



In the

Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

K.Ravi
Deputy General Manager

Date : November 30, 2018
C.A.824/2017

In the matter of

M/s. Sudhin Biotech Pvt Ltd.
No.3, Thangavel Pillai Thottam,
2nd Street, Korukkupet,
Chennai- 600 021

(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 September 08, 2018 (received at Reserve Bank on September 11, 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 (i) delay in reporting of inflow of funds received from a person resident outside India for



allotment of shares, and (ii) delay in submission of Form FC-GPR on allotment of shares with Reserve Bank, in terms of Paragraph 9 (1) A and Paragraph 9 (1) B respectively, 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 and as then applicable (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 15, 2014 under the provisions of the Companies Act, 2013 (Registration No. U24119TN2014PTC096549) and is engaged in business of Research and experimental development on natural sciences and engineering. The applicant received foreign inward remittance from i) M/s Sudhin Biopharma Co., USA ii) Mr. Dhinakar S Kompala, USA, towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No.	Amount of Inward Remittance in Rs.	Date of receipt	Reported to RBI on
1	5,000.00	27.07.2014	27.08.2014
2	1,95,000.00	31.07.2014	27.08.2014
3	5,14,420.00	21.08.2014	18.09.2014
4	7,50,000.00	04.12.2014	20.01.2015
5	1,00,000.00	30.04.2015	22.06.2015
6	3,99,719.10	20.05.2015	19.06.2015
7	5,00,000.00	16.12.2015	12.02.2016
8	5,00,000.00	23.03.2016	27.06.2016
9	5,00,000.00	30.06.2016	10.08.2016
10	3,00,000.00	18.10.2016	03.11.2016
11	5,34,640.00	20.01.2017	15.02.2017

The applicant reported receipt of five remittances to the Reserve Bank on dates indicated above with delay ranging from 11 days to two months four days approximately beyond the prescribed period of 30 days in respect of the remittances. Whereas, in terms of paragraph 9 (1) A of Schedule I 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.



3. The company allotted equity shares and filed the FC-GPR as indicated below:

Sl. No	No. of shares allotted	Share Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1	69500	10	6,95,000.00	30.09.2014	21.10.2014
2	75000	10	7,50,000.00	08.01.2015	06.02.2015
3	50000	10	5,00,000.00	25.05.2015	07.08.2015
4	50000	10	5,00,000.00	28.01.2016	29.03.2016
5	50000	10	5,00,000.00	25.03.2016	08.07.2016
6	50000	10	5,00,000.00	14.07.2016	10.08.2016
7	30000	10	3,00,000.00	03.11.2016	02.12.2016
8	50000	10	5,00,000.00	20.01.2017	24.04.2017

The applicant filed form FC-GPRs as indicated above with delay ranging from one month one day to two months 13 days approximately beyond the prescribed limit in respect of the allotments. Whereas in terms of paragraph 9 (1) B of Schedule I 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 FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The applicant was advised about the contraventions vide memorandum dated August 1, 2017. The applicant has filed compounding application dated September 08, 2018 wherein it has been declared 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 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. 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.



5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated November 27, 2018 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on November 30, 2018 during which Smt Jaya Bharathi Karumuri, Director, Bright Corporate Solutions Pvt Ltd. represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 and 3 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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 made in this context by the applicant during the personal hearing.

6. I have given my careful consideration to the documents on record and submissions made by the applicant in the compounding application and during the personal hearing. 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 due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹23,50,000.00 with duration of contravention ranging from 11 days to two months four days approximately; and

(b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹20,00,000.00 with duration of contravention ranging from one month one day to two months 13 days approximately.

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 contravention upon



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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 be compounded and I consider that an amount

of **₹21,410/-** (Rupees twenty one thousand four hundred and ten only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A and 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 **₹21,410/-** (Rupees twenty one thousand four hundred and ten only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 of accordingly.

Dated this Thirtieth day of November, 2018.

Sd/-

K.Ravi

Deputy General Manager