



In the

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

Present

**Ms. Usha Nambeesan**  
**Assistant General Manager**

Date: September 06, 2019  
**C.A. BGL 429/2019**

In the matter of

**M/s eQuadriga Software Private Limited**  
#95, Bharathidasan Salai, Cantonment  
Trichy - 620001  
**(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 March 14, 2019, received at this office of Reserve Bank of India, Bengaluru, on May 10, 2019, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in refund of excess share application money to the non-resident buyer, received for the transfer of shares between Resident to Non-Resident, beyond 60 days from the date of transfer of capital instruments or receipt/ remittance of funds whichever is earlier, in terms of Regulation 13.1(4) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified, vide Notification No. FEMA 20(R)/2017-RB, dated November 07, 2017, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).



2. The relevant facts of the case are as follows: The applicant, M/s eQuadriga Software Private Limited, was originally incorporated on November 8, 2000, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu. Subsequently, the name of the company was changed to M/s GFT Technologies India Private Limited, on March 24, 2004, and again the name of the company was changed to M/s eQuadriga Software Private Limited, as per the fresh Certificate of Incorporation consequent upon change of name, issued by the Registrar of Companies, Tamil Nadu on June 13, 2008. The company is engaged in the business of providing computer consultancy and computer facilities management.

3. The applicant company (resident transferor), had transferred 346500 equity shares held by them in the company, M/s Emagine Infotech Software Private Limited, Bengaluru, to the non-resident transferee, M/s Emagine Group SAS, France, on August 30, 2018, for an amount of consideration of **₹34,65,000.00**. Subsequently, the resident transferor received an inward remittance of **₹35,93,439.00**, pertaining to the aforesaid transfer of shares, from non-resident transferee, on September 04, 2018. The excess share application money of **₹1,28,439.00**, was refunded to the non-resident transferee on January 08, 2019, with a delay beyond the stipulated period of 60 days, from the date of transfer of shares.

Whereas, in terms of Regulation 13.1(4) of Notification No. FEMA 20 (R)/2017-RB, dated November 07, 2017, as amended from time to time, read with Regulation 10(4) of the Notification ibid, the transfer of capital instrument, shall be reported in form FCTRS to the Authorised Dealer bank within sixty days of transfer of capital instruments or receipt/ remittance of funds whichever is earlier.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 651 /22.11.514/2019-20, dated September 03, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr.



Rajadeepan T, Manager, who appeared for the personal hearing on September 05, 2019, admitted the contravention as stated in paragraph 3 above, committed by the applicant, for which compounding has been sought. The representative of the applicant requested that, as the contravention was 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.

5. 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 provision issued in terms of:

(a) Regulation 13.1(4) of Notification No. FEMA 20(R)/2000-RB, as the applicant refunded the excess share application money to the non-resident transferee with a delay beyond the stipulated period of 60 days, from the date of transfer of capital instruments, as detailed in paragraph 3 above. The contravention relates to an amount of **₹1,28,439.00**, and the period of contravention is two months and ten days.

6. It has been declared in the compounding application dated March 14, 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 been declared in the undertaking, furnished along 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 contravention which is being compounded in this order is 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. 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 contravention is to be compounded and I consider that an amount of **₹50,642.00 (Rupees Fifty Thousand Six Hundred and Forty Two only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Regulation 13.1(4) of Notification No. FEMA 20(R)/2017-RB, 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 **₹50,642.00 (Rupees Fifty Thousand Six Hundred and Forty Two 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”, 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 Sixth day of September 2019.

**Sd/-**

**(Usha Nambeesan)**  
**Assistant General Manager**