



In the
Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Shri P J Thomas
Regional Director, Karnataka and
Chief General Manager, Bengaluru

Date: November 13, 2018
C.A. BGL 303/2018

In the matter of

M/s Healthium Medtech Private Limited
472/D, 13th Cross, IV Phase
Peenya Industrial Area
Bengaluru – 560058
(Applicant)

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

Order

The applicant has filed a compounding application dated June 20, 2018, received at the office of Reserve Bank of India, Bengaluru, on June 21, 2018, and addendum to the application dated November 06, 2018, received on November 07, 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 receipt of foreign inward remittances towards subscription to equity (ii) delay in submission of Form FC-GPRs to the Reserve Bank, after issue of shares to a person resident outside India, and (iii) taking on record in its books by the applicant without prior approval, the transfer of shares by Resident to Non-Resident, in terms of Paragraphs 9(1)(A), 9(1)(B) of Schedule I and Regulation 4 respectively, of 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 03, 2000, and 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 Healthium Medtech Private Limited, was originally incorporated as M/s Sutures India Private Limited, on December 28, 1992, under the Companies Act, 1956, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. Subsequently, name of the company has changed to M/s Healthium Medtech Private Limited, with effect from May 25, 2017, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The Company is engaged in the business of production and marketing of a variety of surgical consumables and medical consumables. The applicant had received funds towards share application money from the foreign investors, namely, M/s Evolvence India Life Sciences Fund LLC, Mauritius, M/s. TGP Growth II SF PTE Ltd, Singapore, Mr. Christopher Portis, UK, Mr. Ajay M Patel, UK, and Mr. Hemang Badiani, UK, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	31-08-2009	9,99,99,452.00	29-09-2009
2	16-09-2010	12,00,00,000.00	18-10-2010
3	18-03-2015	125,00,00,000.00	09-04-2015
4	26-05-2015	11,75,25,348.00	16-06-2015
5	28-05-2015	3,03,59,261.30	03-08-2015
6	01-06-2015	24,24,24,548.00	22-06-2015
7	03-06-2015	843.00	03-08-2015
		186,03,09,452.30	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank, with a delay ranging from two days to one month seven days, beyond the stipulated time of 30 days in respect of the remittances indicated at serial numbers 2, 5 and 7, in the Table 1 above. 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 shares and filed Form FC-GPRs with Reserve Bank/AD Bank as indicated below:

Table-2

Sl. No.	Date of Allotment	Number of shares allotted	Amount (INR)	Date of reporting to RBI/AD Bank
1	01-09-2009	91810	999,99,452.00	29-09-2009
2	16-09-2010	109679	1199,99,793.90	18-10-2010
3	12-08-2013	11234	1,12,340.00	21-06-2016
4	18-03-2015	200012	12500,02,995.68	17-04-2015
5	04-06-2015	4624	303,59,796.80	28-10-2016
6	04-06-2015	17900	1175,26,030.00	13-07-2015
7	04-06-2015	36923	2424,25,341.10	13-07-2015
8	29-03-2017	4186209	83,72,418.00	29-04-2017
9	29-03-2017	16295955	325,91,910.00	29-04-2017
10	29-03-2017	478500	9,57,000.00	29-04-2017
11	29-03-2017	553845	11,07,690.00	29-04-2017
12	29-03-2017	69360	1,38,720.00	29-04-2017
13	31-03-2017	11965193	44905,01,037.32	29-04-2017
	Total	3,40,21,244	639,40,94,524.80	

The applicant filed the Form FC-GPR, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from one day to two years nine months and ten days, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial numbers 2, 3 and 5 to 12, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations, has to submit to Reserve Bank of India, a report in Form FC-GPR,



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

4. The resident shareholders of the applicant company had transferred their shares to the non-resident buyers as stated below:

Table – 3

Sl. No	Name of the non-resident buyer	No. of shares transferred	Date of transfer of shares	Amount of consideration received in INR	Date on which transfers were taken on record in the company's account	Date on which FCTRS submitted/ approved by AD Bank/RBI
1	M/s Evolence India Life Sciences Fund LLC, Mauritius	14278	25-08-2009	155,51,597.60	27-08-2009	25-08-2009
2		9516	25-08-2009	103,64,827.20	27-08-2009	25-08-2009
3		1634	25-08-2009	17,79,752.80	27-08-2009	25-08-2009
4		11382	25-08-2009	123,97,274.40	27-08-2009	25-08-2009
5		31000	25-08-2009	337,65,200.00	27-08-2009	26-08-2009
6		24000	25-08-2009	261,40,800.00	27-08-2009	26-08-2009
7	M/s Evolence India Life Sciences Fund LLC, Mauritius	10638	26-10-2010	116,39,035.80	26-11-2010	26-11-2010
8		7089	26-10-2010	77,56,074.90	26-11-2010	26-11-2010
9		8475	26-10-2010	92,72,497.50	26-11-2010	26-11-2010
10		1217	26-10-2010	13,31,519.70	26-11-2010	26-11-2010
11	M/s Ambrose Private Limited, Mauritius	46728	09-10-2012	1602,23,395.00	09-10-2012	19-10-2012
12		31139	09-10-2012	1067,71,021.00	09-10-2012	19-10-2012
13		66633	09-10-2012	2284,74,693.00	09-10-2012	19-10-2012
14	M/s Ambrose Private Limited, Mauritius	6500	29-10-2012	222,87,538.00	24-12-2012	24-12-2012
15		39500	29-10-2012	1354,39,653.00	24-12-2012	24-12-2012
16		18500	29-10-2012	634,33,761.00	24-12-2012	24-12-2012
17		20752	29-10-2012	711,55,536.00	24-12-2012	24-12-2012
18	M/s TPG Growth II SF Pte Ltd, Singapore	130522	22-08-2013	5337,38,259.00	22-08-2013	20-09-2013
19		86977	22-08-2013	3556,71,477.00	22-08-2013	20-09-2013
20		139430	22-08-2013	5701,65,378.00	22-08-2013	20-09-2013
21		4056	27-01-2015	300,44,525.00	28-01-2015	25-03-2015
22		156009	27-01-2015	11556,25,000.00	28-01-2015	06-03-2015



23	Mr. Ajay Mafatlal Patel, UK	7000	05-07-2016	482,30,000.00	11-08-2016	11-08-2016
24		7000	05-07-2016	482,30,000.00	11-08-2016	11-08-2016
25	M/s TPG Growth II Markets Pte Ltd, Singapore	135315	29-03-2017	2180,78,484.75	29-03-2017	12-05-2017
26		181055	29-03-2017	2917,94,701.67	29-03-2017	12-05-2017
27		108910	29-03-2017	1755,23,244.09	29-03-2017	08-05-2017
28		8558	29-03-2017	137,92,415.12	29-03-2017	04-05-2017
29	M/s Menu Private Limited	681279	04-08-2017	3249,97,334.17	15-09-2017	15-09-2017
30	M/s Quinag Acquisition (FDI) Ltd	1614260	22-06-2018	7354,44,134.00	25-06-2018	25-06-2018
31		2347220	22-06-2018	10693,74,933.00	25-06-2018	25-06-2018
32		573221	22-06-2018	2611,54,970.00	25-06-2018	25-06-2018
33		113908	22-06-2018	518,95,587.00	11-07-2018	11-07-2018
		6643701		68015,44,439.70		

The applicant had taken on record, the transfer of shares, as indicated at the serial numbers 11 to 13, 18 to 22 and 25 to 28 in the Table 3 above, in the books of the company without obtaining Form FC-TRS duly acknowledged / certified by the Authorized Dealer Bank, whereas in terms of Regulation 4 of Notification No. FEMA 20/2000- RB dated May 3, 2000, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such a person, provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books, transfer of security from or to such person, subject to such conditions as may be considered necessary.

5. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No. 1315/22.05.044/2018-19 dated November 07, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. K S Reddy, CFO & Company Secretary, Ms. Hiranmayi V, Assistant Manager, and Mr. Samik Basu, Sr. Programme Manager, Corporate Strategy, who appeared for the personal hearing on November 09, 2018, admitted the contraventions as stated in paragraph 2, 3 and 4 above, committed by the applicant, for which compounding has been sought. The representatives of the applicant requested



that as the contraventions were not intentional or with a malafide intention, and was mainly due to inadvertence, a lenient view may be taken 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 as other documents and submissions made in this context, by the applicant during personal hearing and thereafter.

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 following FEMA provisions issued in terms of:

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of ₹ **15,03,60,104.30**, and the period of delay ranges from two days to one month seven days;

(b) Paragraph 9(1)(B) of Schedule I 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 as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **55,35,91,039.80**, and the period of delay ranges from one day to two years nine months and ten days; and

(c) Regulation 4 of Notification No. FEMA 20/2000-RB, as the applicant had taken on record in its books, without approval, the transfer of shares by Resident to Non-Resident as detailed in Paragraph 4 above. The contravention relates to an amount of ₹ **383,99,02,593.63**, and the period of delay ranges from ten days to one month and twenty five days.

7. It has been declared in the compounding application dated June 20, 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 undertaking, 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. 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.

8. 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 are to be compounded and I consider that an amount of ₹ **2,94,830.00 (Rupees Two Lakh Ninety Four Thousand Eight Hundred and Thirty only)** will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I, and Regulation 4 of Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount ₹ **2,94,830.00 (Rupees Two Lakh Ninety Four Thousand Eight Hundred and Thirty only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, 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, the Thirteenth day of November, 2018.

Sd/-

(P J Thomas)
Regional Director, Karnataka and
Chief General Manager, Bengaluru