



In the

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

Present

Smt. N. Sara Rajendra Kumar
General Manager

Date: February 07, 2019
C.A. HYD 367

In the matter of

M/s Sandor Life Sciences Pvt Ltd
8-2-326/5, 2nd Floor, Plot no. 1, Road No. 3
Banjara Hills, Hyderabad-500034.

(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 compounding application dated December 04, 2018 received on December 05, 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) delay in reporting receipt of foreign inward remittances and (ii) delay in submission of Form FC-GPR to Reserve Bank of India in terms of Paragraph 9(1) (A) and Paragraph 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



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Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on 16.07.2004 (CIN: U85110TG2004PTC043672). The name of the company has been changed from M/s Sandor Proteomics Pvt Ltd to M/s Sandor Life Sciences Pvt Ltd on 04.04.2014. The company is engaged in the activity of Research in proteins and setting up of Diagnostic labs.
- b) The applicant had received foreign inward remittance from two foreign investors towards allotment of equity shares as indicated below.

SI No.	Name of the Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Rakesh Sindhi	26,50,000	06.10.2005	18.03.2008
2		16,15,838	27.07.2007	
3	Michel Hoffman	14,99,234	18.10.2007	
	Total	₹ 57,65,072		

The applicant received the foreign inward remittance of ₹ 57,65,072/- as indicated above and all were reported with delays ranging from 4 months 1 day to 2 years 4 months 13 days approximately beyond the prescribed period 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.

- c) The company allotted shares and filed form FC-GPR as indicated below:



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Sl No.	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting to AD or RBI
1	Rakesh Sindhi	18.06.2007	2,65,080	26,50,800	22.05.2008
2		28.12.2007	1,61,561	16,15,610	
3	Mrs. U Hoffman (W/o late Michel Hoffman)*	18.12.2007	1,50,000	15,00,000	
Total			5,76,641	₹ 57,66,410	

*Amount was remitted by Late Michel Hoffman and shares were allotted in the name of Mr. Michel Hoffman only. But by the time of reporting of allotment of shares Mr. Michel Hoffman expired and subsequently shares were transmitted in the name of Mrs. U Hoffman (W/o Late Michel Hoffman) with the approval of RBI.

The applicant filed form FCGPR for issue of shares amounting to ₹ **57,66,410/-** as indicated above and all were reported with delays ranging from 3 months 25 days to 10 months 4 day approximately beyond the stipulated period of 30 days. 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 of India a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1557/14.66.003/2018-19 dated January 30, 2019 for



further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated January 31, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed off 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:-

(a) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to **₹ 57,65,072/-** with the delays ranging from 4 months 1 day to 2 Years 4 Months 13 Days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of **₹ 57,66,641/-** with delays ranging from 3 months 25 days to 10 Months 4 days approximately.

5. It has been declared in the compounding application dated December 04, 2018 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 December 04, 2018 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. 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.

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 ₹ **32,725/- (Rupees Thirty Two Thousand Seven Hundred Twenty Five Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1) (A) and Paragraph 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 payment of an amount of ₹ **32,725/- (Rupees Thirty Two Thousand Seven Hundred Twenty Five 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 accordingly.

Dated this 7th day of February 2019

Sd/-

(N. Sara Rajendra Kumar)

General Manager