicant submitted that the delay was inadvertent and unintentional. They 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.
- 7** 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)** Para 9 (1) (A) of FEMA 20, due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed above. The contravention relates to total amount of Rs.6,56,69,000/- (Rupees Six Crore Fifty Six Lakh Sixty Nine Thousand and Zero Paise Only) and with a delay ranging from minimum 0Y 0M 25D to maximum 4Y 9M 2D approximately.
  - (ii)** Para 9 (1) (B) of FEMA 20, due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to total amount of Rs.7,89,11,500/- (Rupees Seven Crore Eighty Nine Lakh Eleven Thousand Five Hundred and Zero Paise Only) and with a delay ranging from minimum 0Y 3M 7D to maximum 16Y 5M 27D approximately.

- (iii) Para 8 of FEMA 20, since the shares were neither issued nor the amount was refunded to the person resident outside India within the prescribed time from the date of receipt of the inward remittance. The contravention relates to total amount of Rs.46,53,000/- (Rupees Forty Six Lakh Fifty Three Thousand and Zero Paise Only) with a delay of 0Y 1M 7D approximately.
- 8** It has been declared in the compounding application dated October 30, 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.
- 9** 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.11,91,449/- (Rupees Eleven Lakh Ninety One Thousand Four Hundred Forty Nine and Zero Paise Only) will meet the ends of justice.
- 10** Accordingly, I compound the admitted contravention/s namely, the contravention/s of Para 9 (1) (A) of FEMA 20, Para 9 (1) (B) of FEMA 20 and Para 8 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. 11,91,449/- (Rupees Eleven Lakh Ninety One Thousand Four 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.

- 11** The above order is passed only in respect of contraventions of Para 9 (1) (A) of FEMA 20, Para 9 (1) (B) of FEMA 20 and Para 8 of FEMA 20 and does not restrict the rights of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.
- 12** The application is disposed of accordingly.

**Sd/-**

**(Aviral Jain)**  
**Chief General Manager**  
**Compounding Authority**

Dated : February 28, 2020