



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

Present
Ajay Kumar
Regional Director for Delhi and CGM, New Delhi

Date: December 20, 2019
CA No. NDL 497/2019

In the matter of
Mogli Labs (India) Private Limited
Mez & 1st Floor, A-83, Business Centre Okhla Industrial Area, Okhla Phase II,
New Delhi 110020
(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 23, 2019 (received at Reserve Bank of India, New Delhi on July 25, 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 remittance received for issue of shares, and (ii) delay in filing Form FC-GPR after issue of shares, in terms of paragraphs 9(1)(A) and 9(1)(B) respectively 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 amended from time to time.



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

(a) The applicant company, incorporated on May 8, 2015, is engaged in the business of other non-specialised wholesale trade n.e.c.

(b) The applicant had received 29 inward remittances from its foreign investor, M/s Mogli Labs Private Limited, Singapore, of which 12 were reported with delay ranging from 1 day to 5 months and 27 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	05.06.2015	99,990.00	06.07.2015
2	29.10.2015	1,62,25,000.00	30.11.2015
3	05.04.2016	1,32,32,000.00	06.05.2016
4	03.05.2016	1,32,04,000.00	03.06.2016
5	01.06.2016	73,60,100.00	13.07.2016
6	16.11.2016	2,36,07,500.00	12.06.2017
7	23.12.2016	1,69,05,000.00	23.01.2017
8	13.01.2017	3,38,00,000.00	22.02.2017
9	28.02.2017	2,64,98,000.00	11.04.2017
10	12.04.2017	3,21,25,000.00	21.09.2017
11	10.07.2017	6,42,20,000.00	11.08.2017
12	07.09.2017	22,26,35,000.00	12.10.2017
	Total	46,99,11,590.00	

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 documents prescribed therein.

(c) The applicant had reported the issue of shares to its foreign investor, M/s Mogli Labs Private Limited, Singapore, on 20 occasions, of which 13 were reported with delay ranging from 16 days to 6 months and 25 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	17.06.2015	99,990.00	27.01.2016
2	30.11.2015	69,79,500.00	27.01.2016
3	15.02.2016	26,16,000.00	07.04.2016
4	26.02.2016	2,51,14,750.00	12.04.2016
5	22.07.2016	5,06,58,600.00	16.09.2016
6	16.08.2016	4,34,35,000.00	24.03.2017
7	04.11.2016	4,96,52,500.00	24.03.2017
8	13.01.2017	2,36,07,500.00	13.06.2017
9	18.02.2017	5,07,05,000.00	13.06.2017
10	26.04.2017	2,64,98,000.00	14.09.2017
11	08.06.2017	3,21,25,000.00	02.02.2018
12	31.07.2017	9,61,20,000.00	06.02.2018
13	03.11.2017	22,26,35,000.00	27.02.2018
	Total	63,02,46,840.00	

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. Further, on four occasions the delays were in contravention of the provisions of Regulation 13.1(2) of FEMA 20(R)/2017-RB, as then applicable, and the applicant paid Late Submission Fee (LSF) for the said contravention, as required in terms of Regulation 13.2 of FEMA 20(R)/2017-RB.

(d) Thus, there are contraventions of paragraphs 9(1)(A) and 9(1)(B) of Schedule 1 to 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. Ms. Shuchita Gupta, Director-Finance and Ms. Mansi Prakash, Company Secretary, appeared for personal hearing on December 19, 2019 on behalf of the applicant. The representatives of the applicant 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 delay in receipt of the KYC and FIRC from banks. 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, on account of delay in reporting foreign inward remittances received towards issue of shares as detailed in paragraph 2(b) above. The contraventions relate to an amount of ₹46,99,11,590.00 (Rupees Forty Six Crore Ninety Nine Lakh Eleven Thousand Five Hundred and Ninety only) and the period of delay ranges from 1 day to 5 months and 27 days.

(b) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, 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 ₹63,02,46,840.00 (Rupees Sixty Three Crore Two Lakh Forty Six Thousand Eight Hundred and Forty only) and the period of delay ranges from 16 days to 6 months and 25 days.

5. It has been declared in the compounding application dated July 23, 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 furnished as part of 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 **₹2,86,480.00 (Rupees Two Lakh Eighty Six Thousand Four Hundred and Eighty 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 to 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 **₹2,86,480.00 (Rupees Two Lakh Eighty Six Thousand Four Hundred and Eighty 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 20th day of December 2019.

Sd/-
(Ajay Kumar)
Regional Director for Delhi and CGM, New Delhi