



In the

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

Present

Ms. Shilpi Kumari
Assistant General Manager

Date: March 09, 2020
C.A. BGL 519/2019

In the matter of

M/s Zscore Technologies Private Limited
12033, Prestige Shantiniketan,
ITPL Main Road, Opposite to ITPL, Whitefield
Bengaluru 560048

(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 10, 2019, received at this office of Reserve Bank of India, Bengaluru, on December 11, 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 share application money beyond the stipulated period of 75 days from the date of receipt of inward remittance, in terms of Paragraph 2 of Schedule I to 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 Zscore Technologies Private Limited, was incorporated on June 22, 2016, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Central Registration Centre, Ministry of Corporate Affairs. The company is engaged in the business of development and implementation of Computer Software, Management of Data processing, Information systems and to provide Consultancy services related to the aforesaid activities.

3. The company had received an inward remittance of ₹5,73,279.25, on June 06, 2019, from the non-resident investor, M/s ACH Australia Investments Pty Ltd, Australia (formerly known as M/s SBC Energy Australia 1820 Pty Ltd, Australia). However, the company had refunded the entire share application money to the non-resident investor, on October 05, 2019, with a delay, beyond 75 days from the date of receipt of inward remittance.

Whereas, in terms of Paragraph 2 of Schedule 1 to Notification No. FEMA 20 (R)/2017- RB, dated November 07, 2017, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration. Where such capital instruments are not issued within sixty days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/ FCNR(B) accounts, as the case may be within fifteen days from the date of completion of sixty days.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.2023/22.12.162/2019-20, dated March 02, 2020, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. Hari Prasad MS, Advocate and Ms. Priyanka Yavagal, Advocate, who appeared for the personal hearing on March 04, 2020, admitted the contravention as stated in paragraph 3 above, committed by the applicant, for which compounding has been sought. The representatives 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:

Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2000-RB, as the applicant had delayed in refunding the share application money beyond the stipulated period of 75 days from the date of receipt of inward remittance as detailed in paragraph 3 above. The contravention relates to an amount of **₹5,73,279.25**, and the period of contravention is one month and fifteen days.

6. It has been declared in the compounding application dated December 10, 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 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, 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 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 **₹52,866.00 (Rupees Fifty Two Thousand Eight Hundred and Sixty Six only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 2 of Schedule I to 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 **₹52,866.00 (Rupees Fifty Two Thousand Eight Hundred and Sixty Six 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 Ninth day of March 2020.

Sd/-

(Shilpi Kumari)
Assistant General Manager