



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

J. K. Pandey
Chief General Manager

Date: September 11, 2018

C.A. No. 767/2018

In the matter of

Dentsu Aegis Network India Private Limited
B-601, 6th Floor, Poonam Chambers,
Dr Annie Besant Road, Worli,
Mumbai- 400 018

(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 April 19, 2018 (received at the Reserve Bank of India on April 27, 2018) 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) delay in filing 'Annual Return on Foreign Liabilities and Assets' (FLA Returns) in terms of paragraphs



FED, MRO, CEFA
Dentsu Aegis Network India Private Limited
C.A. No. MUM767/2018

9 (1) (A), 9 (1) (B) and 9 (2) 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 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 originally incorporated as Aegis Media India Private Limited, on August 26, 2008, under the Companies Act, 1956. The name of the company was changed to Dentsu Aegis Network India Private Limited on April 04, 2016. Its main activities are to carry on in India or abroad the business of providing all media and advertising services including but not limited to media strategy, research, planning and buying, sponsorship programming, direct marketing promotion, two-way communication services and to act as publicity agents, consultants and contractors and to purchase, sell, hire, manage, acquire, undertake, hold, provide & promote publicity or advertising time, space or opportunity on any radio station, broad casting centre, television centre, video cassettes, audio cassettes, hoardings, neon signs, electronic display board, cinema, cable network, internet, newspaper, magazines, souvenirs and all other present and future media or display devices and to produce, promote, participate, manipulate, treat, process, prepare, alter, develop, expose, edit, exhibit, make, remake, display, print, reprint, convert, duplicate, finish, buy, sell, run, import, export all kind of advertising films, video films, telefilms, cine films, documentary films, TV serials, web content, multimedia, digital works, slides in all languages prevailing in the world.



3. The applicant received foreign inward remittances from Aegis Group Holdings Ltd., UK, and Aegis Media Pacific Ltd. UK, towards equity / preference share capital and reported the same to the Reserve Bank of India as indicated in the table.

Sr. No	Amount received in INR	Date of receipt	Date of Reporting	Delay
1	3,31,00,000.00	14-12-2011	28-02-2012	0Y 1M 14D
2	1,06,00,00,000.00	24-07-2014	26-09-2014	0Y 1M 2D
3	35,50,00,000.00	09-08-2012	17-10-2012	0Y 1M 8D
4	6,29,80,000.00	13-01-2015	12-02-2015	No
5	3,27,03,000.00	23-02-2015	21-04-2015	0Y 0M 27D
6	30,00,00,000.00	28-01-2015	21-04-2015	0Y 1M 21D
7	60,00,00,000.00	15-10-2015	21-12-2015	0Y 1M 5D
8	18,19,36,939.00	29-12-2015	02-03-2016	0Y 1M 3D
9	12,50,00,000.00	31-03-2016	06-05-2016	0Y 0M 6D
10	29,00,15,678.00	28-12-2016	12-01-2017	No
11	26,06,50,000.00	16-12-2016	03-01-2017	No
12	25,06,25,000.00	16-09-2016	12-10-2016	No
13	17,04,25,000.00	07-10-2016	16-12-2016	0Y 1M 8D
14	2,88,28,000.33	17-06-2016	16-08-2016	0Y 0M 29D
15	2,88,17,613.00	16-06-2016	20-12-2016	0Y 5M 3D
16	69,15,72,000.00	01-07-2016	16-08-2016	0Y 0M 15D
17	2,79,46,40,535.00	06-04-2017	18-04-2017	No
18	1,55,56,51,000.00	30-03-2017	18-04-2017	No
19	41,86,31,075.00	26-05-2017	09-06-2017	No
20	1,00,40,16,000.00	26-07-2017	01-08-2017	No
21	11,39,942.00	01-09-2017	06-09-2017	No
22	77,11,07,065.00	01-11-2017	10-11-2017	No
23	50,03,14,713.00	10-10-2017	24-10-2017	No
24	68,06,21,316.00	06-11-2017	10-11-2017	No
Total	12,19,77,74,876.33			

The applicant reported receipt of remittances to the Reserve Bank of India with a delay ranging from 06 days to 05 Months 03 Days, approximately, in respect of remittances listed at serial no. 01 to 03, 05 to 09 & 13 to 16 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 foreign inward remittances 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.

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

Sr. No.	No. of shares	FV	Premium in INR	Amount involved INR	Date of allotment	Date of Reporting	Delay
1	91690	10	351	3,31,00,000.00	12-01-2012	12-04-2012	0Y 2M 0D
2	3984962	10	256	1,05,99,99,892.00	26-08-2014	05-11-2014	0Y 1M 9D
3	617391	10	565.000284	35,49,99,825.00	10-09-2012	28-09-2012	No
4	1487530	10	256	39,56,82,980.00	27-02-2015	13-05-2015	0Y 1M 17D
5	2033898	10	285	59,99,99,910.00	14-12-2015	07-01-2016	No
6	616735	10	285	18,19,36,825.00	26-02-2016	14-03-2016	No
7	423728	10	285	12,49,99,760.00	30-05-2016	17-06-2016	No
8	229444	10	2390	55,06,65,600.00	25-01-2017	10-02-2017	No
9	175437	10	2390	42,10,48,800.00	03-11-2016	27-12-2016	0Y 0M 23D
10	312174	10	2390	74,92,17,600.00	11-08-2016	27-12-2016	0Y 3M 15D
11	1812621	10	2390	4,35,02,90,400.00	19-05-2017	14-06-2017	No
12	174429	10	2390	41,86,29,600.00	13-07-2017	03-08-2017	No
13	418340	10	2390	1,00,40,16,000.00	05-09-2017	11-09-2017	No
14	474	10	2390	11,37,600.00	31-10-2017	23-11-2017	No
15	813351	10	2390	1,95,20,42,400.00	07-12-2017	02-01-2018	No
			Total	12,19,77,67,649.00			

The applicant filed form FC-GPR as indicated at serial No. 01,02,04,09, &10 above with a delay ranging from 23 Days to 03 Months 15 Days approximately. 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.

5. The company has not filed the Annual Return on Foreign Liabilities and Assets (FLA return) to the Reserve Bank of India for the Financial Years 2010-11 and 2012-13 to 2015-16, on or before July 15. Whereas, in terms of Paragraph 9(2)



of Schedule 1 to Notification No. FEMA 20/2000-RB read with A. P. (DIR Series) Circular No. 29 dated February 02, 2017, all Indian companies which have received Foreign Direct Investment in the previous years including the current year, shall submit to the Reserve Bank of India, on or before the 15th day of July each year, a report titled 'Annual Return on Foreign Liabilities and Assets' as specified by the Reserve Bank from time to time.

6. The applicant was given an opportunity for personal hearing vide e-mail dated August 09, 2018, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on August 10, 2018, during which Shri Vikas Mehta, Company Secretary represented the applicant in the cabin of Shri J. K. Pandey, Chief General Manager, Mumbai regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They 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 submitted along with the application.

7. 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 9 (1) (A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittances towards subscription to equity as detailed in paragraph no.3 above. The contravention relates to an amount of Rs.360,73,82,552.33 (Rupees Three Hundred Sixty Crore Seventy-Three Lakh Eighty-Two Thousand Five Hundred Fifty-Two and Thirty-Three Paise Only) and the delay ranging from 06 Days to 05 Months 03 Days approximately.



(b) 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 of India after issue of shares to persons resident outside India as detailed in para 4 above. The contravention relates to an amount of Rs.265,90,49,272.00 (Rupees Two Hundred Sixty-Five Crore Ninety Lakh Forty-Nine Thousand Two Hundred Seventy-Two Only) and the delay ranging from 23 Days to 03 Months 15 Days approximately.

(c) Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB due to delayed filing of Annual Return on Foreign Liabilities and Assets (FLA) for the Financial Years 2010-11 and 2012-13 to 2015-16.

8. It has been declared in the compounding application dated April 19, 2018, 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 further been stated in the declaration dated April 27, 2018, 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/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.

9. 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 contraventions are to be compounded and I consider that an amount of Rs.3,47,000/- (Rupees Three Lakh Forty Seven Thousand Only) will meet the ends of justice.



10. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9(1) (A), 9(1) (B) and 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB by the applicant as stated above on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs.3,47,000/- (Rupees Three Lakh Forty Seven 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.

11. The above order is passed only in respect of contraventions of para 9(1)(A), 9(1)(B) and 9(2) of Schedule 1 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.

Dated: September 11, 2018.

Compounding Authority

Sd/-

(J. K. Pandey)

Chief General Manager