



In the  
**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
6, Sansad Marg  
New Delhi - 110001

Present  
**V. G. Sekar**  
**Chief General Manager**  
Date: February 7, 2020  
CA No. NDL 548/2019

In the matter of  
**Rivigo Services Private Limited**  
Plot No. 90, Sector-44, Gurugram, Haryana -122003  
**(Applicant)**

In exercise of the powers under Section 15(1) of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, I pass the following Order.

#### **ORDER**

The applicant has filed the compounding application dated September 10, 2019 (received at Reserve Bank of India, New Delhi on September 16, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in reporting foreign inward remittances received for issue of shares, (ii) delay in filing Form FC-GPR after issue of shares, and (iii) taking on record in its books by the applicant company, the transfer of shares by residents to non-resident without obtaining certified Form FC-TRS from the AD bank, in terms of paragraphs 9(1)(A) and 9(1)(B) respectively of Schedule 1 and Regulation 4 [read with paragraph 6.2 of Annex to A.P. (DIR Series) Circular No. 16 dated October 4, 2004] of 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 (hereinafter referred to as FEMA 20/2000-RB), as then applicable.



2. The relevant facts of the case are as follows:

(a) The applicant company, incorporated on August 11, 2014, is engaged in the business of motorised road freight transport.

(b) The applicant had reported receipt of foreign inward remittance from its foreign investors on twelve occasions during the period September 2014 to July 2019 and reported two of them with delay of 1 month & 20 days and 4 days beyond the prescribed period, as detailed below, in contravention of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

Sl. No.	Date of Receipt	Amount (₹)	Date of Reporting
1	06.09.2014	30,00,000.00	26.11.2014
2	06.01.2015	6,33,50,000.00	09.02.2015
	<b>Total</b>	<b>6,63,50,000.00</b>	

Whereas, in terms of paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants 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 receipt of the amount of consideration received by Indian company for issue of shares or convertible debentures or warrants, a report in Advance Reporting Form as specified by Reserve Bank from time to time along with a copy/ies of documents prescribed therein.

(c) The applicant had reported the issue of shares to its foreign investors on twelve occasions during the period September 2014 to July 2019 and reported three of them with delay ranging from 27 days to 3 months and 6 days beyond the prescribed period, as detailed below, in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable.

Sl. No.	Date of Issue	Amount (₹)	Date of Reporting
1	06.09.2014	30,00,590.00	12.01.2015
2	30.09.2014	1,19,99,384.90	12.01.2015
3	07.01.2015	6,33,48,599.95	05.03.2015
	<b>Total</b>	<b>7,83,48,574.85</b>	

Whereas, in terms of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures or warrants 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 or convertible debentures or warrants, a report in Form FC-GPR as specified by the Reserve Bank from time to time together with the documents prescribed therein.

(d) On four occasions, the applicant company took on record in its books the transfer of shares prior to receipt of duly acknowledged/ certified Form FCTRS by the AD bank, as detailed below, in contravention of Regulation 4 of FEMA 20/2000-RB, as then applicable, read with paragraph 6.2 of Annex to A.P. (DIR Series) Circular No. 16 dated October 4, 2004. The period of contravention ranges from 26 days to 1 year, 11 months and 9 days.

SI. No.	Date of taking the transfer of shares on record	Amount (₹)	Date of Approval of Form FC-TRS by AD bank
1	31.10.2016	380.00	10.10.2018
2	31.10.2016	2,160.00	18.09.2018
3	14.12.2017	5,65,32,786.62	03.10.2018
4	14.12.2017	5,59,75,072.00	09.01.2018
	<b>Total</b>	<b>11,25,10,398.62</b>	

Whereas, in terms of Regulation 4 of FEMA 20/2000-RB, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such person provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary. Further, in terms of paragraph 6.2 of Annex to A.P. (DIR Series) Circular No. 16 dated October 4, 2004, when the transfer is on private arrangement basis, on settlement of the transactions, the transferee/ his duly appointed agent should approach the investee company to record the transfer in their books along with the certificate in the Form FC-TRS from the AD bank that the remittances have been received by the transferor/ payment has been made by the transferee. On receipt of the certificate from the AD, the company may record the transfer in its books.

(e) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 and Regulation 4 [read with paragraph 6.2 of Annex to A.P. (DIR Series) Circular No. 16 dated October 4, 2004] of FEMA 20/2000-RB, as then applicable.

3. The applicant was given an opportunity for personal hearing for further submission in person and/ or by producing documents, if any, in support of the



application. Shri Shekhar Sharma, Company Secretary and Ms. Mitali Pakle, Consultant, appeared for personal hearing on February 05, 2020 on behalf of the applicant. The representatives admitted the contraventions committed by the applicant for which compounding has been sought. During the personal hearing, they submitted that the contraventions were without any *malafide* or wilful intention but were mainly due to lack of awareness about FEMA compliances. They requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of averments made in the application as well as other documents and submissions made during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

(a) Paragraph 9(1)(A) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in reporting foreign inward remittance received for issue of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹6,63,50,000/- (Rupees Six Crore Sixty Three Lakh and Fifty Thousand only) and the period of delays are 1 month & 20 days and 4 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, on account of delay in filing Form FC-GPR after issue of shares as detailed in paragraph 2(c) above. The contraventions relate to an amount of ₹7,83,48,574.85 (Rupees Seven Crore Eighty Three Lakh Forty Eight Thousand Five Hundred Seventy Four and Paise Eighty Five only) and the period of delay ranges from 27 days to 3 months and 6 days.

(c) Regulation 4 of FEMA 20/2000-RB, as then applicable, read with paragraph 6.2 of Annex to A.P. (DIR Series) Circular No. 16 dated October 4, 2004, on account of taking on record in its books by the applicant company, the transfer of shares by residents to non-resident without obtaining certified Form FC-TRS from the AD bank as detailed in paragraph 2(d) above. The contraventions relate to an amount of ₹11,25,10,398.62 (Rupees Eleven Crore Twenty Five Lakh Ten Thousand Three Hundred Ninety Eight and Paise Sixty Two only) and the period of contraventions ranges from 26 days to 1 year, 11 months and 9 days.



5. It has been declared in the compounding application dated September 10, 2019, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has also been declared in the declaration dated September 10, 2019 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. 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.

6. In terms of Section 13 of 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules 2000. Accordingly, it stands to reason that payment of an amount of **₹1,01,170/- (Rupees One Lakh One Thousand One Hundred and Seventy only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 and Regulation 4 [read with paragraph 6.2 of Annex to A.P. (DIR Series) Circular No. 16 dated October 4, 2004] of FEMA 20/2000-RB, as then applicable, by the applicant based on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹1,01,170/- (Rupees One Lakh One Thousand One Hundred and Seventy only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi - 110001 by a demand draft drawn



in favour of the “Reserve Bank of India” and payable at New Delhi 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 accordingly.

Dated this the 7th day of February 2020.

Sd/-  
**(V.G. Sekar)**  
**Chief General Manager**