



In the

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

Present

R.Subramanian
Regional Director

Date: November 27, 2017
C.A. HYD 236

In the matter of

M/s RA Chem Pharma Limited
Plot No 26 & 27
1st Floor, Technocrat Industrial Estate
IDA Balanagar
Hyderabad - 500037

(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 August 17, 2017 received on August 18, 2017 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is taking on record transfer of shares by investee company, in the absence of certified form FCTRS in terms of Regulation 4 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 3rd May 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:

(a) The applicant, is a resident company incorporated under the Companies Act of 1956 on January 08, 1996 as IGOR Dyespec Private Limited. The company changed its name to M/s Igor Pharmachem Pvt Ltd on 01.01.1999, then to Igor Pharma Chem Ltd and to RA Chem Pharma Limited on 16.05.2005 (CIN U24110TG1996PLC022816). The company is engaged in the manufacture of chemicals and drug intermediaries. The company was issued two compounding orders earlier for violations under FEMA in terms of (i) CA.No.1651/2011 dated 24.08.2011 by CEFA Central Office and (ii) CA No.HYD 167 dated January 31, 2017 for delays in reporting and refund of excess share application money.

(b) The applicant has effected transfer of 2,49,292 equity shares between non-resident investors and resident investors in their books without filing form FCTRS or obtaining prior approval of Reserve Bank of India.

Name of Resident Transferor	Name of the Non - Resident Transferee	Amount Transferred (Rs.)	No. of shares	Date of taking on record	Date of filing of FCTRS
Laxmi RA Holdings & Investments	Orchem International Trading BV	2,25,74,727	1,12,391	13-10-2015	15.07.2017
Laxmi RA Holdings and Investments	1575773 Ontario Inc	2,24,78,200	1,12,391	13-10-2015	18.11.2016
Ravula Sirish Kumar	1575773 Ontario Inc	30,00,000	24,510	30-09-2009	17.09-2016
	Total	4,80,52,927	2,49,292		



The company effected the above transfers amounting to Rs.4,80,52,927/- in their registers without filing form FC-TRS and the delay ranges from 1 year 1 month 6 days to 6 years 11 months 19 days. Whereas in terms of Regulation 4 of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/RB 2000 dated May 03, 2000 as amended from time to time, save as otherwise provided in the Act or Rules or Regulations made thereunder, 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 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 922 /14.66.003/2016-17 dated November 20, 2017 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on November 22, 2017 represented by Shri N.V.Ramana Rao, GM-Finance, RA Chem Pharma Ltd, during which the authorized representative admitted the contraventions for which the compounding has been sought. During the personal hearing, it was submitted that the delay was on account of the disagreement between the parties on the number of shares, pricing etc., and the contravention was neither wilful nor with a malafide intention. In view of the foregoing, the applicant requested to take a lenient view 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 the submissions made in this context by the applicant during the personal hearing.

4. I have given my careful consideration to the documents on record. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms



Compounding of contraventions under FEMA 1999
M/s RA Chem Pharma Ltd
CA.HYD 236

of Regulation 4 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 for effecting transfer of shares in the books of the company without filing form FC-TRS and the contravention relates to an amount of ₹ 4,80,52,927/- with a delay ranging from 1 year 1 months 6 days to 6 years 11 months 19 days of approximately.

5. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty upto 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 **₹.1,77,500/-** (Rupees One Lakh Seventy Seven Thousand Five Hundred Only) will meet the ends of justice.

6. Accordingly, I compound the admitted contravention, namely, the contravention of Regulation 4 of Schedule 1 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 **₹1,77,500/-** (Rupees One Lakh Seventy Seven Thousand Five Hundred 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 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 27th day of November 2017

Sd/-

(R. Subramanian)
Regional Director