



In the

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

Present

**Ms. Shilpi Kumari**  
**Assistant General Manager**

Date: December 23, 2019  
**C.A. BGL 486/2019**

In the matter of

**M/s Datasigns Technologies Private Limited**  
HTC Aspire, No.19, 2nd Floor, Ali Asker Road  
Bengaluru 560035

**(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 July 01, 2019, received at this office of Reserve Bank of India, Bengaluru, on August 23, 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 to the foreign investor/persons resident outside India, beyond the stipulated period of 75 days from the date of receipt of the 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 Datasigns Technologies Private Limited, was incorporated on March 09, 2016, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Deputy Registrar of Companies, Karnataka. The company is engaged in the business of offering technology driven lending platform to various banks and non-banking entities.

3. The company had received an inward remittance of ₹10,000.00, on September 26, 2018, from the non-resident investor, M/s SRI Capital LLC, USA. The company had not allotted the shares and entire share application money of ₹10,000.00, was refunded to the non-resident investor on June 20, 2019, with a delay beyond the stipulated period of 75 days. Whereas, in terms of Paragraph 2 of Schedule 1 to Notification No. FEMA 20 (R)/2017- RB dated November 07, 2017, if the 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. 1522/22.10.058/2019-20 dated December 13, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Ms. Tanvi Khemsra, Finance Controller, and Ms. Susan Manju George, Chartered Accountant, who appeared for the personal hearing on December 18, 2019, 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 FEMA provision issued in terms of Paragraph 2 of Schedule I to Notification No. FEMA 20(R)/2017-RB, as the applicant refunded the excess share application money to the non-resident investor with a delay beyond the stipulated period of 75 days from the date of receipt of amount of consideration, as detailed in paragraph 3 above. The contravention relates to an amount of **₹10,000.00**, and the period of contravention is six months and ten days.

6. It has been declared in the compounding application dated July 01, 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 dated August 22, 2019, 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 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 **₹526.00 (Rupees Five Hundred and Twenty 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 **₹526.00 (Rupees Five Hundred and Twenty Six 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 Third day of December, 2019.

**Sd/-**

**(Shilpi Kumari)**  
**Assistant General Manager**