



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
3<sup>rd</sup> Floor, Main Building  
Ram Bagh Circle, Tonk Road  
Jaipur-302 004

Present

**Lamneichong Chongloi**  
**General Manager**

Date: February 28, 2019

C.A. JAI 13/2018

In the matter of

**M/s. Corner Store Technologies Pvt. Ltd.**  
104, 1<sup>st</sup> Floor, Trimurty V-Jay City Point, Ahinsa Circle,  
C-Scheme, Jaipur - 302001(Rajasthan)

**(APPLICANT)**

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

**ORDER**

The applicant has filed a compounding application dated November 19, 2018 (received at Reserve Bank of India, Jaipur on November 26, 2018) 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) delay in reporting of inflow of funds received from person resident outside India for allotment of shares; (ii) delay in submission of form FC-GPR on allotment of shares with Reserve Bank and (iii) (ii) issue of security before the receipt of full amount of consideration in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 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 3, 2000, as then applicable. (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: The applicant was incorporated on August 13, 2015 under the provisions of the Companies Act, 2013 (Registration Number U52190RJ2015PTC048068) and is engaged in the business of consumer products including Healthcare products and Medicines on wholesale basis. The applicant received foreign inward remittances from Namrata Wadhwa / Atul Wadhwa , Nexus Ventures IV Limited and Saif Partners India V Limited during 11-05-2016 to 01-11-2016 towards subscription to equity shares /CCPSs and same were reported to the Reserve Bank of India as below:

S.no	Amount of Inward Remittance in (INR)	Date of Receipt	Date of Reporting
1	39,66,460.85	11-05-2016	22-07-2016
2	16,74,88,074.00	28-10-2016	15-11-2016
3	16,74,88,074.00	01-11-2016	15-11-2016

The applicant reported receipt of remittances to the Reserve Bank of India, Jaipur on the dates indicated above out of which remittance mentioned at Sr. No.1 was reported with a delay of 42 days beyond the stipulated time of 30 days. Whereas, in terms of Paragraph 9(1) (A) of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares or convertible debentures 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.

3. The company allotted equity shares/CCPS and filed FCGPR as indicated below:

S.no	Date of Allotment	Amount (INR)	Date of Reporting
1	18-10-2016	40,02,240.00	02.06.2017
2	01-11-2016	16,74,88,074.00	19-11-2016
3	01-11-2016	16,74,88,074.00	19-11-2016

The applicant filed the form FC-GPR on allotment of shares with Reserve Bank of India, Jaipur on the dates indicated above out of which FC-GPR in respect of allotment mentioned at Sr. No. 1 was filed with a delay of six months and 17 days beyond the stipulated time of 30 days in respect of abovementioned allotments. 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 or convertible debentures 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 issue of shares to person resident outside India.

4. It is observed that the company allotted equity shares/CCPSs on 18-10-2016 amounting to ₹ 40,02,240.00 against the FDI of ₹ 39,66,460.85 received on 11-05-2016. The differential amount of ₹ 35,779.15 (Rupees thirty five thousand seven hundred seventy nine and paise fifteen only) was brought in two tranches on 06-03-2018 and 04-06-2018 with delay of one year and five months and one year and eight months respectively after issue of security. This issues of security before the receipt of full amount of consideration is in scontravention of Paragraph 8 of Schedule I to FEMA 20/2000-RB dated May 3, 2000.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FED.JP.No.619/06.10.446/2018-19 dated January 24, 2019 for further submission in person and/or producing documents, if any, in support of its application for compounding of contravention of the provisions of FEMA, 1999. Shri Rohit Gupta, Chartered Accountant appeared on behalf of the applicant company on February 07, 2019 for personal hearing. During the personal hearing, it was submitted that the issue of security before the receipt of full amount of consideration was due to exchange rate fluctuation. It was further submitted that the delay in reporting delay was not willful or with a malafide intention. They requested to take a lenient view in the matter. 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. It has been declared in the compounding application dated November 19, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the declaration dated "Nil" 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.

7. I have given my careful consideration to the documents on record available with me. Accordingly, I hold that the applicant has contravened the following provisions of FEMA, 1999:

- a) Paragraph 9 (1) (A) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in Paragraph 2 above. The contravention relates to an amount of ₹ 39,66,460.85 with duration of contravention of one month and 12 days;
- 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 of India after issue of shares to persons resident outside India. The contravention relates to an amount of ₹ 40,02,240.00 with the duration of contravention six months and 17 days approximately and
- c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to issue of security before the receipt of full amount of consideration. The contravention relates to an amount of ₹ 35,779.15 with the duration of contravention one year and five months to one year and eight months approximately;

8. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to a penalty upto 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 that an amount of ₹ 29,564.00 ( Rupees twenty nine thousand five hundred and sixty four only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely contravention of Paragraphs 9(1)(A), 9(1)(B) and 8 of Schedule I to Notification No. FEMA.20/2000-RB, by the applicant on the facts discussed above in terms of the Foreign Exchange



(Compounding Proceedings) Rules, 2000 on payment of an amount of ₹ 29,564.00 (Rupees twenty nine thousand five hundred and sixty four only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Jaipur – 302004 by way of a demand draft drawn in favour of the “Reserve Bank of India” and payable at Jaipur 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 of accordingly.

Dated this 28<sup>th</sup> day of February 2019.

-Sd/-  
(Lamneichong Chongloi)  
General Manager, Jaipur