



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
Secretariat Road
Saifabad, Hyderabad 500 004

Present

Smt. J. Sailaja Rani
Deputy General Manager

Date: February 12, 2020
C.A. HYD 484

In the matter of

M/s. Vihanga Labs Private Limited
H. No:8-2-316/05/10, Road No.14
Banjara Hills, Hyderabad – 500 084

(Applicant)

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

Order

The applicant has filed compounding application dated December 26, 2019 received on December 30, 2019 for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contravention sought to be compounded is delay in allotment of shares to the foreign investor beyond 60 days from date of receipt of remittance in terms of Paragraph 2(2) 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(R)/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).



2. The relevant facts of the case are as follows:

- a) The applicant is a resident company incorporated as Private Limited company under the Companies Act, 2013 on April 03, 2019 (CIN: U24239TG2019PTC131828). The company is engaged in 'Manufacture and trading of bulk drugs and pharmaceutical preparations'.
- b) The applicant allotted shares for inward remittance received as indicated below:

S No	Name of Investor	Total Amount (₹)	Date of Receipt	Date of allotment
1	Jhansi Lakshmi Kunam	10,27,856	09.05.2019	17.08.2019

The applicant allotted shares for an amount of ₹ 10,27,856/- after 60 days from the date of receipt of consideration, with a delay of 1 month 8 days approximately. Whereas in terms of Paragraph 2(2) of Schedule 1 of FEMA 20(R)/2017-RB dated November 07, 2017, capital instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1815 /14.66.003/2019-20 dated February 11, 2020 for further submission in person and/or producing documents, if any, in support of the application. (b) The applicant vide e-mail dated February 11, 2020 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.



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:-

Paragraph 2(2) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB for delay in allotment of shares to the foreign investor. Here the amount of contravention is ₹ **10,27,856/-** and the period of contravention is 1 month 8 days approximately.

5. It has been declared in the compounding application dated December 26, 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 declaration dated February 08, 2020 furnished with 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 under 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.

6. 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 is to be compounded and I consider that an amount of ₹ **55,139/- (Rupees Fifty-Five Thousand One Hundred Thirty Nine Only)** will meet the ends of justice.



Compounding of contraventions under FEMA 1999
M/s Vihanga Labs Private Limited
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7. Accordingly, I compound the admitted contravention, namely, the contravention of Paragraph 2(2) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 55,139/- (Rupees Fifty-Five Thousand One Hundred Thirty Nine Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 12th day of February 2020.

Sd/-

(J Sailaja Rani)
Deputy General Manager