



In the  
**Reserve Bank of India**  
10/3/8, Nrupathunga Road  
Bengaluru-560001

Present

**Shri Jose J Kattoor**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**

Date: April 26, 2019  
**C.A. BGL 355/2018**

In the matter of

**M/s Liv Artificial Intelligence Private Limited**  
Unit 215-216, 1<sup>st</sup> Floor, Oxford Towers No.139  
Old Airport Road, Kodihalli  
Bengaluru - 560008  
**(Applicant)**

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

**Order**

The applicant has filed a compounding application dated December 13, 2018, received at the office of Reserve Bank of India, Bengaluru, on December 19, 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 receipt of foreign inward remittances towards subscription to equity, (ii) delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraphs 9(1)(A) and 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 03, 2000, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB), and (iii) delay in filing the Annual Return on Foreign Liabilities and Assets, in terms of Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB, and in terms of Regulation 13.1(3) 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)/2000-RB dated November 07, 2017.

2. The relevant facts of the case are as follows: The applicant, M/s Liv Artificial Intelligence Private Limited, was incorporated on May 01, 2015, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Assistant Registrar of Companies, Karnataka. The business activity undertaken by the Company is related to information technology and computer services. The applicant had received funds towards share application money from the foreign investors, namely, Mr. Vishal Poddar, Hong Kong/Singapore, Mr. Rahul Gautam, Hong Kong, Mr. Sekhri Ashish Kumar and Mrs. Sekhri Shreya, Hong Kong, and Mr. Manik Lather, Hong Kong, as shown below:

**Table -1**

<b>Sr. No.</b>	<b>Date of Receipt</b>	<b>Total Amount (INR)</b>	<b>Date of Reporting to RBI / AD Bank</b>
1	08-06-2015	28,71,000.00	27-07-2015
2	17-06-2015	31,90,000.00	27-07-2015
3	22-06-2015	31,90,000.00	27-07-2015
4	23-07-2015	22,88,000.00	10-09-2015
5	31-12-2015	39,68,400.00	04-04-2016
6	20-01-2016	39,68,400.00	04-04-2016
7	25-02-2016	39,68,400.00	27-05-2016
8	04-01-2017	20,39,000.00	08-02-2017
9	24-03-2017	27,15,300.00	26-07-2017
10	24-08-2017	91,68,000.00	09-01-2018
11	30-08-2017	43,10,724.50	09-10-2017
12	31-08-2017	42,63,120.00	09-01-2018
13	21-03-2018	69,84,000.00	17-05-2018
14	11-04-2018	32,59,200.00	17-07-2018
		<b>561,83,544.50</b>	



The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank, with a delay ranging from five days to three months and seventeen days, beyond the stipulated time of 30 days in respect of the remittances indicated in the Table 1 above. 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. For the remittances indicated at serial numbers 13 and 14, the company paid the Late Submission Fee and regularized the delays in reporting.

3. The company had allotted shares and filed Form FC-GPRs with Reserve Bank/AD Bank as indicated below:

**Table-2**

<b>Sl. No.</b>	<b>Date of Allotment</b>	<b>Number of shares allotted</b>	<b>Amount (INR)</b>	<b>Date of reporting to RBI/AD Bank</b>
1	15-07-2015	750	92,51,000.00	26-08-2015
2	16-10-2015	164	22,87,964.00	05-11-2015
3	29-02-2016	414	1,19,04,984.00	28-06-2016
4	05-01-2017	62	20,38,994.00	08-02-2017
5	31-03-2017	70	27,15,300.00	18-08-2017
6	22-09-2017	387	1,77,40,080.00	05-02-2018
7	04-05-2018	176	1,02,43,200.00	26-07-2018
	<b>Total</b>	<b>2023</b>	<b>5,61,81,522.00</b>	

The applicant filed the form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from four days to three months and nineteen days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 1, 3 to 6, in the Table - 2 above. 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 in accordance with these Regulations, has to



submit to Reserve Bank of India, a report in form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to persons resident outside India. For the delayed reporting FC-GPR indicated at serial number 7 above, the company paid the Late Submission Fee and regularized the delay in reporting.

4. The applicant company has received foreign inward remittances during the Financial Years 2015-16, 2016-17 and 2017-18. The company has filed the Annual Return on Foreign Liabilities and Assets (FLA Return) to the Reserve Bank of India for the financial years 2015-16, 2016-17 and 2017-18, with a delay beyond the prescribed time limit, i.e. on or before July 15, of the respective years. Whereas, in terms of Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, read with A.P. (DIR series) Circular No. 29 dated February 02, 2017, and in terms of Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2000-RB dated November 07, 2017, an Indian company which has received Foreign Direct Investment in the previous years including the current year, shall submit to the Reserve Bank of India, on or before the 15<sup>th</sup> day of July of each year, a report titled 'Annual Return on Foreign Liabilities and Assets' as specified by the Reserve Bank from time to time.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 4692/22.09.495/2018-19 dated April 22, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Kishore Mundra, Former Director, who appeared for the personal hearing on April 25, 2019, admitted the contraventions as stated in paragraphs 2, 3 and 4 above, committed by the applicant, for which compounding has been sought. During the personal hearing, the representative of the applicant requested that as the contraventions were not intentional or with a malafide intention, and was mainly due to inadvertence, a lenient view may be taken in disposal of the application. 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. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **₹4,59,40,344.50**, and the period of delay ranges from five days to three months and seventeen days;

(b) Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of form FC-GPRs to the Reserve Bank, after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **₹4,36,50,358.00**, and the period of delay ranges from four days to three months and nineteen days; and

(c) Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, and 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2000-RB dated November 07, 2017, due to delayed filing of Annual Return on Foreign Liabilities and Assets for the Financial Years 2015-16, 2016-17 and 2017-18.

7. It has been declared in the compounding application dated December 13, 2018, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the undertaking, 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.

8. In terms of Section 13 of the 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. 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 on the amount for which the contraventions are to be compounded and I consider that an amount of **₹89,265.00 (Rupees Eighty Nine Thousand Two Hundred and Sixty Five only)**, will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A), 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB and 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2000-RB dated November 07, 2017, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹89,265.00 (Rupees Eighty Nine Thousand Two Hundred and Sixty Five only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, 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, the Twenty Sixth day of April 2019.

**Sd/-**

**(Jose J Kattoor)**  
**Regional Director, Karnataka and**  
**Chief General Manager, Bengaluru**