



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5<sup>th</sup> Floor, Amar Building  
Sir P M Road  
Mumbai - 400 001

Present

**R.K. Moolchandani**  
**Chief General Manager**

Date: August 10, 2018  
CA No. 4647 / 2018

In the matter of

**Intas Pharmaceuticals Limited**  
**Corporate House, Near Sola Bridge**  
**S.G. Highway, Thaltej**  
**Ahmedabad - 380054**

**(Applicant)**

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

### **Order**

The applicant has filed the application dated February 26, 2018 (received in the Reserve Bank on February 27, 2018) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The applicant has sought the compounding for delayed submission of Annual Performance Reports (APR) beyond the stipulated time period, in contravention of Regulation 15(iii) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB dated July



7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts are as under: The applicant was incorporated in India as Intas Laboratories Private Limited, on May 31, 1985. Its name was subsequently changed to Intas Laboratories Limited on March 29, 1995 and then to Intas Pharmaceuticals Limited on March 30, 1995 (CIN: U24231GJ1985PLC007866). The applicant is engaged in the business of importing, exporting, manufacturing and dealing in pharmaceuticals, medical, chemical, industrial preparations and articles etc.

The applicant was holding 15.2% stake in Viropro Inc., USA, which is listed on NASDAQ in the Over the Counter (OTC) pink sheet segment. The listing regulation of Securities Exchange Commission, USA required the accounts of Viropro Inc. to be audited. However, due to financial crisis in Viropro Inc., the accounts had not been audited since 2011. As the audited financials were not available, the applicant filed APRs for the years 2011-2016, based on unaudited financial statements, ratified by the Board of Directors of the applicant and duly certified by the statutory auditors. RBI, vide letter dated October 8, 2016, conveyed its no objection from FEMA angle for online reporting of APRs, based on unaudited accounts of the overseas JV, subject to the applicant opting for compounding of Regulation 15(iii) of Notification No. FEMA 120/2004-RB, for delay in filing of APRs. The delay in filing of APRs, in contravention of Regulation 15(iii) of Notification No. FEMA 120/2004-RB, is for six years, i.e., the year 2008, and for the years 2011 to 2015. The applicant has since disinvested its stake in the overseas JV (on 18.09.2017) and the UIN has been cancelled.

3. In terms of Regulation 15 (iii) of Notification No.FEMA.120/2004-RB, “An Indian Party which has acquired foreign security in terms of the Regulation in Part I shall submit to the Reserve Bank, through the designated Authorized Dealer, every year on or before a specified date, an Annual performance Report (APR) in Part III of Form ODI in respect of each JV or WOS outside India.....”.



4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/679/15.20.67/2018-19 dated August 01, 2018 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on August 08, 2018 during which Shri Manoj Nair, Company Secretary and Shri Jignesh Shah, represented the applicant. The representatives of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations and requested that a lenient view may be taken in the matter.

It has also been declared in the compounding application dated February 26, 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 also been declared in the declaration filed 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 been 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.

The application is, therefore, being considered on the basis of the averments made in the application, the documents produced, and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 15(iii) of Notification No. FEMA.120/2004-RB. The amount of contravention is Rs. 2,06,85,000/- and the period of contravention is six years.



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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 60,000/- (Rupees sixty thousand only) will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contraventions committed by the applicant namely, Regulation 15(iii) of Notification No.FEMA.120/2004-RB, on payment of a sum of Rs. 60,000/- (Rupees sixty thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, 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 3, 2000 shall apply.

The application is disposed accordingly.

Dated this the tenth day of August, 2018

Sd/-

**(R.K. Moolchandani)**  
**Chief General Manager**