



In the

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

Present

P Kalyan Chakravarthy
Assistant General Manager

Date: November 12, 2018
C.A. HYD 338

In the matter of

M/s. Digital Insights & Research Pvt Ltd
2nd floor, Wing A, NSL Centrum, Plot No. S-1
Phase 1 & 2, Opp BSNL Office, KPHB Colony
Kukatpally, Hyderabad-500072
Telangana

(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 compounding application dated October 08, 2018 received on October 10, 2018 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 company's record, the transfer of shares between Resident to Non-Resident without obtaining certified form FC-TRS 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.20/2000-RB dated 3rd May



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2000 (hereinafter referred to as Notification No. FEMA 20/2000-RB) as then applicable.

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 29.12.2009 (CIN: U74140TG2009PTC066486). 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. World Market Intelligence Limited, UK, non-resident company on December 09, 2010 and shares were transferred on April 14, 2010. The transfer of shares was taken on record by the company without obtaining certified form FC-TRS. Details of the said transaction are tabulated below:

| Sl No | Date of transfer of shares | Number of shares | Amount (INR) | Date of taking on record | Date of certification by AD Bank |
|-------|----------------------------|------------------|--------------|--------------------------|----------------------------------|
| 1 | 14.04.2010 | 9999 | 99990 | 09.12.2010 | 20.09.2018 |

Whereas in terms of Regulation 4 of Notification No. FEMA 20/2000-RB, 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 7 years 9 months 11 days approximately.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/871/14.66.003/2018-19 dated November 05, 2018 for



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further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on November 12, 2018 during which Shri. V.Venugopal, Finance Executive represented the applicant. The authorized representative of the applicant 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 on account of lack of unawareness on compliance requirements in the beginning. In view of the foregoing, the representative of 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 on record transfer of shares from resident Indian to non-resident company without certified form FCTRS and the contravention relates to an amount of ₹99,990/- and the period of contravention is 7 years 9 months 11 days approximately.

5. It has been declared in the compounding application dated October 08, 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 October 08, 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 proceedings against it thereafter. 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



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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 **₹17,830/- (Rupees Seventeen Thousand Eight Hundred Thirty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Regulation 4 of 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 **₹17,830/- (Rupees Seventeen Thousand Eight Hundred Thirty 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 accordingly.

Dated this 12th day of November 2018

Sd/-



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(P Kalyan Chakravarthy)
Assistant General Manager