



In the

Reserve Bank of India
Foreign Exchange Department
5th Floor, Amar Building
Sir PM Road
Mumbai – 400001

Present

R. Seetharaman
Deputy General Manager

Date: June 02, 2017
CA NO: 4261/2017

In the matter of

Strides Shasun Limited
Regd. Office: Devavrata” Sector-17, Vasi, Navi Mumbai- 400705
Corporate Office: “Strides House”, Bilekahalli, Bannerghatta Road,
Bengaluru- 560076

(Applicant)

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

The applicant has filed a compounding application dated December 27, 2016 (received in the Reserve Bank of India on December 29, 2016) for compounding the 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) the amount repatriated on disinvestment is less than the original investment without submitting the Annual Performance Report (APR) together with the audited accounts for that year to the reserve Bank. (ii) proceeds of disinvestment of shares of Austin Shasun LLC, USA, were repatriated beyond 90 days and (iii) non-submission of APRs for the years 2005-06 and 2006-07. The above were in contravention of Regulation 16(1)(v), 16(2) and 15(iii) of Foreign



Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 4, 2004, as amended from time to time.(hereinafter referred to as Notification No FEMA 120-RB 2004).

2. The relevant facts of the case are follows: The applicant was incorporated as Strides Shasun Limited on June 28, 1990 under the Companies Act, 1956. (CIN NO: L24230MH1990PLC057062). The applicant is engaged in the business of manufacture of pharmaceuticals. The Shasun Pharmaceuticals Limited merged with Stirdies Arcolab Limited (now known as Strides Shasun Limited) with effect from November 19, 2015.The appointed date merger was April 1, 2015. The erstwhile Shasun Pharmaceuticals Limited had formed a 50:50 JV with Austin Chemical Co, USA in March 2001 with an amount of US \$ 25,000/- and named Austin Shasun LLC, USA. In October 02, 2007, Austin Shasun LLC, USA got dissolved. The disinvestment proceeds of US \$ 2594.550/- received in July 9, 2008. The details of the remittances made to the above JV and of disinvestment are as under:

| Date | Details | Amount | Amount in INR | Remarks |
|--------------------|--|---------------|---------------|--|
| September 20, 2001 | Investment | US \$10000/- | 472920/- | UIN No : MAJAZ20010341 |
| April 8, 2005 | Investment | US \$15000/- | 663900/- | UIN No : MAJAZ20010341 |
| October 2, 2007 | Dissolved the JV | US \$ 2594.50 | - | Disinvestment at less than the original investment without submitting the APR to Reserve Bank. |
| July 9, 2008 | Receipt of the proceeds of disinvestment | US \$ 2594.50 | 111933/- | Repatriation beyond 90 days. |

The applicant disinvested the shares by dissolving the JV (Austin Shasun LLC, USA) at the amount less than the original investment without submitting the APR together with audited accounts for that year to Reserve Bank. The proceeds of disinvestment of shares of Austin Shasun LLC, USA, were repatriated by the applicant beyond 90 days and not submitted the APRs for the years 2005-06 and 2006-07, thus contravening the provision of regulation 16(1)(V), 16(2) and 15 (iii) of Notification No FEMA 120-RB 2004).



3.1 Regulation 16(1)(V) of the said notification requires that the Annual Performance Report together with the audited accounts for that year has been submitted to the Reserve Bank

3.2 Regulation 16(2) of the said notification requires that sale proceeds of shares / securities shall be repatriated to India immediately on receipt thereof and in any case not later than 90 days from the date of sale of the shares / securities and documentary evidence to this effect shall be submitted to the Regional office of the Reserve Bank through the designated authorized dealer.

3.3 Regulation 15(iii) of the said notification requires that the IP to submit to the Reserve Bank, through the designated Authorised Dealer, every year on or before a specified date, an Annual Performance Report (APR) in Part III of Form ODI, as prescribed by the Reserve Bank from time to time, in respect of each JV or WOS outside India, and other reports or documents as may be prescribed by the Reserve Bank from time to time.

4. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter FED.CO. CEFA .No./11276/15.20.67/2016-17 dated May 12, 2017 for further submission in person and /or producing documents, if any, in support of the application. The applicant vide its letter dated May 19, 2017 requested to waive the personal hearing and to take necessary decision and pass the order without a personal hearing. The applicant submitted that the applicant has not derived any economic benefit/ advantage on account of the contravention, the company has repatriated balance funds post dissolution and the above contraventions have not resulted in any loss to the Indian exchequer. The application is considered on the basis of the averments made and documents produced in the application.

5. I have given my careful consideration of the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened the provisions of Regulation 16(1)(v), 16(2) and 15(iii) of FEMA 120-RB 2004 as amended from time to time. The amount and period of contravention is as follows.



- i) Regulation 16(1)(V)-As specified in Para 2 above. Amount of contravention- Rs.1024887/- (US\$ 22405.50/-) and the period of contravention is nine years approximately
- ii) Regulation 16(2)-As specified in Para 2 above. Amount of contravention- Rs.111933/- (US\$ 2594.50/-) and the period of contravention is less than one year approximately.
- iii) Regulation 15(iii) – Amount of contravention- Rs.20,000/- for non-submission of 2 numbers of APR (i.e. for the year 2005-06 and 2006-07).

6. In terms of provisions of section 13 of FEMA, any person contravening any provision of the Act shall be liable to pay up to three times the sum involved in the contravention upon adjudication. However, taking into account the relevant facts and circumstance 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 Rs.128247/- (Rupees one lakh twenty eight thousand two hundred and forty seven only) will meet the end of justice.

7. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 16(1)(v), 16(2) and 15 (iii) of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide Notification No 120/2004-RB dated July 4, 2004, as amended from time to time, by the applicant stated above on the facts discussed above in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of Rs.128247/- (Rupees one lakh twenty eight thousand two hundred and forty seven only) which shall be deposited by the applicant with the Reserve Bank of India, 11th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001 by a Demand Draft drawn in favour of “Reserve Bank of India” and payable at “ Mumbai” within a period of 15 days from the date of the 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 shall apply.

The application is disposed accordingly.

Dated this second day of June, 2017.



FED, CEFA
Strides Shasun Limited
CA No. 4261/2017

-sd-

(R.Seetharaman)

Deputy General Manager