



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

Present

**Eugene E Karthak**  
**Regional Director**

Date: June 15, 2017  
**C.A. No. BGL 208/2017**

In the matter of

**M/s Wintac Limited**  
No.54/1, Boodihal Village, Nelamangala  
Bengaluru - 562 123  
**(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 February 17, 2017, received in Reserve Bank of India, Bengaluru on February 21, 2017, 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 and (ii) delay in submission of Form FC-GPRs to the Reserve Bank after issue of shares to a person resident outside India in terms of paragraphs 9(1) (A) and 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 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 Wintac Limited is a limited company, originally incorporated as M/s Recon Pharma



Private Limited, on August 23, 1990, under the Companies Act, 1956. The name of the company was changed to M/s Recon Private Limited with effect from March 05, 1993. Subsequently, the name of the company has been changed to M/s Wintac Limited with effect from July 10, 2000. The activity undertaken by the company is "To carry on the business of developing and manufacturing of injectable products and sterile ophthalmic preparations for the Indian and other regulated markets." The applicant had received funds towards share application money from foreign investors namely, Mr Srinivas Bette, Ms Minati Misra Ambarish, Singapore, Mr Ramasastry Ambarish and M/s Gavis Pharma LLC, USA as shown below:

Sl. No	Date of Receipt	Total Amount	Date of Reporting
1	29-06-2011	1,98,000.00	14-05-2013 (AD)
2	08-07-2011	16,50,000.00	19-06-2013
3	08-07-2011	6,60,000.00	14-05-2013 (AD)
4	31-01-2013	40,00,00,000.00	04-03-2013
	<b>Total</b>	<b>40,25,08,000.00</b>	

The applicant reported receipt of remittances to the Authorized Dealer Bank with a delay ranging from two days to one year 10 months and 12 days approximately, beyond the stipulated time of 30 days in respect of all remittances indicated 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 equity shares and filed FC-GPRs with RBI/AD as indicated below:

Sl. No.	Date of Allotment	Amount (INR)	Date of reporting to RBI/AD
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1	06-07-2011	1,98,000.00	04-08-2011
2	06-07-2011	16,50,000.00	04-08-2011
3	06-07-2011	6,60,000.00	04-08-2011
4	31-01-2013	40,00,00,000.00	07-03-2013
<b>Total</b>		<b>40,25,08,000.00</b>	

The applicant filed the Form FC-GPRs on allotment of shares with the Reserve Bank / Authorized Dealer, with a delay of five days approximately beyond the prescribed period of 30 days in respect of all the allotment of shares indicated 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, 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 applicant was given an opportunity for personal hearing, vide the Reserve Bank's letter No.FE.BG.FID (CEFA) No.6650/22.08.486/2016-17 dated June 14, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on June 15, 2017, Shri Puneet Parihar, Senior Associate, K Law & Co., and Shri. Keertan Sreekumar, Associate, K Law & Co., represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in paragraph 2 and 3 above committed by the applicant, for which compounding has been sought. The representative of the applicant requested that as the contraventions were not intentional and were beyond the control of the applicant, 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.

5. I have given my careful consideration to the documents on record (read with para 8.3 of Master Direction No.4/2015-16 dated January 1, 2016 (updated as on



May 26, 2016) on Compounding of Contraventions under FEMA, 1999. 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 **Rs.40,25,08,000.00** and the period of delay ranges from two days to one year 10 months and 12 days approximately.

(b) Paragraph 9 (1) (B) of Schedule I to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPRs 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 **Rs.40 crore** and the period of delay was five days approximately.

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 are to be compounded and I consider that an amount of **Rs.46,500.00 (Rupees Forty Six Thousand and Five Hundred only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contravention, namely, contraventions of Paragraphs 9(1) (A) and 9(1) (B) of Schedule I 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 **Rs.46,500.00 (Rupees Forty Six Thousand and Five Hundred only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2<sup>nd</sup> 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 Fifteenth day of June 2017.

Sd/-

(Eugene E Karthak)  
Regional Director