



In the

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

Present

Shekhar Bhatnagar
Chief General Manager

Date: April 24, 2018
CA No 4559 / 2017

In the matter of

RJ Corp Limited
F-2/7, Okhla Industrial Area, Phase I
New Delhi - 110020

(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 November 07, 2017 (received in the Reserve Bank on November 09, 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) non-receipt of outstanding dues within the stipulated time period and (ii) disinvestment of stakes in WOS with outstanding dues. The above amount to the contravention of Regulations 15 (ii) and 16(1)(iv) 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 Cheers Beverages Private Limited Arctic Drinks Limited on March 01, 1980 (CIN: U62200DL1980PLC010262) under the Companies Act, 1956 and its name was subsequently changed to R.J. Corp Limited (RJCL) on May 29, 2008. It is engaged in the business of acquiring, distributing, exploiting audio and visual contents. RJCL made remittances amounting to AUD 4,150,100 (total financial commitment including guarantee AUD 11,650,100) to the overseas JV in Australia viz South Yarra Landholdings Pty. Ltd. under the automatic route during the period 2011-2013 as under:

Sr. No	Date of transaction	Amount in Foreign currency	FCY	Date of reporting	Purpose
1.	20-06-2011	100	AUD	05-08-2011	Equity capital of JV
2.	20-06-2011	31,00,000	AUD	05-08-2011	Loan extended by RJCL to JV
3.	06-08-2011	50,000	AUD	11-08-2011	
4.	25-08-2011	8,00,000	AUD	09-09-2011	
5.	21-09-2012	2,00,000	AUD	06-10-2012	
6.	18-09-2013	7500000	AUD	07-04-2014	Guarantee

The applicant disinvested its stake in the JV on October 30, 2015 to a foreign party for AUD 460,000 (Rs. 2,12,38,200/-).

The interest due on the overseas loan amounting to AUD 602,885 (Rs.2,96,63,434/-) due to be received by the Indian party on June 30, 2015 from the overseas JV, was received during the period from October 20, 2015 to April 13, 2016. Receipt of interest beyond the stipulated period was in contravention of regulation 15(ii) of FEMA 120/2004-RB. Further, carrying out disinvestment when the interest on the loan was due to be received from the



overseas JV was in contravention of regulation 16(1)(iv) of FEMA 120/2004-RB.

3. In terms of Regulation 15(ii) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, “An Indian Party which has acquired foreign security in terms of the Regulation in Part I shall repatriate to India, all dues receivable from the foreign entity, like dividend, royalty, technical fees etc., within 60 days of its falling due.....”.

Further, in terms of Regulation 16(1)(iv) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, “An Indian Party may transfer, by way of sale to another Indian Party which complies with the provisions of Regulation 6 above, or to a person resident outside India, any share or security held by it in a JV or WOS outside India subject to the following conditions: the Indian Party does not have any outstanding dues by way of dividend, technical know-how fees, royalty, consultancy, commission or other entitlements and/or export proceeds from the JV or WOS”.

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/8049/15.20.67/2017-18 dated March 26, 2018 for further submission in person and/or producing documents, if any, in support of the application. The personal hearing was held on April 13, 2018 during which Shri Ravi Batra, Chief Risk Officer and Group Company Secretary, RJ Corp Limited, represented the applicants. The representative 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.

It has also been declared in the compounding application dated November 07, 2017, that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been subsequently declared in the declaration dated April 18, 2018, furnished as an addendum to the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not been informed of initiation of any such enquiry/investigation/adjudication proceedings against it/him/her thereafter. It has further been declared that the applicant has not filed any appeal under



section 17 or section 19 of FEMA, 1999. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect. 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, and thereafter.

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 Regulations 15(ii) and 16(1)(iv) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time. The amount and period of contravention is as follows:

- (i) Regulation 15(ii): Amount of contravention: Rs. 2,96,63,434/- and period of contravention ranges from three months to six months approximately.
- (ii) Regulation 16(1)(iv): Amount of contravention: Rs. 2,12,38,200/- and period of contravention is six 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. 3,54,508/- (Rupees three lakh fifty four thousand five hundred and eight 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, Regulations 15(ii) and 16(1)(iv) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time, on payment of a sum of Rs. 3,54,508/- (Rupees three lakh fifty four



thousand five hundred and eight 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 fourth day of April, 2018

Sd/-

(Shekhar Bhatnagar)
Chief General Manager