



In the

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

Present

Shri. Subrata Das  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)

Date: November 05, 2018  
C.A. HYD 322

In the matter of

M/s. Crux Biotech India Private Limited  
8-3-222/C/1, A-26  
Madhuranagar, Ameerpet  
Hyderabad – 500 038

**(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 July 24, 2018 received on July 27, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittances; (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity and (iii) delay in allotment of shares to the non-resident investor and delay in refund of excess share application money to the non-resident investor in terms of Paragraph



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9(1)(A), Paragraph 9(1)(B) and Paragraph 8 respectively 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 May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable and also delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares towards subscription to equity in terms of Regulation 13.1(2) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA.20R/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20R/2017-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 20.05.2010 (CIN: U24296TG2010PTC068519). The company is engaged in the business of manufacturing all kinds of products and Bio-Products relating to Ethanol, Extra Neutral Alcohol (ENA), Rectified Spirit, Pharma Grade Alcohol, Feeds and Feed Supplements.
- b) The applicant had received foreign inward remittances from single foreign investor towards advance for subscription to equity shares as indicated below.

<b>SI No</b>	<b>Name of the Remitter</b>	<b>Total Amount (INR)</b>	<b>Date of Receipt</b>	<b>Date of Reporting</b>
1	Venkata Reddy Vemireddy	7912828	10-10-2012	10-11-2012
2	Venkata Reddy Vemireddy	10699072	23-10-2012	10-11-2012
3	Siva Kumar Munnangi and Aruna Munnangi	13640931	13-05-2013	28-06-2013
4	Siva Kumar Munnangi	19819388	29-07-2013	17-09-2013



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5	Venkata Reddy Vemireddy	9985901	18-11-2013	28-12-2013
6	Siva Kumar Munnangi and Aruna Munnangi	19449228	17-02-2014	17-02-2014
7	The Roy Family Revocable Trust	7594015	25-02-2014	21-03-2014
8	Jagadeeshwar Reddy and Jayasree Reddy	7595250	25-02-2014	21-03-2014
9	Venkata Reddy Vemireddy	11569769	21-03-2014	30-12-2017
10	Venkata Reddy Vemireddy	10005716	15-04-2014	26-05-2014
11	The Roy Family Revocable Trust	2178026	21-05-2014	15-07-2014
12	Venkata Reddy Vemireddy	4981502	23-05-2014	15-07-2014
13	Venkata Reddy Vemireddy	9000793	05-09-2014	06-09-2014
14	The Roy Family Revocable Trust	1764629	15-09-2014	18-09-2014
15	Siva Kumar Munnangi and Aruna Munnangi	10117447	07-10-2014	08-10-2014
16	Vemireddy Investment Company	1846251	22-10-2014	25-10-2014
17	Aruna Munnangi	6138937	16-03-2015	26-03-2015
18	Venkata Reddy Vemireddy	6039720	26-03-2015	04-05-2015
19	Venkata Reddy Vemireddy	4061125	27-04-2015	24-07-2015
20	The Roy Family Revocable Trust	1613011	15-05-2015	24-07-2015
21	Venkata Reddy Vemireddy	2973695	18-05-2015	24-07-2015
22	Venkata Reddy Vemireddy	12870356	12-04-2017	09-06-2017
23	Lakshmi Reddy	9624000	24-04-2017	09-06-2017



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	R.Lakireddy			
24	Venkata Reddy Vemireddy	16756377	07-07-2017	09-08-2017
25	Venkata Reddy Vemireddy	17822946	05-10-2017	20-10-2017
26	Lakshmi Reddy R.Lakireddy	54344750	18-12-2017	09-01-2018
27	Venkata Reddy Vemireddy	16788557	01-01-2018	09-01-2018
	<b>Total</b>	<b>29,71,94,220</b>		

The applicant received the foreign inward remittances amounting to ₹29,71,94,220/- as indicated above out of which remittances amounting to ₹13,40,32,345/- were reported to Reserve Bank of India with delays ranging from 1 day to 3 years 8 months 10 days approximately beyond the prescribed period of 30 days. 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 shares and filed form FC-GPRs as indicated below:

SI No	Name of the investor	Date of allotment of shares	Number of shares/CC PS allotted	Amount for which shares allotted (INR)	Date of reporting
1	Venkata Reddy Vemireddy	28-12-2012	1861190	18611900	06-04-2013
2	Munnangi Siva Kumar	30-07-2013	3346030	33460300	17-09-2013
3	Venkata Reddy Vemireddy	02-01-2014	998590	9985900	24-03-2014



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4	Venkata Reddy Vemireddy	22-07-2014	2655698	26556980	06-01-2017
5	Munnangi Siva Kumar	22-07-2014	1944923	19449230	06-01-2017
6	The Roy Family Revocable Trust	22-07-2014	977203	9772030	06-01-2017
7	Jagadeeshwar Reddy and Jayasree Reddy	22-07-2014	759525	7595250	06-01-2017
8	Venkata Reddy Vemireddy	25-10-2014	900079	9000790	06-01-2017
9	The Roy Family Revocable Trust	25-10-2014	76462	764620	06-01-2017
10	Munnangi Siva Kumar Reddy	25-10-2014	1011744	10117440	06-01-2017
11	Venkata Reddy Vemireddy	31-03-2015	783223	7832230	06-01-2017
12	The Roy Family Revocable Trust	31-03-2015	100002	1000020	06-01-2017
13	Munnangi Siva Kumar Reddy	31-03-2015	613893	6138930	06-01-2017
14	Venkata Reddy Vemireddy	23-12-2015	703482	7034820	06-01-2017
15	The Roy Family Revocable Trust	23-12-2015	161301	1613010	06-01-2017
16	Venkata Reddy Vemireddy	03-05-2017	858024	12870360	21-03-2018
17	Lakshmi Reddy R.Lakireddy	03-05-2017	641600	9624000	21-03-2018
18	Venkata Reddy Vemireddy	04-09-2017	1117091	16756365	21-03-2018
19	Venkata Reddy Vemireddy	30-10-2017	1188196	17822940	21-03-2018



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20	Venkata Reddy Vemireddy	20-01-2018	1119237	16788555	26-03-2018
21	Lakshmi Reddy R.Lakireddy	20-01-2018	3622983	54344745	26-03-2018
	<b>Total</b>		<b>2,54,40,476</b>	<b>29,71,40,415</b>	

The applicant filed form FCGPRs for issue of shares amounting to **₹29,71,40,415/-** as indicated above and the same were reported with delays ranging from 19 days to 2 years 4 months 16 days approximately beyond the stipulated period of 30 days. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 to Notification no. FEMA 20/2000-RB dated May 03, 2000 and Regulation 13.1(2) of Notification no. FEMA 20R/2017-RB dated November 07, 2018, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India 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.

d) The applicant has delayed in allotment of shares amounting to **₹ 96,47,840/-** to the foreign investors beyond the stipulated period of 180 days from the date of receipt of remittances. Period of contravention ranges from 17 days to 1 month 29 days approximately.

SI No	Name of the Remitter	Total Amount (INR)	Date of Receipt	Balance amount for which shares are allotted	Date of allotment
1	The Roy Family Revocable Trust	1764629	15-09-2014	1000009	31-03-2015
2	Venkata Reddy Vemireddy	4061125	27-04-2015	4061125	23-12-2015
3	The Roy Family	1613011	15-05-2015	1613011	23-12-2015



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	Revocable Trust				
4	Venkata Reddy Vemireddy	2973695	18-05-2015	2973695	23-12-2015
	<b>Total</b>	<b>1,04,12,460</b>		<b>96,47,840</b>	

e) The applicant has delayed in refund of excess share application money of ₹ 53,741/- to the foreign investor beyond the stipulated period of 180 days from the date of receipt of remittance. Period of contravention is 2 years 11 months 12 days approximately.

SI No	Name of the Remitter	Total Amount (INR)	Date of Receipt	Excess share application money (INR)	Date of seeking RBI approval for refund
1	Venkata Reddy Vemireddy	6039720	26-03-2015	53741	03-09-2018
	<b>Total</b>	<b>60,39,720</b>		<b>53,741</b>	

Whereas in terms of Paragraph 8 of Schedule 1 to Notification No.FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in Paragraph 8 of Schedule 1 to Notification No. FEMA 20/20000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by a Person outside India) (Third Amendment Regulation, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13<sup>th</sup> November, 2007 in the official Gazette of the Govt. of India.



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3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/799/14.66.003/2018-19 dated October 26, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide letter dated October 31, 2018 stated that they are foregoing appearing for the optional personal hearing and requested the disposal of the compounding application based on the documents submitted along with 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 ₹13,40,32,345/- and the delay ranges from 1 day to 3 years 8 months 10 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB and Regulation 13.1(2) of Notification No. 20R/2017-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 ₹ 29,71,40,415/- and the period of contravention ranges from 19 days to 2 years 4 months 16 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No.20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007 for delay in allotment of shares amounting to ₹ 96,47,840/- with a delay ranging from 17 days to 1 month 29 days approximately and delay in refund of share application money to the foreign investor and the contravention relates to an amount of ₹ 53,741/- with a delay of 2 years 11 months 12 days approximately.





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5. It has been declared in the compounding application dated July 24, 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 July 24, 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 **₹11,36,898/- (Rupees Eleven Lakh Thirty Six Thousand Eight Hundred Ninety Eight Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(2) of Notification No. FEMA 20R/2017-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 **₹11,36,898/- (Rupees Eleven Lakh Thirty Six Thousand Eight Hundred Ninety Eight 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



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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 05<sup>th</sup> day of November 2018

Sd/-

(Subrata Das)  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)