



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
11th floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400 001

Present

Ajay Kumar Misra
Chief General Manager

April 02, 2019
C.A. BGL 330/2018

In the matter of

M/s Quiver Digital Solutions India Private Limited
7th Floor, Divyasree Chambers 'A' Wing
No. 11, 'O' Shaugnessy Road
Off Langford Road
Bengaluru - 560025
(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 October 23, 2018, received at the office of Reserve Bank of India, Bengaluru, on October 23, 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 reporting the transfer of shares by Non-Resident to Resident in terms of



Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB.

2. The relevant facts of the case are as follows: The applicant, M/s Quiver Digital Solutions India Private Limited, was incorporated on September 28, 2012, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The activity undertaken by the company is providing software services and reproduction of recorded media. The applicant had received funds towards share application money from the foreign investor, namely, M/s. Premiere Digital Services INC, USA, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	06-11-2014	73,46,952.78	31-12-2014
2	01-12-2015	21,60,775.00	22-12-2015
3	27-05-2016	9,05,190.00	31-05-2016
4	16-12-2016	387,07,957.43	27-12-2016
	Total	491,20,875.21	

The applicant had reported receipt of remittance to the Reserve Bank / Authorized Dealer Bank, with a delay of twenty five days, beyond the stipulated time of 30 days in respect of the remittance indicated at serial number 1, 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.

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



Table-2

Sl. No.	Date of Allotment	Number of shares allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	05-01-2015	734695	73,46,950.00	09-03-2015
2	31-12-2015	216077	21,60,770.00	22-01-2016
3	25-07-2016	90519	9,05,190.00	22-09-2016
4	30-01-2017	3870795	387,07,950.00	07-03-2017
	Total	49,12,086	491,20,860.00	

The applicant filed 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 six days to one month and five days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 1, 3 and 4, 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.

4. The resident shareholders of the company, namely, Mr. Sapankumar Hasmukhbhai Doshi, Kharagpur, West Bengal, and Mr. Vinay Venkataramana, Bengaluru, Karnataka, had transferred their shares to the non-resident investor, M/s. Premiere Digital Services, USA, and filed Form FC-TRS with Reserve Bank/AD Bank as indicated below:

Sl. No	Name of the non-resident buyer	No. of shares transferred	Date of transfer of shares	Amount of consideration received in Rs.	Date of receipt of consideration	Date of filling Form FCTRS
1	M/s. Premiere Digital Services, USA	5,000	05-07-2013	50,000.00	05-07-2013	06-11-2013



2	M/s. Premiere Digital Services, USA	4,800	05-07-2013	48,000.00	05-07-2013	05-11-2013
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The applicant had filed form FC-TRS with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from two months and two days to two months and three days, beyond the prescribed period of 60 days from the date of receipt of amount of consideration as indicated in the Table - 2 above. As per Regulation 10 A (b) (i) read with Paragraph 10 of Schedule 1 to Notification No. FEMA 20/2000-RB, the Form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the Form FC-TRS within the given timeframe would be on the transferor / transferee, resident in India.

5. The applicant company sought to be exempted from the personal hearing with the Compounding Authority vide their email dated March 27, 2019.

It has also been declared in the compounding application dated October 23, 2018, that the particulars given by the applicant company in the application are true and correct to the best of their/his/her knowledge and belief. It has further been declared in the declaration furnished along with the compounding application that the applicant company was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not been informed of initiation of any such enquiry/investigation/adjudication proceedings against it/him/her thereafter. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made by the applicant company 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.

The application is, therefore, being considered on the basis of the averments made in the compounding application and the documents submitted therein.



6. I have given my careful consideration to the documents on record. 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 **₹73,46,952.78**, and the period of delay is twenty five 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, after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **₹4,69,60,090.00**, and the period of delay ranges from six days to one month and five days; and

(c) Regulation 10A (b) (i) read with Paragraph 10 of Schedule I to FEMA 20/2000-RB, due to delay in reporting of transfer of shares as detailed in Paragraph 4 above. The amount of contravention is **₹98,000.00**, and the period of delay ranges from two months and two days to two months and three days.

7. 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 **₹26,683.00 (Rupees Twenty Six Thousand Six Hundred Eighty Three only)**, will meet the ends of justice.

8. 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, and Regulation 10A (b)(i) read with para 10 of Schedule I of the Notification *ibid*, 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 **₹26,683.00 (Rupees Twenty Six Thousand Six Hundred Eighty Three only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd 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 Second day of April 2019.

Sd/-

(Ajay Kumar Misra)
Chief General Manager