



In the

Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Shri. Eugene E Karthak
Regional Director

Date: March 09, 2018
C.A. BGL 269/2017

In the matter of

M/s Prestige Mangalore Retail Ventures Private Limited
The Falcon House, No.1
Main Guard Cross Road
Bengaluru - 560001
(Applicant)

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

ORDER

The applicant has filed a compounding application dated November 27, 2017, received at this Office of the Reserve Bank of India, Bengaluru, on December 01, 2017, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the Regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting receipt of foreign inward remittance towards subscription to equity, and (ii) delay in submission of Form FC-GPR to the Reserve Bank, after issue of shares to a person resident outside India, in terms of paragraphs 9(1)(A) and 9(1)(B), respectively, of Schedule I 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 03, 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: M/s Prestige Mangalore Retail Ventures Private Limited, was incorporated on December 27, 2007, under the Companies Act, 1956. The activity undertaken by the company is construction and development of retail malls. The applicant had received funds towards share application money from foreign investors, namely, M/s Pinnacle Two Limited, Mauritius, and M/s Capita Retail Mangalore Mall (Mauritius) Limited, Mauritius, as shown below:

Table -1

Sr. No.	Date of Receipt	Total Amount (INR)	Date of Reporting to RBI / AD Bank
1	31-01-2008	2888,07,013.00	12-02-2008
2	06-04-2010	594,78,525.00	28-11-2013
3	15-10-2010	97,26,080.00	04-01-2011
4	03-12-2010	972,60,820.00	18-01-2011
5	28-03-2011	490,00,000.00	25-04-2011
6	17-06-2011	490,00,000.00	28-07-2011
7	21-12-2011	294,00,000.00	01-02-2012
8	13-01-2012	343,00,000.00	10-02-2012
9	19-09-2013	490,00,000.00	26-12-2013
10	27-11-2013	490,00,000.00	26-12-2013
11	13-05-2014	490,00,000.00	05-08-2014
12	26-06-2014	392,00,000.00	05-08-2014
13	17-04-2015	392,00,000.00	22-06-2015
14	19-06-2015	490,00,000.00	17-07-2015
15	30-12-2015	200,00,000.00	28-01-2016
16	05-07-2016	588,00,000.00	04-08-2016
	Total	9701,72,438.00	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from ten days to three years four months and twenty four days approximately, beyond the stipulated period of 30 days, in respect of remittances as indicated at serial number 2, 3, 4, 6, 7, 9, 11, 12 and



13, in the Table-1 above. Whereas, in terms of paragraph 9(1)(A) of Schedule I 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 and filed Form FC-GPR with Reserve Bank/AD Bank as indicated below:

Table-2

Sl. No.	Date of Allotment	Amount (INR)	Date of reporting to RBI/AD Bank
1	01-02-2008	2888,06,474.83	28-02-2008
2	10-11-2010	594,78,520.00	13-12-2010
3	27-01-2011	1069,86,900.00	13-05-2011
4	16-09-2011	980,00,000.00	14-10-2011
5	13-06-2012	637,00,000.00	13-07-2012
6	18-03-2014	980,00,000.00	22-08-2014
7	06-11-2014	882,00,000.00	03-12-2014
8	16-06-2015	392,00,000.00	29-07-2015
9	10-08-2015	490,00,000.00	09-09-2015
10	30-12-2015	200,00,000.00	28-01-2016
11	11-07-2016	588,00,000.00	05-10-2016
		9701,71,894.83	

The applicant filed the Form FC-GPRs, on allotment of shares, with the Bengaluru Regional Office of the Reserve Bank of India / Authorized Dealer Bank, with a delay ranging from three days to four months and five days approximately, beyond the prescribed period of 30 days, in respect of the allotments as indicated at serial number 2, 3, 6, 8 and 11, in the Table - 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule I to Notification No.FEMA 20/2000-RB dated May 3, 2000, an Indian company issuing shares in accordance with these Regulations, has to submit to Reserve Bank of India, a



report in Form FC-GPR, along with documents prescribed therein, within 30 days from the date of issue of shares, to persons resident outside India.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.FE.BG.FID (CEFA) No.3304/22.06.702/2017-18 dated March 02, 2018, for further submission, in person and/or producing documents, if any, in support of the application. The applicant's authorized representatives, Mr. M Sridhar, Company Secretary and Mr. Shreyas D, Assistant Company Secretary, who appeared for the personal hearing on March 07, 2018, admitted the contraventions as stated in Paragraphs 2 and 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, they 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 as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

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

(a) Paragraph 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances, received towards subscription to equity, as detailed in paragraph 2 above. The contravention relates to an amount of **Rs.42,12,65,425.00**, and the period of delay ranges from ten days to three years four months and twenty four days approximately; and

(b) Paragraph 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, due to delay in submission of Form FC-GPR to the Reserve Bank, after issue of shares, to persons resident outside India as detailed in paragraph 3 above. The contravention relates to an amount of **Rs.36,24,65,420.00**, and the



period of delay ranges from three days to four months and five days approximately.

6. It has been declared in the compounding application dated November 27, 2017, 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 12, 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. 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.

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 view on the amount for which the contraventions are to be compounded, and I consider that an amount of **Rs.3,00,200.00 (Rupees Three Lakh and Two Hundred only)**, will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, contraventions of Paragraphs 9(1)(A) and 9(1)(B) of Schedule I to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of an amount of **Rs.3,00,200.00 (Rupees Three Lakh and Two Hundred only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road,



Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, 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, the Ninth day of March, 2018.

Sd/-

(Eugene E karthak)
Regional Director