



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: January 14, 2020  
**C.A. BGL 481/2019**

In the matter of

**M/s Aspect Contact Center Software India Private Limited**  
2<sup>nd</sup> Floor Embassy Star No.8,  
Palace Road  
Bengaluru 560052

**(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 11, 2019, received at this office of Reserve Bank of India, Bengaluru on August 20, 2019, 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, and (ii) delay in refund of share application money to the non-resident, beyond 180 days from the date of receipt of inward remittance, in terms of Paragraphs 9(1)(A) and 8 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).



2. The relevant facts of the case are as follows: The applicant company, M/s Aspect Contact Center Software India Private Limited, was originally incorporated as M/s Davox India Private Limited, on October 23, 2001, under the Companies Act, 1956 as per the certificate of incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana. The company changed its name from M/s Davox India Private Limited to M/s Concerto Software India Private Limited, on April 23, 2002, and further to M/s Aspect Contact Center Software India Private Limited, on March 22, 2007, as per the Certificates of Incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana. Subsequently, the company shifted its registered office from the State of Haryana to the State of Karnataka, with effect from May 27, 2019. The company is engaged in the business of development, marketing and selling of all kind of software and computer hardware developed by its group companies. The applicant had received funds towards share application money from the non-resident investor, namely, M/s Aspect Software Inc (Formerly known as Davox Corp), USA, as shown below:

**Table – 1**

Sl. No	Date of Receipt	Amount (INR)	Date of Reporting to RBI /AD
1	09-12-2001	4,75,000.00	20-02-2002
2	01-01-2002	4,50,000.00	20-02-2002
3	24-01-2002	30,00,000.00	09-05-2002
4	21-02-2002	1,00,000.00	11-02-2015
5	10-06-2002	18,00,000.00	11-02-2015
6	17-06-2002	2,00,000.00	11-02-2015
7	29-08-2002	20,00,000.00	11-02-2015
8	18-10-2002	30,00,000.00	11-02-2015
9	20-12-2002	35,00,000.00	11-02-2015
10	10-03-2003	48,00,000.00	11-02-2015
11	21-03-2003	1,02,50,000.00	11-02-2015
12	24-11-2003	1,30,00,000.00	11-02-2015
13	24-12-2003	30,00,000.00	11-02-2015
14	27-12-2003	1,54,00,000.00	11-02-2015
	<b>Total</b>	<b>6,09,75,000.00</b>	



The applicant reported receipt of remittances to the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from twenty days to twelve years ten months and nineteen days, beyond the stipulated period of 30 days in respect of remittances mentioned, in 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 delayed in refunding the share application money to the non-resident investor beyond the stipulated period of 180 days from the date of receipt of inward remittance with prior approval of Reserve Bank, as detailed below:

The company had received inward remittances amounting to ₹5,70,50,000.00, in eleven tranches, from February 21, 2002 to December 27, 2003, from the non-resident investor M/s Aspect Software Inc (Formerly known as Davox Corp), USA. However, the company had refunded the entire share application money to the non-resident investor, on January 04, 2019, with a delay, beyond 180 days from the date of receipt of inward remittance, with prior approval of the Reserve Bank.

Whereas, in terms of Paragraph 8 of Schedule 1 to Notification no. FEMA 20/2000- RB, dated May 3, 2000 and as amended from time to time, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt.

**4.** The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1614/22.12.128/2019-20, dated January 01, 2020, for further submission in person, and/or producing documents, if any, in support of the application. The applicant's authorized representatives Mr. Rajat



Sharma, Senior Manager - Ernst & Young LLP and Mr. Akash Chauhan, Manager - Ernst & Young LLP, who appeared for the personal hearing on January 09, 2020, admitted the contraventions as stated in paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, the authorized representatives requested to take a lenient view 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 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 **₹6,09,75,000.00**, and the period of delay ranges from twenty days to twelve years ten months and nineteen days; and

(b) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, due to delay in refund of share application money, beyond the stipulated period of 180 days from the date of receipt of inward remittances, as detailed in paragraph 3 above. The contravention relates to an amount of **₹5,70,50,000.00**, and the period of delay is eleven years one month and six days.

6. It has been declared in the compounding application dated July 11, 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 contraventions which are 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to compound the contraventions, in line with the Guidance Note on Computation Matrix prescribed as part of Master Direction – Compounding of Contraventions, framed in accordance with the Foreign Exchange (Compounding Proceedings) Rules 2000. I am of the view that an amount of **₹26,61,878.00, (Rupees Twenty Six Lakh Sixty One Thousand Eight Hundred and Seventy Eight only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 8 of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **₹26,61,878.00, (Rupees Twenty Six Lakh Sixty One Thousand Eight Hundred and Seventy Eight 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 03, 2000, shall apply.



The application is disposed of accordingly.

Dated this, the Fourteenth day of January 2020.

**Sd/-**

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