



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri. G. P. Borah**  
Chief General Manager

**Date: February 16, 2018**

**C.A. No. 722/2017**

In the matter of

**M/s Wockhardt Limited**  
Wockhardt Towers  
Bandra Kurla Complex  
Mumbai-400 051

**(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 thereunder, I pass the following

**Order**

1. The applicant has filed the compounding application dated October 11, 2017 (received at the Reserve Bank on October 12, 2017) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is for issuance of ESOPs to Foreign National, without prior approval of FIPB, in terms of paragraph 3 of Schedule I to FEMA 20/2000-RB dated May 03, 2000 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: The applicant company was incorporated on July 8, 1999 under the Companies Act, 1956 as Wockhardt Pharmaceuticals Limited. The name was changed to Wockhardt Limited on December 28, 1999. The main activity of the applicant is 1) to carry on either as manufacturers, processors, traders, dealers, exporters, importers, warehousing agents, commission agents, owners, agents, conductors, loan licensors, re packers or factors and either wholesale or retail, of chemicals, bulk drugs, chemical intermediaries and other pharmaceutical and veterinary products including allopathic, ayurvedic, homeopathic and Unani or combination thereof, patent medicines, scientific chemicals, organic, inorganic, biological, immunological and therapeutic and surgical preparations, antibiotics, herbal and veterinary medicines and surgical equipment. 1(a) to establish, undertake, develop, maintain or otherwise subsidises Research & Development Laboratories research centres or institutions, medical centres, experimental workshops for scientific, technical, bio technological, chemical, peptide, Novel Drug technologies, Novel Drug Discoveries, pharmacological, toxicological research, development and experiments and to undertake and carry on with scientific and technical research of all kinds and clinical trials on animals and humans and scientific investigations and inventions by providing or subsidising, undertaking or supporting, endowing or assisting laboratories, workshops, research institutions, libraries, lectures, meetings and conferences, Research and Development programmes and scientists in India and worldwide and hold meetings, exhibitions, conferences and seminars in all fields of medicines and science.

3. The Company had issued shares (under Employee Stock Option Scheme, 2011) under the automatic route as indicated below.

Sr. No.	Allotted to	Date of Allotment	No. of shares	FV in Rs.	Premium in Rs.	Amount in Rs.
1	Sirjiwan Singh	19-12-2012	12,500	5	0	62,500
2	Sunil Khera	19-12-2012	25,000	5	0	1,25,000
3	Sirjwan Singh	19-12-2012	10,000	5	392	39,70,000
4	Sunil Khera	19-12-2012	10,000	5	392	39,70,000
5	Sirjiwan Singh	29-08-2013	18,750	5	0	93,750



**FED, MRO**  
**Wockhardt Limited**  
**C.A. No.722/2017**

6	Sunil Khera	29-08-2013	25,000	5	0	1,25,000
7	Sirjiwan Singh	29-08-2013	5,000	5	392	19,85,000
8	Sirjiwan Singh	29-05-2014	31,250	5	0	1,56,250
9	Sunil Khera	29-05-2014	25,000	5	0	1,25,000
10	Gopalkrishanan V	20-01-2015	1,000	5	0	5,000
11	Ajay Sahani	25-02-2015	2,000	5	0	10,000
12	Sunil Khera	08-07-2015	50,000	5	0	2,50,000
13	Sunil Khera	08-07-2015	5,000	5	392	19,85,000
14	Sirjiwan Singh	27-07-2015	62,500	5	0	3,12,500
15	Gopalkrishanan V	28-07-2016	1,000	5	0	5,000
16	Ajay Sahani	28-07-2016	2,000	5	0	10,000
			286,000		Total	1,31,90,000

Whereas as per para 2(ii) of A.P. Dir. Circular No 56 dated December 09, 2011, the existing pharmaceutical companies falls under 100% Government approval route. Therefore, the company approached Foreign Investment Promotion Board (FIPB) on February 18, 2016 for the post facto-approval for issue of shares under ESOP and was accorded the same on May 24, 2016, in respect of allotments recorded at serial no.12 to 14 above. Further, for allotments recorded at serial no. 1 to 11, 15 and 16 above the company approached Department of Industrial Policy & Promotion on July 14, 2017 and obtained post facto approval on October 4, 2017. Thus the company has contravened Para 3 of schedule 1 to notification No. FEMA 20/2000-RB dated May 03, 2000 for a period ranging from 6 months 22 days to 4 years 6 months 25 days, approximately.

4. The applicant was given an opportunity for personal hearing vide email dated February 7, 2018 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on February 9, 2018 during which Mr. Narendra Singh, Company Secretary and Mr. Bhupendra Gupta, Executive, Company Secretary represented the applicant. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. The application for compounding is, therefore, being considered on



the basis of the averments made in the application as well as other documents and submissions submitted along with the application.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of Para 3 of Schedule 1 to Notification No. FEMA 20/2000-RB due to the issue of ESOPs without approval of FIPB and the contravention relates to an amount of Rs. 1,31,90,000/- with a delay ranging 6 months 22 days to 4 years 6 months 25 days, approximately.

6. It has been declared in the compounding application dated October 11, 2017 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration dated February 8, 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/him/her 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.

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 contraventions 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



**FED, MRO**  
**Wockhardt Limited**  
**C.A. No.722/2017**

be compounded and I consider that an amount of Rs.1,35,948/- (Rupees One Lakh Thirty Five Thousand Nine Hundred Forty Eight only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of paragraph 3 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs.1,35,948/- (Rupees One Lakh Thirty Five Thousand Nine Hundred Forty Eight only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, 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 03, 2000 shall apply.

9. The above order is passed only in respect of contravention of paragraph 3 of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Date: February 16, 2018.

**Compounding Authority**

Sd/-

**(G. P. Borah)**  
Chief General Manager