



In the

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

Present

R Subramanian
Regional Director

Date: June 07, 2018
C.A. HYD 302

In the matter of

M/s MAS Fabric Park (India) Private Limited
NSL Icon, 4th Floor, 8-2-684/2/A, Road No.12
Banjara Hills, Hyderabad - 500 034

(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 submitted the compounding application dated April 11, 2018 received by us on April 11, 2018 for compounding of contraventions of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity and (ii) delay in submission of Form FCGPR to the Reserve Bank after issue of shares to a person resident outside India in terms of Paragraph 9(1)(A) and Paragraph 9(1)(B) 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 3rd May 2000 (herein after referred to as Notification no. FEMA 20/2000-RB) as then applicable.



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

- a) The applicant is a resident company incorporated as Private Limited Company under the erstwhile Companies Act, 1956 on January 10, 2007 (CIN: U17124TG2007PTC079001). The company is engaged in the business of creating a state of the art integrated apparel park with the capacity and capability to attract modern and state of the art manufacturing and service providers.
- b) The applicant had received foreign inward remittances from single foreign investor as indicated below:

Sl No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Reporting
1	MAS Investments Pvt Ltd	44085825	08.02.2007	14.06.2007
		44513308	06.03.2007	14.06.2007
2	MAS Investments Pvt Ltd	12239681	22.08.2007	14.11.2007
		6174993	23.10.2007	14.11.2007
		5691907	14.11.2007	15.11.2007
3	MAS Investments Pvt Ltd	3944673	05.02.2008	03.03.2008
		3984985	26.02.2008	03.03.2008
		11673598	25.03.2008	02.04.2008
4	MAS Investments Pvt Ltd	8558374	17.07.2008	17.07.2008
5	MAS Investments Pvt Ltd	9478199	03.10.2008	24.10.2008
6	MAS Investments Pvt Ltd	7403044	31.12.2008	21.01.2009
		1260500	31.03.2009	27.04.2009
7	MAS Investments Pvt Ltd	2043983	08.12.2009	04.01.2010
		2167770	02.02.2010	01.03.2010
		2235257	30.04.2010	24.05.2010
8	MAS Investments Pvt Ltd	3796199	02.09.2010	06.10.2010
		3172250	16.12.2010	11.05.2011
		4230338	24.01.2011	11.02.2011
9	MAS Investments Pvt Ltd	2117306	15.10.2012	06.11.2012
		1920625	20.12.2012	08.01.2013



Compounding of contraventions under FEMA 1999
M/s MAS Fabric Park (India) Private Limited
CA No. HYD 302

10	MAS Investments Pvt Ltd	2557321	12.05.2015	22.07.2015
11	MAS Investments Pvt Ltd	3139382	24.06.2015	22.07.2015
12	MAS Investments Pvt Ltd	2508425	24.11.2015	27.01.2016
Total		18,88,97,943		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 18,88,97,943/- to the Regional Office of Reserve Bank of India, out of which remittance amounting to ₹ 11,28,73,009/- were reported with a delay ranging from 4 days to 3 months 26 days approximately as indicated 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.

- c) The company allotted equity shares and filed form FC-GPRs as indicated below:

Sl No	Name of investor	Date of allotment of shares	Number of shares/CC PS allotted	Amount for which shares allotted (INR)	Date of Reporting
1	MAS Investments Pvt Ltd	06.08.2007	8859910	88599100	11.10.2007
2	MAS Investments Pvt Ltd	08.12.2007	2410656	24106560	08.01.2008
3	MAS Investments Pvt Ltd	31.03.2008	1960325	19603250	25.08.2008
4	MAS Investments Pvt Ltd	12.12.2008	855838	8558380	09.01.2009
5	MAS Investments Pvt Ltd	04.02.2009	947819	9478190	27.02.2009
6	MAS Investments Pvt Ltd	25.05.2009	866354	8663540	19.06.2009
7	MAS Investments Pvt Ltd	21.05.2010	644701	6447010	01.06.2010



Compounding of contraventions under FEMA 1999
M/s MAS Fabric Park (India) Private Limited
CA No. HYD 302

8	MAS Investments Pvt Ltd	28.02.2011	1119878	11198780	22.03.2011
9	MAS Investments Pvt Ltd	27.03.2013	403793	4037930	16.04.2013
10	MAS Investments Pvt Ltd	30.05.2015	255732	2557320	17.03.2016
11	MAS Investments Pvt Ltd	03.07.2015	313938	3139380	17.03.2016
12	MAS Investments Pvt Ltd	18.01.2016	250842	2508420	17.06.2016
Total				18,88,97,860	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 18,88,97,860/- out of which shares amounting to ₹ 14,05,14,030/- were reported with a delay ranging from 1 day to 8 months 17 days approximately beyond the prescribed limit. 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 FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/2082/14.66.003/2017-18 dated May 28, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on May 30, 2018 during which Shri. Y. Sambasiva Rao, AGM (Finance & Accounts) and Shri. Y. Venkateswara Rao, Practicing Company Secretary, represented the applicant. The authorized representatives 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 administrative reasons. 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.

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) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ 11,28,73,009/- and the delay ranges from 4 days to 3 months 26 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 14,05,14,030/- and the delay ranges from 1 day to 8 months 17 days approximately.

5. It has been declared in the compounding application dated April 11, 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 April 11, 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 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 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 **₹ 92,750/- (Rupees Ninety Two Thousand Seven Hundred Fifty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 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 **₹ 92,750/- (Rupees Ninety Two Thousand Seven Hundred Fifty 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 07th day of June 2018

Sd/-



Compounding of contraventions under FEMA 1999
M/s MAS Fabric Park (India) Private Limited
CA No. HYD 302

(R Subramanian)
Regional Director