



In the

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

Present

R Subramanian  
Regional Director

Date: June 06, 2018  
C.A. HYD 305

In the matter of

M/s. United States Pharmacopeia India Private Limited  
Plot No D6 & D8, Survey No. 234/2, 234/3, 235/2 & 542/2  
Turkapally Village, IKP Knowledge Park, Genome valley  
Shamirpet, Hyderabad - 500 078.

**(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 submitted the compounding application dated April 16, 2018 received by us on April 30, 2018 for compounding of contraventions of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity and (ii) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India in terms of Paragraph 9(1)(A) and 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 (herein after referred to as Notification no. FEMA 20/2000-RB) 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, 1956 on May 27, 2005 (CIN: U24230TG2005PTC046362). The company is engaged in the provision of services to its holding company M/s USP Holding LLC, USA, which includes rendering Research and Development of Standards for Pharmaceuticals, Chemicals, Biologics, Dietary Supplements and Foods, testing and analysis of such samples.
- b) The applicant had received foreign inward remittances from single foreign investor as indicated below:

Sl No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Reporting
1	USP Holding LLC	99705000	04.08.2005	25.08.2005
2	USP Holding LLC	44750000	05.05.2010	21.05.2010
3	USP Holding LLC	44185000	15.10.2010	11.11.2010
4	USP Holding LLC	44982500	19.05.2011	01.06.2011
5	USP Holding LLC	53826000	17.06.2011	01.07.2011
6	USP Holding LLC	7227290	29.06.2011	24.07.2012
7	USP Holding LLC	19648000	23.02.2012	07.05.2012
8	USP Holding LLC	51640000	19.04.2012	22.05.2012
9	USP Holding LLC	55400000	29.05.2012	29.06.2012
10	USP Holding LLC	55300000	27.07.2012	10.08.2012
11	USP Holding LLC	53160000	27.09.2012	15.10.2012
<b>Total</b>		<b>52,98,23,790</b>		



The applicant reported receipt of remittances towards share subscription amounting to ₹ 52,98,23,790/- to the Regional Office of Reserve Bank of India, out of which remittances amounting to ₹ 13,39,15,290/- were reported with a delay ranging from 1 day to 11 months 26 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.

- c) The company allotted equity shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares/CCP S allotted	Amount for which shares allotted (INR)	Date of reporting
1	USP Holding LLC	14.09.2005	9970500	99705000	10.10.2005
2	USP Holding LLC	06.05.2010	3729166	44749992	02.06.2010
3	USP Holding LLC	21.10.2010	3682083	44184996	11.11.2010
4	USP Holding LLC	19.05.2011	3748542	44982504	13.08.2012
5	USP Holding LLC	20.06.2011	4485500	53826000	10.08.2012
6	USP Holding LLC	17.08.2011	602274	7227288	10.08.2012
7	USP Holding LLC	01.03.2012	1637334	19648008	07.05.2012
8	USP Holding LLC	07.05.2012	4303333	51639996	22.05.2012
9	USP Holding LLC	25.06.2012	4616667	55400004	19.07.2012
10	USP Holding LLC	11.12.2012	4608333	55299996	08.01.2013
11	USP Holding LLC	11.12.2012	4430000	53160000	08.01.2013
<b>Total</b>			<b>45813732</b>	<b>52,98,23,784</b>	



The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 52,98,23,784/- out of which shares amounting to ₹ 12,56,83,800/- were reported with a delay ranging from 1 month 6 days to 1 year 1 month 25 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 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2083/14.66.003/2017-18 dated May 28, 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 May 30, 2018 during which Shri. S. Vijayakumar, Director (Finance & Accounts), Shri. Rohit Gargeshwari, Director (Legal & Compliance) and Shri. B. Jayaraman, Vice President (Operations) 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.

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. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ 13,39,15,290/- and the delay ranges from 1 day to 11 months 26 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 ₹12,56,83,800/- and the delay ranges from 1 month 6 days to 1 year 1 month 25 days approximately.

5. It has been declared in the compounding application dated April 16, 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 April 16, 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. 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 ₹ 1,70,940 /- (**Rupees One Lakh Seventy Thousand Nine Hundred Forty Only**) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and 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 ₹ 1,70,940 /- (**Rupees One Lakh Seventy Thousand Nine Hundred Forty 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 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 06<sup>th</sup> day of June 2018

Sd/-

(R Subramanian)  
Regional Director