



In the

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

Present

Arun Kumar Singh
Regional Director for Rajasthan and
Chief General Manager, Jaipur

Date: July 05, 2019
C.A. JAI 15/ 2019

In the matter of

M/s. Qriyo Infolabs Private Limited
418, Mansarovar Plaza, Mansarovar
Jaipur – 302020
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 February 04, 2019 received at Reserve Bank of India, Jaipur on February 05, 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) delay in reporting of inflow of funds received from a person resident outside India for allotment of shares; (ii) delay in submission of form FC-GPR on allotment of shares with Reserve Bank in terms of paragraph 9(1)(A) and paragraph 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 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 January 22, 2016 under the provisions of the Companies Act, 2013 (Registration Number U74900RJ2016PTC049137) and is engaged in the business - Standardised market place for services predominantly in the field of extra-curricular activities and other learning. The applicant received foreign inward remittances on three occasions between 2016 to 2017 from (i) "Rajeshwar Palaypu" (UAE) and (ii) "NB Ventures" (United Kingdom) towards subscription to equity shares and reported the same to the Reserve Bank of India. However, the company delayed FDI reporting on three occasions – as per the details mentioned below in Table 'A':

Table 'A'

| Sr.No | Amount of Inward Remittance in ₹ | Date of Receipt | Date of Reporting | Delay in reporting in days (Para 9(1)(A)) |
|-------|----------------------------------|-----------------|-------------------|---|
| 1 | 1,02,44,471.00 | 22/02/2016 | 24/03/2016 | 1 |
| 2 | 25,00,000.00 | 07/04/2017 | 06/02/2018 | 275 |
| 3 | 75,00,000.00 | 19/06/2017 | 22/03/2018 | 246 |
| Total | 2,02,44,471.00 | | | one day to 275 days |

The applicant reported receipt of above mentioned remittances to the Reserve Bank of India, Jaipur on the dates indicated above with a delay ranging from one day to 275 days beyond the stipulated period of 30 days. Whereas, in terms of paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, 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 applicant reported allotment of shares to the Reserve Bank of India, Jaipur on the dates indicated below (Table B) with a delay ranging from 127 days to 410 days beyond the stipulated period of 30 days. Whereas, in terms of paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, 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.

Table 'B'

| Sr.no. | Date of Allotment of Shares | Amount (₹) of Shares | Date of Reporting | Delay in reporting in days (Para 9(1)(B)) |
|--------|-----------------------------|----------------------|-------------------|---|
| 1 | 27/02/2016 | 98,99,890.00 | 09/09/2016 | 165 |
| 2 | 07/04/2017 | 24,99,654.57 | 21/06/2018 | 410 |
| 3 | 19/06/2017 | 75,00,321.48 | 04/12/2017 | 127 |
| Total | | 1,98,99,866.05 | | 127 days to 410 days |

4. The applicant was given an opportunity for personal hearing vide Reserve Bank's letter FE.JP.No. 1092/2.06.10.434/2018-19 dated June 18, 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. The applicant company vide its e-mail dated June 25, 2019 had submitted that Shri Mudit Jain, Director will be present for the personal hearing. Accordingly, Shri Mudit Jain visited the Bank on July 02, 2019 at 3:30 PM to present the case. During the meeting Shri Mudit Jain accepted that his company had applied for compounding for contraventions of para 9(1)(A) and 9(1)(B) of Schedule I to FEMA 20/2000 - RB. He also submitted that the delays were a result of procedural lapse and the company had no wilful or malafide intention. Shri Mudit Jain 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.



5. It has been declared in the undated declaration furnished with the compounding application that the applicant was not under enquiry/investigation/adjudication by Directorate of Enforcement. Accordingly, the above contraventions which are being compounded in 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. 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 i.e. 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 ₹ 2,02,44,471 (Rupees two crore two lakh forty four thousand and four hundred seventy one only) with duration of contravention ranging from one day to 275 days.

(b) Paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB i.e. 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 ₹ 1,98,99,866.05 (Rupees one crore ninety eight lakh ninety nine thousand eight hundred sixty six and five paise only) with the duration of contravention ranging from 127 days to 410 days.

7. In terms of Section 13 of the Foreign Exchange Management Act, 1999, any person contravening any provision of the Act shall be liable to pay 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 view that an amount of ₹ 40,490.00 (Rupees forty thousand four hundred and ninety only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely contravention of



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paragraphs 9 (1)(A) and 9(1)(B) 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 ₹ 40,490.00 (Rupees forty thousand four hundred and ninety 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 03, 2000 shall apply.

The application is disposed of accordingly.

Dated this 5th day of July 2019

-Sd/-

(Arun Kumar Singh)

Regional Director for Rajasthan and
Chief General Manager, Jaipur.