In the

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

Present

Meghna Singh
Assistant General Manager

Date: May 9, 2018
CA No 4642 / 2018

In the matter of

Panacea Publishing Pvt. Ltd.
3, Hampton Court, 123 Wodehouse Road
Colaba, Mumbai 400 005

(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 February 23, 2018 (received in the Reserve Bank on February 23, 2018), 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 are transfer of shares of a company engaged in a sector under approval route, between two non-residents, without prior Government approval. The above amounts to the contravention of Regulation 3 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

May 3, 2000 and as amended from time to time (hereinafter referred to as FEMA 20).

2. The relevant facts are as under:

The applicant company is engaged in the business of print media, publication of magazines, etc., an activity under the Government approval route. FIPB (Ministry of Finance, Government of India) vide their letter dated December 05, 2014 granted approval to the applicant to receive FDI up to 50 per cent of its equity from Panacea Publishing International limited, UK (PPIL). The applicant issued 1,00,000 equity shares of face value Rs.10 to PPIL. PPIL transferred its shareholding in the applicant of the said 1,00,000 equity shares to Panacea Media Limited, U.K., a Non-Resident without prior approval of Government. Transfer of shares without obtaining Government approval was a contravention of Regulation 3 of FEMA 20. Post facto approval for transfer of the said 1,00,000 equity shares from NR to NR was given by FIPB (Ministry of Finance, Government of India) vide its approval dated May 29, 2017, subject to the applicant applying for compounding from the date of transfer of shares (May 16, 2016) till the date of the FIPB approval (May 29, 2017).

3. Regulation 3 of FEMA 20 states that "Save as otherwise provided in the Act or Rules or Regulations made thereunder, no person resident outside India shall issue or transfer any security".

As per the FIPB approval dated May 29, 2017 the post facto approval for transfer of shares was given subject to Compounding by the Reserve Bank for not obtaining prior approval of the Government for transfer of shares of a company engaged in a sector under approval route, between two non-residents.

4. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA No./8048/15.20.67/2017-18 dated March 26, 2018 for further submission in person and/or producing documents, if any, in support of the application. The representative of the applicant attended the personal hearing on April 06, 2018. The application is, therefore, being considered on

the basis of the averments made in the application, documents produced and submissions made during 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 3 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 3 of Notification No.FEMA.20/2000-RB – Amount of contravention– Rs. 10,00,000/- and period of contravention – I year 13 days.

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. 55, 500/- (Rupees fifty five thousand five hundred only) will meet the ends of justice in the circumstances of this case.

7.   It has been declared in the compounding application dated February 23, 2018 that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated February 22, 2018 furnished with 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 informed of initiation of any such enquiry/investigation/adjudication against it thereafter. Accordingly, the above contravention which is being compounded in 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.

8.   Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Regulation 3 of Notification

No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 55, 500/- (Rupees fifty five thousand five hundred 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 ninth day of May, 2018

Sd/-

(Meghna Singh)
Assistant General Manager