



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th Floor, Amar Building
Sir P M Road
Mumbai - 400 001

Present

Jyoti Kumar Pandey
Chief General Manager

Date: June 22, 2017
CA No 4329 / 2017

In the matter of

Lisaline Lifescience Technologies Private Limited
401-D, Wifi Park, Road No. 1
Plot 3-B, Opposite Aplab Company
Wagle Estate, Thane West
Maharashtra - 400604

(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 application dated March 14, 2017 (received in the Reserve Bank on March 16, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is making Foreign Direct Investment (FDI) under Overseas Direct Investment ODI, which is not permissible. The above amounts to the contravention of Regulation 6(2)(ii) of Foreign Exchange Management



(Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts are as under: The applicant was incorporated as Lisaline Lifescience Technologies Private Limited on September 12, 2003 (CIN: U33125MH2003PTC142196). The applicant is engaged in the business of manufacturing, designing, developing or otherwise dealing with technologies related to the promotion of life science and business of pharmaceuticals, manufacturing and general chemicals and druggists and provision of other related services. The applicant set-up a Joint Venture (JV), namely, Lisaline Lifescience Technologies LLC, in UAE, on April 17, 2006. The abovementioned JV repatriated AED 727100 (INR 1,00,00,000) to the applicant as FDI on April 9, 2012, as an investment for expansion of the business activities. ThAs the above did-not amount to a bonafide business activity, it was thus, in contravention of Regulation 6(2)(ii) of Notification No. FEMA 120/2004-RB. The JV unwound the foreign direct investment and disinvested on December 9, 2016, thereby completing the administrative action for compounding.

3. In terms of Regulation 6(2)(ii) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, Overseas Direct Investment is permitted in certain cases provided, "The direct investment is made in an overseas JV or WOS engaged in a bonafide business activity".

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/11238/15.20.67/2016-17 dated May 11, 2017 for further submission in person and/or producing documents, if any, in support of the application. A meeting of the representatives of the applicant was held with Shri A.O. Basheer on May 29, 2017, during which Shri Ajit Tamhane, Director, Lisaline Lifescience Technologies Private Limited, Shri Virendra Tipnis, Director, Lisaline Lifescience Technologies Private Limited, and Shri Paras Shah, CFO, Lisaline Lifescience Technologies Private Limited represented the applicant. The representatives of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations due to ignorance and



requested that a lenient view may be taken in the matter. The applicant further sought to be exempted from the personal hearing with the Compounding Authority vide their e-mail dated May 30, 2017. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the meeting with Shri A.O. Basheer.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 6(2)(ii) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time. The amount of contravention is INR 1,00,00,000 and the period of contravention is four years eight months 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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 1,20,000/- (Rupees one lakh twenty thousand only), will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contraventions committed by the applicant namely, Regulation 6(2)(ii) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time, on payment of a sum of Rs. 1,20,000/- (Rupees one lakh twenty thousand only), which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai 400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' 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 accordingly.

Dated this the twenty second day of June, 2017

Sd/-

(Jyoti Kumar Pandey)
Chief General Manager