



In the

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

Present

Shri P Kalyan Chakravarthy
Assistant General Manager

Date: January 31, 2020
C.A. HYD 474

In the matter of

M/s Asphar Research Labs Private Limited
Plot No. 47, Third Floor
Industrial Development Area
Balanagar, Hyderabad - 500 037

(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 there under, I pass the following

Order

The applicant has filed compounding application dated December 03, 2019 received by us on December 04, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances; (ii) delay in submission of form FC-GPR to the Regional Office of the Reserve Bank after issue of shares to a person resident outside India and (iii) delay in filing the annual return in respect of the Foreign Liabilities and Assets, in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) of Schedule 1 to Foreign



Compounding of contraventions under FEMA 1999-
M/s Asphar Research Labs Private Limited- CA No. HYD 474

Exchange Management Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Schedule 1 to FEMA 20(R)/2017-RB dated November 7, 2017 as then applicable.

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 23/05/2017 (CIN No. U24304TG2017PTC117269). The company is engaged in "Manufacture of medicinal substances used in the manufacture of pharmaceutical products".
- b) The applicant had received foreign inward remittance from a foreign investor as indicated below.

S.No	Name of Remitter	Amount (INR)	Date of Receipt	Date of reporting
1	Ascent Pharmaceuticals Inc	1,04,714	21/06/2017	15/02/2019*
	Total	1,04,714		

*Delay is calculated upto 31/08/2018, since reporting of inward remittances has been discontinued with effect from September 01, 2018.

The applicant reported receipt of remittances towards share subscription amounting to ₹ 1,04,714/- to the Regional Office of Reserve Bank of India which was reported with delay of 1 year 1 month 10 days approximately as indicated above. 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.



Compounding of contraventions under FEMA 1999-
M/s Asphar Research Labs Private Limited- CA No. HYD 474

a) The applicant allotted equity shares and filed form FC-GPR as indicated below.

S No	Name of investor	No of Equity Shares allotted	Amount for which shares allotted (INR)	Date issue of Equity Shares	Date of reporting to RBI*
1	Ascent Pharmaceuticals Inc	10,000	1,00,000	03/06/2017	10/01/2019
	Total	10,000	1,00,000		

The applicant filed form FC-GPR for the allotment of shares amounting to ₹ 1,00,000/- as indicated above with delay of 1 year 6 months 7 days approximately. 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

b) The applicant has delayed in filing FLA Return (Foreign liabilities and Assets) as shown below:

S No	Financial Year	Due date to file	Actual date of filing
1	2017-18	15.07.2018	28.01.2020

Whereas in terms of Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB dated November 07, 2017, "All Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].



3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1573/14.66.003/2019-20 dated January 17, 2020 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide letter dated January 18, 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:-

(a) Paragraph 9(1)(A) of Schedule 1 to Notification No. 20/2000-RB for delay in reporting the receipt of consideration to Reserve Bank of India relates to an amount of ₹ 1,04,714/- with a delay of 1 year 1 month 10 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 ₹ 1,00,000 /- with a delay of 1 year 6 months 7 days approximately.

(c) Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for the financial year 2017-18 with a delay of 1 year 6 months 13 days approximately.

5. It has been declared in the compounding application dated December 03, 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 November 30, 2019 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 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 ₹ 32,750/- (**Rupees Thirty-Two Thousand Seven Hundred Fifty Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) of Schedule 1 to Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 03, 2000 and Regulation 13.1(3) 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 of ₹ 32,750/- (**Rupees Thirty Two Thousand Seven Hundred Fifty Only**) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500 004 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.



Compounding of contraventions under FEMA 1999-
M/s Asphar Research Labs Private Limited- CA No. HYD 474

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 31st day of January 2020

Sd/-

(P Kalyan Chakravarthy)
Assistant General Manager