



In the

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

Present

Shri P Kalyan Chakravarthy
Assistant General Manager

Date: August 22, 2019
C.A. HYD 444

In the matter of

M/s Progressive Digital Media Private Limited
2nd floor, Wing B, NSL Centrum, Plot No S-1,
Phase 1, Opp. BSNL office, KPHB Colony, Kukatpally,
Hyderabad-500072

(Applicant)

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

Order

The applicant has filed the compounding application dated July 12, 2019 received on July 18, 2019 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 (resident to non-resident) by Investee Company without certified form FC-TRS from AD Bank in terms of Regulation 4 of Foreign Exchange Management Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 03, 2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.



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2. The relevant facts of the case are as follows:

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on 23.12.2009 (CIN: U74900TG2009PTC066451). The company is engaged in data processing activities including report writing.
- b) The company has taken on their record the transfer of 9999 equity shares from Mr.N.V. Madhusudhana Rao, resident to M/s. Progressive Digital Media Group PLC, non-resident company on December 09, 2010 and form FC-TRS was certified by the AD on July 3, 2019. The transfer of shares was taken on record by the company without obtaining certified form FC-TRS.

SNo	Name of transferor	Name of transferee	No. of shares transferred	Amount of consideration	Date of taking on record	Date of approval by AD
1	N.V. Madhusudana Rao	M/s Progressive Digital Media Group PLC	9999	99990	09/12/2010	03/07/2019

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 then applicable, 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. Here the amount of contravention is ₹ 99,990/- and the period of contravention is 8 years 6 months 24 days approximately.



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3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/397/14.66.003/2019-20 dated August 16, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The authorized representative of the company, Shri Venugopal Vema, Manager-Accounts, appeared for personal hearing on August 21, 2019 during which he admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was due to administrative constraints. In view of the above, 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 provisions issued in terms of:-

(a) Regulation 4 of Notification No. 20/2000-RB for taking transfer of shares on record without certified form FC-TRS from AD Bank and the contravention relates to an amount of ₹ 99,990/- with a delay of 8 years 6 months 24 days approximately.

5. It has been declared in the compounding application dated July 12, 2019 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 July 12, 2019 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 proceedings against it 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



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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.

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. 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 **₹18,580/- (Rupees Eighteen Thousand Five Hundred and Eighty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contravention of Regulation 4 of 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 **₹18,580/- (Rupees Eighteen Thousand Five Hundred and Eighty 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 22nd day of August 2019.

Sd/-

(P Kalyan Chakravarthy)

Assistant General Manager