



In the

**RESERVE BANK OF INDIA**

Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Manmohan**

**Deputy General Manager**

Date: December 7, 2018

C.A. 4758/2018

In the matter of

**Glenmark Life Sciences Limited**

**(Erstwhile Zorg Laboratories Private Limited)**

**Plot No 170-172, Chandramouli Industrial Estate, Mohol Bbazarpeeth,**

**Solapur (Maharashtra) – 413213**

**(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 there under, I pass the following

**Order**

The applicant has filed a compounding application dated July 31, 2018 (received in the Reserve Bank on August 02, 2018) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded relate to borrowing



undertaken by the applicant company without issuance of any Non-Convertible Debentures (NCDs) and non-compliance with the reporting requirements, in contravention of Regulation 5(1) of Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 notified vide Notification No. FEMA 4/2000-RB dated 3rd May 2000 (hereinafter referred to as Notification No. FEMA 4/2000-RB).

**2. The relevant facts of the case are as follows:** The applicant company was incorporated as Zorg Laboratories Private Limited (CIN U74900PN2011PTC139963), under the Companies Act, 1956 on June 23, 2011. Its name was subsequently changed to Glenmark Life Sciences Private Limited on August 10, 2018 and further to Glenmark Life Sciences Limited on August 28, 2018. The applicant company is engaged in the business of dealing, distributing and marketing of all types of pharmaceutical, chemical products of medicaments including multivitamins, antibiotics, antacids, pain killers and expectorants etc.

2.1 Shri Damanjit Singh, a Non Resident Indian (NRI) based out of United States of America (USA) was one of the Director and shareholder of the applicant company since its incorporation. Shri Damanjit Singh remitted Rs.3,800,000 (Rupees Thirty Lakhs) by way of 14 remittances out of his NRE accounts maintained with Vijaya Bank and HDFC Bank from September 17, 2011 to February 10, 2016. Out of the above amount, Rs.33,330 (Rupees Thirty Three Thousand Three Hundred Thirty) was utilized towards allotment of shares and the balance amount of Rs.3,766,670 (Rupees Thirty Seven Lakhs Sixty Six Thousand Six Hundred Seventy) was treated as loan in the books of the applicant company. Details of the transactions are given below:

Sr.No	Date of Remittance	Amount (in Rs.)
1.	17-Sep-2011	150,000
2.	21-Jun-2012	350,000
3.	28-Sep-2012	200,000
4.	29-Jan-2013	300,000
5.	24-Aug-2013	200,000



6.	25-Sep-2013	200,000
7.	05-Dec-2013	100,000
8.	22-Aug-2014	500,000
9.	01-Nov-2014	500,000
10.	24-Feb-2015	300,000
11.	06-May-2015	200,000
12.	12-Aug-2015	200,000
13.	29-Oct-2015	300,000
14.	10-Feb-2016	300,000
	<b>Total</b>	<b>3,800,000</b>

2.2 The applicant neither issued any Non-Convertible Debentures (NCDs) to the NRI lender nor complied with the reporting requirements, in contravention of Regulation 5(1) of Notification No. FEMA 4/2000-RB. However, the applicant reversed the transaction and remitted the amount of Rs.3,766,670 (Rupees Thirty Seven Lakhs Sixty Six Thousand Six Hundred Seventy) back to Shri Damanjit Singh on July 13, 2018.

3. The applicant committed the following contraventions of FEMA provisions as laid down under Notification No. FEMA 4/2000-RB, as then applicable:-

3.1 In terms of Regulation 5(1) of Notification No. FEMA 4/2000-RB *“a company incorporated in India may borrow in rupees on repatriation or non - repatriation basis, from a nonresident Indian or a person of Indian origin resident outside India by way of investment in Non -convertible Debentures (NCDs) subject to the conditions specified therein.”*

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter No. FED.CO.CEFA.No./2289/15.20.67/2018-19 dated October 19, 2018 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on October 26, 2018, during which Mr. Virender Sharma, Vice President & Global Head Taxation and Mr. K.C. Gandhi, Chartered Accountant was present. They submitted that the company had inadvertently failed to



comply with the FEMA regulations due to ignorance and requested that a lenient view may be taken in the matter. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and thereafter. Accordingly, I hold that the applicant has contravened the Regulations 5(1) of FEMA 4/2000-RB as amended from time to time. The contravention relates to an amount of **Rs.3,766,670/- (Rupees Thirty Seven Lakh Sixty Six Thousand Six Hundred Seventy)** and the period of contravention ranges from **two years five months to six years ten months** approximately.

6. It has been declared in the compounding application dated July 31, 2018 that the particulars given by the applicant in the application are true and correct to the best of his knowledge and belief. It has been declared in the undertaking submitted with the application by the applicant 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 him thereafter as required in terms of the said undertaking. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made/undertaking furnished 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/undertakings 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 contravention is to be compounded and I consider that an amount of **Rs.75,300/- (Rupees Seventy Five Thousand Three Hundred only)** will meet the ends of justice in the circumstances of the case.



8. Accordingly, I compound the admitted contraventions namely, the contravention of Regulations 5(1) of Notification No. FEMA 4/2000-RB amended from time to time by the applicant as stated above on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of **Rs.75,300/- (Rupees Seventy Five Thousand Three Hundred only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, 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.

The application is disposed of accordingly.

Dated this the seventh day of December, 2018

**Sd/-**

**Manmohan**

**Deputy General Manager**