



In the

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

Present

C Nageswara Rao
Deputy General Manager

Date: June 19, 2018
C.A. HYD 310

In the matter of

M/s. Verdant Life Sciences Private Limited
Plot No. 55
JNPC, Parawada
Visakhapatnam
Andhra Pradesh 531019

(Applicant)

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

Order

The applicant has filed the compounding application dated May 17, 2018 received on the same date for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is, delay in submission of Form FC-GPR to Reserve Bank of India after issue of bonus shares to a person resident outside India in terms of Paragraph 9(1)(B) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 of Schedule 1 to Foreign Exchange Management (Transfer or



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Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000 RB dated 3rd May 2000 as then applicable (hereinafter referred to as Notification No. FEMA 20 /2000-RB).

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, 1956 on 09.06.2008 (CIN: U24232AP2008PTC059563). The company is engaged in the business of manufacturing medicinal substances used in the manufacture of pharmaceuticals, antibiotics, endocrine products, basic vitamins, opium derivatives, sulpha drugs, serums and plasmas, salicylic acids, its salts and esters, glycosides and vegetable alkaloids, chemically pure sugar etc..
- b) The applicant had allotted bonus equity shares to the non-resident Indian and filed form FC-GPR as indicated below.

Sl No	Name of investor	Date of allotment of shares	Number of shares/CCPS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Valiveti Brahmaji	14.09.2015	366137	3661370	09.06.2017
	Total		366137	36,61,370	

The applicant filed form FCGPR for the allotment of bonus shares amounting to **Rs. 36,61,370/-** as indicated above and the same were reported with a delay of 1 year 7 months 26 days approximately beyond the prescribed limit. 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 of India a report in form



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FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2202/14.66.003/2017-18 dated June 13, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on June 18, 2018 during which Shri G Chaitanya Krishna Murthy, Practicing Company Secretary, Shri. P Naresh Kumar, Advocate and Shri. P Prudhvi, Manager represented the applicant. The authorized representatives of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was on account of administrative reasons. In view of the foregoing, the representative of the applicant requested to take a lenient view in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well the submissions made in this context by the applicant during the personal hearing.

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)(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 bonus shares to persons resident outside India and the contravention relates to an amount of Rs. 36,61,370/- and the period of contravention is 1 year 7 months 26 days approximately.



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5. It has been declared in the compounding application dated May 17, 2018 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 June 15, 2018 furnished during personal hearing 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. 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 **Rs. 14,175/- (Rupees Fourteen Thousand One Hundred Seventy Five Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B) 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 Proceedings) Rules, 2000 on payment of an amount of **Rs.14,175/- (Rupees Fourteen Thousand One Hundred Seventy Five Only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft



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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. 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 accordingly.

Dated this 19th day of June 2018

Sd/-

(C Nageswara Rao)
Deputy General Manager