



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
6, Sansad Marg
New Delhi-110001

Present
Alaya Chowdhury
Assistant General Manager

Date: January 18, 2018
C.A.NDL 271/2018

In the matter of

Integral BioSciences Private Limited
51-52, 5th Floor, Gedore House, Nehru Place, New Delhi 110019

(Applicant)

In exercise of the powers under Section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations / Rules / Notifications / Orders made thereunder, I pass the following order.

Order

The applicant has filed a compounding application dated December 20, 2017 (received in Reserve Bank of India on January 4, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (hereinafter referred to as FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are those of (i) delay in submission of form FC-GPR after allotment of shares to a person resident outside India in terms of Paragraph 9(1)(B) 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 20/2000-RB dated 3rd May, 2000 as amended from time to time (hereinafter referred to as FEMA 20/2000- RB) as then applicable (ii) delay in issue of shares without RBI approval beyond the prescribed period of 180 days in terms of Paragraph 8 of Schedule 1 to FEMA 20/2000-RB as then applicable and (iii) delay in refund of excess share application money beyond the period of 180 days in terms of Paragraph 8 of Schedule 1 to FEMA 20/2000-RB as then applicable.



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

- a) The applicant company was incorporated under the Companies Act, 1956 on April 17, 2007 and allotted registration No. U73100DL2007PTC162147 by Registrar of Companies. The company is engaged in the business of contract research providing clinical research and drug development, clinical trial development, clinical data development, statistical analysis, medical writing, marketing and contribution.
- b) The company had allotted 37500 equity shares amounting to Rs. 3,75,000.00 on November 25, 2009 and reported it in form FC-GPR on September 13, 2010 with a delay of 8 months and 19 days beyond the prescribed period in contravention of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein, within 30 days from the date of issue of shares to a person resident outside India.
- c) The company had received foreign inward remittance of Rs. 10,15,426.00 on December 20, 2007, out of which, an amount of Rs. 5,14,910.00 was utilized towards pending allotment of 790000 equity shares issued on December 28, 2007 and Rs. 3,75,000.00 utilized for issue of 37500 equity shares issued on November 25, 2009. These 37500 equity shares issued with a delay of 1 year 5 months and 8 days beyond the period of 180 days from the date of receipt of remittance without seeking prior approval of the Reserve Bank of India in contravention of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000. The remaining of unutilized amount of Rs. 1,25,516.00 was refunded to foreign investor on February 4, 2010 with a delay of 1 year 7 months and 18 days beyond the prescribed period of 180 days from the date of receipt of remittance without seeking prior approval of the Reserve Bank of India in contravention of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000. Whereas in terms of Paragraph 8 of Schedule 1 to FEMA notification No 20/2000-RB, equity instruments should be issued within 180 days of the receipt of the inward remittance. In case the equity instruments are not issued within 180 days from the date of receipt of the inward remittance or date of



debit to the NRE/FCNR (B) account, the amount of consideration so received should be refunded immediately to the non-resident investor through normal banking channels or by credit to his NRE/FCNR (B) account, as the case may be. Provided further that the Reserve Bank, may on an application made to it and for sufficient reasons permit an Indian Company to issue shares/ refund the amount of consideration received towards issue of security, if such amount of consideration is outstanding beyond a period of 180 days from the date of receipt.

Thus, there are contraventions of Paragraph 9(1)(B) and 8 of Schedule 1 to FEMA Notification No 20 /2000-RB dated May 3, 2000.

3. The applicant company was given an opportunity for personal hearing for further submission in person and/or by producing documents, if any, in support of the application. Ms. Arunika Singhal and Sh. Atul Mittal, representatives of the applicant company appeared for the personal hearing on January 18, 2018 on behalf of the company. The representatives admitted the contraventions committed by the company for which the company has sought compounding. They stated that the delay was due to as management was not aware about the FEMA compliances. They further stated that delay was without any malafide or wilful intention on their part. Further, they requested for a lenient view in the matter. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as submissions made in this context by the applicant company during the personal hearing.

4. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the following FEMA provisions:

- (a) Paragraph 9(1)(B) of Schedule 1 to FEMA 20/2000-RB due to delay in filing of form FC-GPR with RBI. The contravention relates to an amount of Rs.3,75,000.00 and the delay is of 8 months and 19 days, beyond the prescribed period of 30 days.
- (b) Paragraph 8 of Schedule 1 to FEMA 20/2000-RB due to delay in allotment of shares. The contravention relates to non obtention of RBI approval for allotment of shares for an amount of Rs.3,75,000.00 and delay is of 1 year 5 months and 8 days, beyond the prescribed period of 180 days.



(c) Paragraph 8 of Schedule 1 to FEMA 20/2000-RB due to delay in refund of excess share application money of Rs. 1,25,516.00 by non obtention of RBI approval and delay is of 1 year 7 months and 18 days , beyond the prescribed period of 180 days.

5. It has been declared in the compounding application dated December 20, 2017 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 January 12, 2018 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 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 contraventions are to be compounded and I consider that an amount of **Rs.1,03,160/-(Rupees One lakh three thousand one hundred sixty only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions of Paragraph 9(1)(B) and 8 of Schedule 1 to FEMA 20/2000- RB by the applicant on the facts detailed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of Rs.1,03,160/-(Rupees One lakh three thousand one hundred sixty only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 6, Sansad Marg, New Delhi-110001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at New Delhi 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 18th day of January, 2018.

Sd/-

(Alaya Chowdhury)
Assistant General Manager