



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

Present
V. G. Sekar
Chief General Manager
Date: January 14, 2020
CA No. NDL 505/2019

In the matter of
Grofers India Private Limited
Plot No. 64 H, Sector 18, Gurgaon 122001
(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 July 29, 2019 (received at Reserve Bank of India, New Delhi on July 31, 2019) and addendum dated December 5, 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 delay in filing Form FC-GPR after issue of shares in terms of paragraph 9(1)(B) of 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 (hereinafter referred to as FEMA 20/2000-RB), as then applicable, and delay in issue of shares beyond 60 days from the date of receipt of inward remittances in terms of paragraph 2(2) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/2017-RB dated



November 7, 2017 (hereinafter referred to as FEMA 20(R)/2017-RB), as then applicable.

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

(a) The applicant company, incorporated on May 26, 2015, is engaged in delivery of various products such as general merchandise and services through e-commerce using internet enabled applications supporting both online and offline transactions or through phone or other devices as per the convenience of customers in India and abroad, etc.

(b) The applicant had issued 4375 equity shares for a consideration of ₹2,21,72,50,000.00 to its foreign investor M/s Grofers International Pte. Ltd., Singapore, on July 15, 2015 and reported the same on August 17, 2015 with a delay of 3 days, beyond the prescribed period in contravention of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable. 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 documents prescribed therein.

(c) The applicant had received inward remittance amounting to ₹16,53,00,000.00 on April 25, 2018 from its foreign investor, M/s Grofers International Pte. Ltd., Singapore. The applicant issued 139 equity shares for consideration of ₹16,44,53,237.98 on June 24, 2018. The balance share application money of ₹8,46,762.02 along with other remittances received, was utilised with delay of 2 months and 26 days, for issue of 422 equity shares, on September 19, 2018, in contravention of paragraph 2(2) of Schedule 1 to FEMA 20 (R)/2017-RB. Whereas, in terms of paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-RB, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration.

(d) Thus, there are contraventions of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, and paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-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. Ms. Kiran Sharma, Consultant and Shri Sumit Chhimwal, Associate Director – Legal & CS, appeared for personal hearing on January 10, 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. Further, the representatives stated that FCGPR could not be filed on or before the due date (i.e. August 14, 2015) because of receipt of CA Certificate and CS Certificate only on August 14, 2015 afternoon and the unutilized amount of ₹8,46,762.02 was less than the value of one share of the company. The same was utilized along with other remittances received in the next issue of shares. 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)(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(b) above. The contravention relates to an amount of ₹2,21,72,50,000.00 (Rupees Two Hundred Twenty One Crore Seventy Two Lakh and Fifty Thousand only) and the period of delay is 3 days.

(b) Paragraph 2(2) of Schedule 1 to FEMA 20(R)/2017-RB, as then applicable, on account of delay in issue of shares as detailed in paragraph 2(c) above. The contravention relates to an amount of ₹8,46,762.02 (Rupees Eight Lakh Forty Six Thousand Seven Hundred Sixty Two and Paise Two only) and the period of contravention is 2 months and 26 days.

5. It has been declared in the compounding application dated July 29, 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



December 5, 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. This Compounding Order is being issued only with respect to the contraventions mentioned in paragraph 2 above. It should not be construed as regularisation of contravention, if any, of other provisions of FEMA and Rules/Regulations made thereunder and is without prejudice to any action which may be taken by any authority under the extant laws.

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 **₹80,234.00 (Rupees Eighty Thousand Two Hundred and Thirty Four only)** will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound the admitted contraventions of paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, as then applicable, and paragraph 2(2) of Schedule 1 to FEMA 20(R)/ 2017-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 **₹80,234.00 (Rupees Eighty Thousand Two Hundred and Thirty Four 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 14th day of January 2020.

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