



In the

Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

Shri J. K. Pandey
Chief General Manager

Date: December 28, 2018

C.A. No. 798/2018

In the matter of

Aastrid Life Sciences Private Limited
A-514, TTC Industrial Area,
MIDC, Mhape,
Navi Mumbai- 400701

(Applicant)

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

Order

1. The applicant has filed the compounding application dated September 26, 2018 (received at the Reserve Bank on September 27, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) neither the equity instruments were issued, nor the money refunded to the foreign investor, a person resident outside India within 180 days of the receipt of the inward remittance (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity and (iii) delay in submission of Form



FC-GPR to the Reserve Bank after issue of shares to a person resident outside India, in terms of paragraphs 8, 9(1) (A) and 9(1) (B) respectively, of Schedule 1 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 3, 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 was incorporated on March 08, 2010, under the Companies Act, 1956 as Aastrid Life Sciences Private Limited. Its main activities are to carry on the business of manufacture, research, development, buying, selling, importing and exporting pharmaceuticals raw materials, finished formulations, biotech products, intermediates and fine chemicals for pharmaceutical and Agro industries.

3. The applicant received foreign inward remittance towards equity shares/ compulsory convertible preference shares/ compulsory convertible debentures and reported the same to the Reserve Bank of India on dates as indicated in the table below.

| Sr. No | Date of inward remittance | Amount received in INR | Date of reporting | Para 9 (1)(A) delay | Date of allotment | Para 8 delay |
|--------|---------------------------|------------------------|-------------------|---------------------|-------------------|--------------|
| 1 | 01-09-2010 | 1,40,310.00 | 13-09-2010 | No | 01-10-2010 | No |
| 2 | 11-01-2011 | 22,58,000.00 | 19-12-2012 | 1Y 10M 7D | 26-05-2014 | 2Y 10M 16D |
| 3 | 26-08-2011 | 22,97,500.00 | 19-12-2012 | 1Y 2M 23D | 26-05-2014 | 2Y 3M 1D |
| 4 | 19-12-2012 | 26,91,020.00 | 19-12-2012 | No | 26-05-2014 | 11M 8D |
| 5 | 17-02-2012 | 98,19,000.00 | 29-02-2012 | No | 14-08-2012 | No |
| 6 | 28-02-2012 | 97,98,000.00 | 29-02-2012 | No | 14-08-2012 | No |
| 7 | 01-01-2013 | 54,66,000.00 | 30-01-2013 | No | 26-05-2014 | 10M 26D |
| | TOTAL | 3,24,69,830.00 | | | | |

The applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above with a delay ranging from 01 Year 02 Months 23 Days to 01 Year 10 Months 07 Days approximately, in respect of remittance recorded at serial no. 02 and 03 above, beyond the stipulated time of 30 days. Whereas, in terms of Paragraph 9 (1) (A) of Schedule 1 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.

4. The company allotted equity shares/ compulsory convertible preference shares/ compulsory convertible debentures and filed FC-GPRs as indicated below:

| Sr. No | Date of allotment | number of shares | FV+ premium in INR | Amount in INR | Date of reporting | Para 9 (1) (B) delay |
|--------|-------------------|------------------|--------------------|-----------------------|-------------------|----------------------|
| 1 | 01-10-2010 | 1400 | 100.00 | 1,40,000.00 | 12-11-2010 | 11D |
| 2 | 14-08-2012 | 130780 | 150.00 | 1,96,17,000.00 | 18-02-2013 | 5M 4D |
| 3 | 26-05-2014 | 48310 | 150.00 | 72,46,500.00 | 24-03-2017 | 2Y 8M 26D |
| 4 | 26-05-2014 | 36440 | 150.00 | 54,66,000.00 | 18-05-2017 | 2Y 10M 22D |
| | TOTAL | 216930 | | 3,24,69,500.00 | | |

The applicant filed form FC-GPRs as indicated above with a delay of 11 Days to 02 Years 10 Months 22 Days approximately, beyond the prescribed limit in respect of allotment indicated at Sr. No. 1 to 04 above. Whereas, in terms of Paragraph 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

5. In respect of remittances amounting to Rs.1,27,12,520.00 (Rupees One Crore Twenty-Seven Lakh Twelve Thousand Five Hundred Twenty only), indicated at serial no. 02 to 04 & 07 in para 3 above (column - Para 8 delay), the company allotted shares after 180 days of receipt of investment with a delay ranging from 10 Months 26 Days to 02 Years 10 Months 16 Days, approximately. Whereas in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, 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. The amendment in paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of security by A person resident outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November 2007 in the official Gazette of the Government of India.

6. The applicant vide e-mail dated December 12, 2018 had sought waiver to appear for the personal hearing. The applicant, in the compounding application, had admitted to the contraventions as stated above for which compounding has been sought. It had been submitted that the contraventions were not wilful and were unintentional. 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.

7. 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 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were not issued to the person resident outside India within 180 days from the date of receipt of the inward remittance/share application not refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance. The contravention relates to an amount of Rs.1,27,12,520.00 (Rupees One Crore Twenty-Seven Lakh Twelve Thousand Five Hundred Twenty only) and with the delay ranging from 10 Months 26 Days to 02 Years 10 Months 16 Days, approximately.

(b) Paragraph 9(1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 3 above. The contravention relates to an amount of Rs.45,55,500.00 (Rupees Forty-Five Lakh Fifty-Five Thousand Five Hundred only) and with a delay ranging from 01 Year 02 Months 23 Days to 01 Year 10 Months 07 Days, approximately.



(c) Paragraph 9(1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.3,24,69,500.00 (Rupees Three Crore Twenty-Four Lakh Sixty-Nine Thousand Five Hundred Only) with a delay of 11 Days to 02 Years 10 Months 22 Days, approximately.

8. It has been declared in the compounding application dated September 26, 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 declaration 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/him/her 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 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.

9. 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 contraventions are to be compounded and I consider that an amount of Rs. 184,116.00 (Rupees One Lakh Eighty-Four Thousand One Hundred Sixteen only) will meet the ends of justice.

10. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraph 8, 9(1) (A) and 9(1) (B) of Schedule 1 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



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payment of an amount of Rs. 184,116.00 (Rupees One Lakh Eighty-Four Thousand One Hundred Sixteen only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, 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.

11. The above order is passed only in respect of contraventions of paragraph 8, 9(1) (A) and 9(1) (B) of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: December 28, 2018.

Compounding Authority

Sd/-

(J. K. Pandey)

Chief General Manager