



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5<sup>th</sup> Floor, Amar Building  
Sir P M Road  
Mumbai - 400 001

Present

**S.Arumugam**  
**Assistant General Manager**

Date: June 8, 2018  
CA No 4634 / 2018

In the matter of

**CI Global Technologies Pvt Ltd**  
**T1-A, 7<sup>th</sup> Street, Dr VSI Estate, Phase II**  
**Thiruvanmiyur, Chennai 600041**

**(Applicant)**

In exercise of the powers conferred under section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made there under, I pass the following

### **Order**

The applicant has filed the application dated January 29, 2018 (received at the Reserve Bank on January 31, 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) Non-Reporting of Overseas Direct Investment (ODI) (ii)



Delay in submission of APRs within the stipulated time period and (iii) Method of Funding

of ODI through travellers cheque. The above amount to the contravention of Regulations 6(2) (vi), 15(iii) and 6(3) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts are as under: The applicant CI Global Technologies Private Limited (Formerly known as CI.Com Private limited) is a Company incorporated in the year 1999, in India under the Companies Act, 1956 (CIN: U72300TN1999PTC043630). The applicant is engaged in the business of development, maintenance and testing of Software using various Software Development technologies. The applicant set-up a wholly owned subsidiary (WOS), CI Global Technologies LLC, a newly incorporated company located at 315 Lowell Avenue, Hamilton, NJ 08619. The applicant had remitted USD 10,380.15(INR 461917) on November 14, 2005 towards investment in the WOS. Mr Ramani Ramachandran, Managing Director of the applicant company had invested USD 104.85(INR 4666) towards 1 % equity holding in the overseas WOS on November 14, 2005. The applicant reported Form ODI part I for these transactions of USD 10,485(INR 4,66,583/-) i.e USD 10,380.15 (remitted by applicant) +USD 104.85 (remitted by MD), with delay in May 15, 2015 which is not in compliance with the Regulation 6(2)(vi) of Notification No. FEMA 120/RB-2004 dated July, 2004 as amended from time to time. Further, the applicant had made ODI by way of Travelers' Cheque which is not a permitted method of funding and hence not in compliance with Regulation 6 (3) of the Notification *ibid*. The applicant had reported Annual Performance Reports (APRs) for the period 2009 to 2015 with delay on January 01, 2017, contravening Regulation 15 (iii) of Notification *ibid*.

3. In terms of Regulation 6(2)(vi) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, Overseas Direct Investment is



permitted in certain cases provided “ the Indian Party submits Part I of the Form ODI, duly completed, to the designated branch of an authorized dealer”.

Further, in terms of Regulation 6(3) of Notification ibid “Investment under this Regulation may be funded out of one or more of the following sources, namely:

- (i) Out of the balance held in Exchange Earners’ Foreign Currency account of the Indian Party maintained with an authorized dealer in accordance with Regulation 4 of Foreign Exchange Management (Foreign Currency accounts by a person resident in India) Regulations, 2000;
- (ii) drawal of foreign exchange from an authorized dealer in India shall not exceed 100% or as decided by the Reserve Bank from time to time, of the networth of the Indian Party as on the date of last audited balance sheet.

Further, Regulation 15 (iii) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, states that, “An Indian Party which has acquired foreign security in terms of the Regulation in Part I shall submit to the Reserve Bank, through the designated Authorized Dealer, every year on or before a specified date, an Annual performance Report (APR) in Part III of Form ODI in respect of each JV or WOS outside India.....”.

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/8047/15.20.67/2017-18 dated March 26, 2018 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on April 25, 2018 during which Ms Bargavi Natesan, Sr. Partner, SPR & Co, Chartered Accountants, represented the applicant. The representative, of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations and was unintentional. The application is, therefore, being considered on the basis of the



averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed

that the applicant has contravened the provisions of Regulations 6(2) (vi), 6 (3) and 15(iii) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time. The amount of contravention is Rs.4, 66,583/- and period of contravention nine years approximately.

6. It has been declared in the compounding application dated January 29, 2018, that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the Annex III of the Compounding Application dated January 29, 2018, that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application. Accordingly, the above contraventions which are being compounded in this Order are 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 take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 1, 62,499/- (Rupees One lakh Sixty two thousand four hundred and Ninety nine only), will meet the ends of justice in the circumstances of this case.

8. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contraventions



committed by the applicant namely, Regulations 6(2)(vi), 6(3) and 15(iii) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time, on payment of a sum of Rs. 1,62,499/- (Rupees One lakh sixty two thousand four hundred and ninety nine only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 accordingly.

Dated this the eighth day of June, 2018

Sd/-

**(S Arumugam)**  
**Assistant General Manager**

