



In the
Reserve Bank of India
Foreign Exchange Department
3rd Floor
15, Netaji Subhash Road
Kolkata-700001

Present

A K Choudhary
Chief General Manager

Date: - May 14, 2018
C.A 068/2018

In the matter of

M/s Strassenburg Pharmaceuticals Ltd
P6 CIT Road Kolkata 700014, West Bengal, India
(Applicant)

In exercise of the powers 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 March 12, 2018 (received at Reserve Bank of India on March 13, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are (1) delay in reporting of transfer of shares of an Indian company from a person resident in India to a person resident outside India within the stipulated period of 60 days of such receipt in terms of regulation 10(A)(b) (i) read with paragraph 10 of Schedule I 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 May 3, 2000 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, M/s Strassenburg Pharmaceuticals Ltd (CIN: - U24233WB1985PLC039196) was incorporated under



M/s Strassenburg Pharmaceuticals Ltd(CA. No Kol 68/2018)

the Companies Act, 1956 on July 12, 1985. The applicant is engaged in the business of manufacture and dealing in all kinds of pharmaceuticals, medical drugs etc. The applicant was a shareholder (1.90% equity stake) of M/s Cordlife Sciences India Pvt Ltd, hereinafter referred to as the investee company, having registered address at P.L Deuty Road Bishnupur, 24 Parganas(South), West Bengal-743503. Subsequently the applicant entered into a share transfer agreement with M/s C.S Cell Technologies Pvt Ltd, a company resident outside India, having registered address at 1, Yishun Industrial Street, A Posh Bizhub 060109, Singapore-768160 to sell 5,85,778 equity shares of the investee company on October 1, 2015 after obtaining prior Government(FIPB) approval on February 26, 2014.

3. The shares were sold to the overseas investor at a price of Rs.68.29 per share, in return for which the applicant received a consideration amount of Rs.4,00,00,000 (Rupees Four Crore only) through banking channel on October 9, 2015. The above transfer of shares was reported to the Reserve Bank with a delay on November 22,2017 as tabulated in Table 1 below:-

Table 1: Inflow of foreign remittance and reporting of transfer of shares

(amount in Indian Rupees)

S No	Transferor (resident in India)	Number of shares transferred &	Amount for which shares were transferred	Transferee (resident outside India)	Date of receipt of consideration	Date of reporting to RBI (form FC-TRS)*
1.	M/s Strassenburg Pharmaceuticals Ltd	5,85,778	4,00,00,000	M/s C.S Cell Technologies Pvt Ltd	09.10.2015	22.11.2017

{&: @ ₹ 68.29 per share}

{*date on which prescribed documentation was complete in all respects considered to be the date of reporting to RBI}

Whereas in terms of para 10(A) b (i) read with para 10 of schedule 1 to FEMA 20/2000-RB, the transferor or transferee resident in India has to adhere to the reporting requirements as specified by the Reserve Bank from time to time. Further,



in terms of A.P. (Dir Series) Circular No.63 dated April 22, 2009 and A.P (Dir Series) Circular No 127 dated May 2, 2014, such transfer of shares has to be reported in form FC-TRS to an AD category-I bank within 60 days from the date of receipt of consideration.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.Kol.FED.FID.2205/03.11.568/2017-18 dated May 8, 2018, for further submission in person and/or producing documents, if, any, in support of the application. The applicants, represented by Shri Meghnath Roy Chowdhury, Director and Shri Gopabandhu Parida, Chartered Accountant, appeared for personal hearing on May 10, 2018. The applicant admitted the contravention as stated in paragraph 3 of this order above for which compounding was sought. During the personal hearing, the applicant submitted that the delay had happened inadvertently due to lack of information of the extant provisions of FEMA. The applicant further submitted that the contravention was not on account of wilful or mala fide intent. In view of this, the applicant requested to take a lenient view in the matter.

5. It has been declared in the compounding application dated March 12, 2018 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 March 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/him/her thereafter. It has further been declared that the applicant has not filed any appeal under either 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. The contraventions have taken place before November 7, 2017 and hence the application for compounding has been considered as per provisions of erstwhile FEMA Notification No 20/2000-RB.



6. I have given my careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 10(A) (b) (i) read with paragraph 10 of schedule 1 to Notification No. FEMA 20/2000-RB as detailed in paragraph 3 above. The contravention relates to an amount of ₹ 4,00,00,000 and the period of delay is 1 year 10 months and 21 days, rounded off to 1 year and 11 months.

7. In terms of section 13 of the FEMA, any person contravening any provision of the act shall be liable for a penalty up to thrice the sum of the contravention upon adjudication. Considering the circumstances leading to the delay and other relevant facts of the case, I am, however, inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of ₹ 1,05,833 (Rupees One Lakh Five Thousand Eight Hundred Thirty Three only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely the contraventions of regulation 10(A) (b) (i) read with paragraph 10 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 Proceeding) Rules, 2000 on payment of an amount of Rs.1,05,833 (Rupees One Lakh Five Thousand Eight Hundred Thirty Three only) which is to be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Third Floor, 15 N.S. Road, Kolkata-700001 by a demand draft drawn in favour of "Reserve Bank of India" and payable at "Kolkata" 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 Proceeding) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed of accordingly.

Dated this Fourteenth day of May 2018.

Sd/-

(A K Choudhary)



M/s Strassenburg Pharmaceuticals Ltd(CA. No Kol 68/2018)

Chief General Manager