



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

Present

Eugene E Karthak
Regional Director

Date: July 18, 2017
C.A. BGL 219/2017

In the matter of

M/s Capillary Technologies India Private Limited
No. 43/61, 1st Floor, "Srinidhi"
Surveyors Street, Basavanagudi
Bengaluru - 560004
(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 07, 2017, received on March 13, 2017, 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 reporting receipt of foreign inward remittances towards subscription to equity, in terms of paragraph 9(1) (A) 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, M/s Capillary Technologies India Private Limited, erstwhile known as M/s Kharagpur Technologies Private Limited, was incorporated on March 15, 2012, under the Companies Act, 1956. The activities undertaken by the company are "To set up, manage research, develop and maintain Software Technology Park (STP),



websites, internet gateways, software development centres, multimedia, animation centres, portals to have multiple setups, to provide and develop M-commerce related activities within India or outside India, etc.” The applicant had received funds towards share application money from foreign investor, namely, M/s Capillary Technologies International PTE Limited, Singapore, as shown below:

Sl. No	Date of receipt	Amount (INR)	Date of Reporting to RBI/AD
1	29-01-2013	53,08,360.25	08-02-2013
2	24-01-2013	105,83,782.94	08-02-2013
3	05-03-2013	54,08,000.00	22-03-2013
4	26-02-2013	106,72,000.00	22-03-2013
5	05-02-2013	52,46,569.12	19-02-2013
6	02-04-2013	177,14,400.00	17-04-2013
7	28-03-2013	199,03,664.79	17-04-2013
8	26-04-2013	106,56,000.00	20-05-2013
9	08-05-2013	52,98,402.34	22-05-2013
10	23-05-2013	83,52,000.00	19-06-2013
11	21-05-2013	164,94,000.00	03-07-2013
12	28-05-2012	82,37,594.40	02-08-2012
13	02-05-2012	93,41,382.04	02-08-2012
14	16-07-2012	254,33,400.00	24-08-2012
15	03-07-2012	10,93,083.75	02-08-2012
16	17-08-2012	101,01,000.00	24-08-2012
17	04-09-2012	50,78,400.00	18-09-2012
18	28-09-2012	131,45,000.00	08-10-2012
19	18-10-2012	157,20,000.00	08-11-2012
20	19-11-2012	109,90,000.00	26-11-2012
21	08-11-2012	216,16,000.00	21-11-2012
22	28-12-2012	136,68,173.36	15-01-2013
23	13-02-2015	1110,96,000.00	21-06-2016
24	13-02-2015	179,60,000.00	13-07-2015



25	28-11-2014	228,69,700.00	22-04-2015
26	01-12-2014	161,22,600.00	22-04-2015
27	20-10-2014	61,21,000.00	22-04-2015
28	29-10-2014	152,87,500.00	22-04-2015
29	24-12-2014	234,46,900.00	22-04-2015
30	10-10-2014	91,71,000.00	22-04-2015
31	29-10-2014	97,84,000.00	22-04-2015
32	29-09-2014	183,21,000.00	22-04-2015
33	14-10-2014	91,68,000.00	22-04-2015
34	05-11-2014	183,72,000.00	22-04-2015
35	26-06-2015	95,25,000.00	10-07-2015
36	27-05-2015	191,10,000.00	10-07-2015
37	25-06-2015	190,05,000.00	10-07-2015
38	05-06-2015	63,72,000.00	10-07-2015
39	28-07-2015	223,23,000.00	05-08-2015
40	07-07-2015	126,20,000.00	05-08-2015
41	17-07-2015	126,50,000.00	05-08-2015
42	25-08-2015	197,70,000.00	22-09-2015
43	26-08-2015	198,15,000.00	22-09-2015
44	27-08-2015	197,85,000.00	22-09-2015
45	04-09-2015	149,06,250.00	22-09-2015
46	10-09-2015	132,60,000.00	22-09-2015
47	10-09-2015	165,75,000.00	22-09-2015
48	28-09-2015	198,03,000.00	16-10-2015
49	29-09-2015	65,97,000.00	16-10-2015
50	07-10-2015	227,60,500.00	16-10-2015
51	07-10-2015	65,01,000.00	16-10-2015
52	15-10-2015	1034,88,000.00	07-11-2015
53	27-11-2015	199,98,000.00	18-12-2015
54	01-12-2015	99,76,500.00	18-12-2015
55	16-02-2016	504,31,000.00	09-05-2016
	TOTAL	97,30,52,162.99	



The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from five days to one year three months and six days approximately, beyond the stipulated time of 30 days in respect of remittances indicated above at Sr. Nos. 11 - 14, 23 - 34, 36, 38 and 55. 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 applicant was given an opportunity for personal hearing, vide the Reserve Bank's letter FE.BG.FID (CEFA) No.151 /22.08.581/2017-18 dated July 14, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on July 17, 2017. Shri Sathyan Veera Venkataram, Finance Controller, and Shri Vijay ANS, Legal Council, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in paragraph 2 above committed by the applicant, for which compounding has been sought. The representative of the applicant requested that as the contraventions were not intentional, and were beyond the control of the applicant, 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.

4. I have given my careful consideration to the documents on record. 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 **Rs.41,31,39,076.00** and the period of delay ranges from five days to one year three months and six days approximately.



5. 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 are to be compounded and I consider that an amount of **Rs.3,09,440.00 (Rupees Three Lakh Nine Thousand Four Hundred and Forty only)** will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, contraventions of Paragraph 9(1) (A) 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 **Rs.3,09,440.00 (Rupees Three Lakh Nine Thousand Four Hundred and Forty 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 Eighteenth day of July, 2017.

Sd/-

(Eugene E Karthak)
Regional Director