



In the

Reserve Bank of India
Foreign Exchange Department
Mumbai Regional Office
Main Building, 3rd floor
Shahid Bhagat Singh Marg, Fort
Mumbai 400 001

Present

Shri. Gautam Prasad Borah
Chief General Manager

Date: March 08, 2017

C.A. No. 665/2016

In the matter of

M/s Turmeric Vision Pvt. Ltd.,
C-18, Dalia Estate, Near Fun Republic,
Off New Link Road, Andheri (West),
Mumbai-400053

(Applicant)

In exercise of the powers conferred under section 15(1) of the Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

Order

1. The applicant has filed the compounding application dated September 29, 2016 (received at the Reserve Bank on September 30, 2016) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittance towards subscription to equity; (ii) delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India and (iii) failure to obtain, specific and prior Government (FIPB) approval for increase in Foreign Direct Investment inflow in terms of paragraphs 9(1)(A), 9(1)(B) and para 3 respectively of



Schedule 1 to 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 Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on July 24, 2006 under the Companies Act, 1956 and is engaged in the business to carry on the business of creating, developing, directing, producing, promoting and operating television channels, FM radio channels, serials, shows, films and other film documentaries and to design, develop and market related supportive software. The applicant received foreign inward remittance from M/s South Asia Creative Assets Ltd., Mauritius, towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

Sr. No.	Amount of Foreign Inward remittance (INR)	Date of receipt	Date of reporting to RBI
1.	9,06,00,000.00	16.11.2010	07.12.2010
2.	10,00,00,000.00	01.02.2011	07.02.2011
3.	10,00,00,000.00	21.03.2011	13.04.2011
4.	10,00,00,000.00	30.04.2011	18.05.2011
5.	10,00,00,000.00	11.06.2011	11.07.2011
6.	40,00,000.00	30.08.2011	23.09.2011
7.	2,60,00,000.00	02.09.2011	24.09.2011
8.	7,00,00,000.00	09.09.2011	03.10.2011
9.	3,50,00,000.00	12.11.2011	09.12.2011
10.	3,50,00,000.00	22.12.2011	09.01.2012
11.	3,00,00,000.00	04.02.2012	27.02.2012
12.	4,00,00,000.00	10.03.2012	10.04.2012
13.	3,00,00,000.00	30.03.2012	10.04.2012
14.	5,00,00,000.00	27.04.2012	17.05.2012
15.	3,10,00,000.00	24.05.2012	12.06.2012
16.	4,90,00,000.00	28.06.2012	26.07.2012
17.	16,50,00,000.00	09.04.2013	07.05.2013
18.	8,60,00,000.00	12.06.2013	11.07.2013
19.	3,00,00,000.00	15.07.2013	14.08.2013
20.	2,30,00,000.00	12.09.2013	09.10.2013
21.	1,40,00,000.00	15.10.2013	18.11.2013
22.	2,50,00,000.00	05.12.2013	09.01.2014



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23.	2,25,00,000.00	30.01.2014	21.02.2014
24.	2,25,00,000.00	11.03.2014	10.04.2014
25.	1,50,00,000.00	28.08.2014	01.12.2014
26.	1,50,00,000.00	29.09.2014	01.12.2014
27.	17,88,30,280.00	21.05.2015	02.06.2015
Total	1,48,74,30,280.00		

The applicant reported receipt of remittances to the Reserve Bank with a delay ranging from 1 month 2 days to 2 months and 4 days approximately beyond the stipulated time of 30 days in respect of remittances recorded at serial No. 25 and 26 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration.

3. The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr. No.	No. of shares	Face Value (INR)	Premium (INR)	Amount in Rupees (INR)	Date of allotment	Reported to RBI on
1.	15,24,996	10/-	49.41	9,06,00,000.00	19.11.2010	07.12.2010
2.	10,000	10,000/-		10,00,00,000.00	01.02.2011	02.03.2011
3.	10,000	10,000/-		10,00,00,000.00	31.03.2011	02.05.2011
4.	10,000	10,000/-		10,00,00,000.00	16.06.2011	18.07.2011
5.	10,000	10,000/-		10,00,00,000.00	16.08.2011	16.09.2011
6.	10,000	10,000/-		10,00,00,000.00	26.09.2011	19.10.2011
7.	10,000	10,000/-		10,00,00,000.00	31.03.2012	30.04.2012
8.	10,000	10,000/-		10,00,00,000.00	03.07.2012	01.08.2012
9.	10,000	10,000/-		10,00,00,000.00	30.07.2012	13.12.2012
10.	6,89,482	10/-	229.31	16,50,00,000.00	10.04.2013	28.06.2013
11.	1,53,00,000	10/-		15,30,00,000.00	09.12.2013	08.01.2014
12.	70,00,000	10/-		7,00,00,000.00	26.03.2014	19.06.2014
13.	1,51,838	10/-	187.58	3,00,00,000.00	23.02.2015	17.04.2015
14.	8,97,002	10/-	187.58	17,72,29,656.00	29.05.2015	30.10.2015
Total	2,56,43,318			148,58,29,656.00		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 1 month 19 days to 4 months and 2 days approximately beyond the



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prescribed limit in respect of allotments indicated at serial Nos. 9, 10, 12 & 14 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The company approached the Foreign Investment Promotion Board (FIPB) on April 22, 2010 seeking permission to receive foreign equity participation. FIPB vide their letter No. FC II: 60(10)/91(2010) dated June 14, 2010 and also vide their letters dated September 27, 2010 and October 28, 2011 has approved foreign equity participation up to maximum 80% by way of subscription of equity shares and/or Compulsory Convertible Preference Shares (CCPS) and/or Compulsory Convertible Debentures (CCDS) or by way of purchase of existing equity shares from company's Resident Share Holders or by the combination of any of the above. Clause 4 of FIPB Approval also records that the initial FDI Inflow by the Foreign Collaborator/Investor would be approximately Rs. 122.1 crores. Further, in reply to Company's application No. 4110 dated May 30, 2016, FIPB vide their letter No. FC II 60(2010)/91/(2010), dated August 21, 2016 stated that there has been no breach of percentage of FDI approved. However, FIPB further noted that, the Government of India has also observed that an amount of Rs.135 crores was brought in as FDI instead of above stated approved amount. Accordingly, FIPB directed the company to approach RBI for compounding of the said breach of FDI Policy and Para 3 of Schedule I to FEMA 20/2000-RB dated May 03, 2000.

5. The applicant was given an opportunity for personal hearing vide the Reserve Bank's letter No. FED.MRO.CEFA/2016-17 dated February 28, 2017, for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on March 01, 2017 during which Mr. Sanjay Kumar Ballabh, Chief Finance Officer represented the applicant. The authorised representative of the applicant admitted the contraventions for which



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compounding has been sought. During the personal hearing it was submitted that the delay was inadvertent and unintentional. He requested that in view thereof the matter may be viewed leniently. The application for compounding is therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

6. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 3 of Schedule 1 to Notification No. FEMA 20/2000-RB as the applicant had not obtained prior and specific approval from FIPB, Government of India for increase in foreign direct investment in Indian company subsequently issue of shares to a person resident outside India and the contravention relates to an amount of Rs.12,90,00,000/- with a delay of 2 years 8 months and 16 days approximately.

(b) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 2 above. The contravention relates to an amount of Rs. 3,00,00,000/- and the duration ranging from 1 month 2 days to 2 months and 4 days approximately.

(c) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of Rs.51,22,29,656/- with a delay ranging from 1 month 19 days to 4 months and 2 days approximately.

7. 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. 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



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view on the amount for which the contraventions are to be compounded and I consider that an amount of Rs. 9,44,000/- (Rupees Nine Lakh Forty Four Thousand only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 3, 9(1)(A) and 9(1)(B) 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 Rs. 9,44,000/- (Rupees Nine Lakh Forty Four Thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, 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.

9. The above order is passed only in respect of contraventions of para 3, 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Date: March 08, 2017

Compounding Authority

Sd/-

(G. P. Borah)
Chief General Manager