



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: October 22, 2019
C.A. BGL 483/2019

In the matter of

M/s Vaatsalya Health Care Solutions Private Limited
#26, 18th Main, 2nd Block
Koramangala
Bengaluru - 560034
(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 August 19, 2019, received at this Office of the 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 contravention sought to be compounded is delay in submission of Form FC-GPR to the Reserve Bank, after issue of shares to a person resident outside India, in terms of Paragraph 9(1)(B) 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 Vaatsalya Health Care Solutions Private Limited was incorporated on November 30, 2004, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The Company is engaged in the business of establishing, operating and managing hospitals in the field of health sciences / industry in India and Overseas and provide consulting and information related services in this area. The applicant had received funds towards share application money from foreign investors, namely, Mr. Vinay Sadanand Gaonkar, USA, Mr. Ajat K Sanikop & Mrs. K Sanikop, UK, Ms. Savitha Nagaraju, USA, Mr. Arun Prakash / Ms. Shaina Sreedharan, USA, Ms. Shubha Bellur / Mr. Subhash Joshi, USA, Ms. Rajeshwari R Galagali, Mr. Rajendra S Galagali, Mr. Ralph Nirven Kumar, Malaysia, Mr. Nikhil N Shah / Ms. Nancy S Shah, USA, Mr. Vinayak V Savanur, USA, Ms. Rajasri Mohan, USA, M/s Oasis Capital (Mauritius) Limited, Mauritius, M/s Aquarius Investment Limited, Mauritius, M/s Seed Fund2 International LLC, Mauritius, and M/s Aavishkaar India II Company Limited, Mauritius, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	16-02-2005	10,89,500.00	10-08-2005
2	08-02-2005	2,25,450.00	10-08-2005
3	08-02-2005	2,18,200.00	10-08-2005
4	08-02-2005	2,18,200.00	10-08-2005
5	08-02-2005	4,36,400.00	10-08-2005
6	16-02-2005	4,35,800.00	10-08-2005
7	16-02-2005	2,17,900.00	10-08-2005
8	04-03-2005	2,62,200.00	10-08-2005
9	12-01-2005	2,18,250.00	10-08-2005
10	27-01-2005	2,16,750.00	10-08-2005
11	09-02-2005	2,15,733.00	10-08-2005
12	20-04-2009	19,00,00,000.00	01-06-2009



13	03-06-2011	33,70,66,884.00	05-11-2012
14	14-06-2011	7,68,12,492.00	29-06-2011
15	14-10-2014	2,27,300.00	23-12-2014
16	16-10-2014	10,74,900.00	23-12-2014
17	30-10-2014	2,52,100.00	06-12-2017
18	31-10-2014	1,59,99,737.00	06-06-2015
19	05-11-2014	6,32,80,698.00	24-04-2015
20	20-08-2015	7,99,98,685.00	18-09-2015
21	21-08-2015	1,99,98,953.00	12-02-2016
22	28-03-2017	15,50,00,000.00	26-04-2017
		94,34,66,132.00	

The applicant company has already been compounded by Reserve Bank, vide Order C.A. BGL 281/2018, dated June 01, 2018, for delay in reporting the inward remittances to Reserve Bank of India, as indicated in the Table – 1, in violation 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.

3. The applicant company allotted equity shares and filed form FC-GPRs with Reserve Bank/AD Bank as indicated below:

Table-2

Sl. No.	Date of Allotment	Number of equity shares/CCPS allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	13-07-2005	2845 equity shares	36,98,500.00	10-08-2005
2	17-04-2009	19694 equity shares & 380000 CCD	18,99,98,292.00	27-05-2009
3	03-06-2011	26356 equity shares	33,70,66,884.00	01-07-2011
4	28-06-2011	6006 equity shares	7,68,12,475.74	25-07-2011
5	16-10-2014	13022 equity shares	13,02,200.00	11-11-2014



6	30-10-2014	2521 equity shares	2,52,100.00	09-12-2014
7	11-11-2014	13022 equity shares	7,92,80,435.00	10-12-2014
8	15-09-2015	27845 equity shares	7,99,98,685.00	14-10-2015
9	15-09-2015	6961 equity shares	1,99,98,953.00	12-02-2016
10	30-03-2017	260732 equity shares	15,50,00,000.03	28-04-2017
	Total	393577 equity shares & 380000 CCD	94,34,08,524.77	

The applicant filed the Form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from ten days to three months and twenty eight days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 2, 6 and 9, in the Table – 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB, dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations, has to submit to Reserve Bank of India, a report in Form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares to persons resident outside India.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1008/22.06.224/2019-20 dated October 16, 2019, for further submission, in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. N.J Diwakaraiah, Managing Director and Mr. Shashikanth Nadig, Company Secretary, who appeared for the personal hearing on October 22, 2019, admitted the contravention as stated in Paragraph 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 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 FEMA provision issued in terms of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPR to the Reserve Bank, after issue of shares to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **₹21,02,49,345.00**, and the period of delay ranges from ten days to three months and twenty eight days.

6. It has been declared in the compounding application dated August 19, 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 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 contraventions are



to be compounded, and I consider that an amount of **₹34,580.00 (Rupees Thirty Four Thousand Five Hundred and Eighty only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-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 **₹34,580.00 (Rupees Thirty Four Thousand Five Hundred and Eighty 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”, 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 Second day of October 2019.

Sd/-

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