



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Pawanjeet Kaur Rishi**  
**Assistant General Manager**

Date: April 11, 2018  
CA No 4609 / 2018

In the matter of

**M J Biotech Pvt Ltd**  
**Plot No.18, IT Park Hinjewadi Ph II**  
**Near Emcure Industrial**  
**Pune - 411057**

**(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 December 15, 2017 (received in the Reserve Bank on December 29, 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 taking on record the transfer of shares from NRI to NR without RBI approval. The above amounts to the contravention of Regulation 4 of FEMA 20 (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May



3, 2000 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB.

2. The relevant facts are as under: The applicant MJ Biotech Pvt Ltd was incorporated under the provisions of the Companies Act 1956 on June 27, 2002. The applicant is engaged in the business of manufacturing, trading, importing and exporting of medicines, drugs, medical preparations and proprietary articles. On October 10, 2006, the Company recorded the transfer of 9999 equity shares at a fair value of Rs.10 held by Mr.Sujit Kumar, NRI to Scigen Limited, Singapore, NR. The transfer of shares by NRI to NR was done without taking approval of RBI. The Company took this transfer of shares on record which is a contravention of Regulation 4 of FEMA 20.

3. Regulation 4 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that "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."

4. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA No./8040/15.20.67/2017-18 dated March 26, 2018 for further submission in person and/or producing documents, if any, in support of the application. Mr.Abhay Kale and Mr.Sunil Nanal, authorized representatives of the company attended the personal hearing on April 10, 2018. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.



5. I have given my careful consideration to the documents on record. It was observed that the applicant has contravened the provisions of Regulation 4 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time. The amount and period of contravention is as follows:

Regulation 4 of Notification No.FEMA.20/2000-RB – Amount of contravention– Rs. 99990/- and period of contravention – 11 years 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. 21000/- (Rupees twenty one 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 contravention committed by the applicant namely, Regulation 4 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 21000/- (Rupees twenty one 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 eleventh day of April, 2018

Sd/-



**(Pawanjeet Kaur Rishi)**  
**Assistant General Manager**