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भारतसरकार Government of India

प्रवर्तन निदेशालय

DIRECTORATE OF ENFORCEMENT

Western Regional Office पश्चिम प्रादेशिक कार्यालय

वित मंत्रालय, राजस्वविभाग, Ministry of Finance, Department of Revenue,

101, जन्मभुमिचेम्बेर्स,101, Janmabhoomi Chambers

वाल्चन्दहिराचन्दमार्ग, Walchand Hirachand Marg,

मुंबई-4000038 Mumbai-400038

☎ 022-22614011 / 22631535☒ 022-22631541

सत्यमेव जयते

SCN NO. T-4/09-B/SDE/BK/2012(SCN-I)\3139 No. T-3/81-B/2010/AD(DKS)

SHOW CAUSE NOTICE

To

1. The Board of Control for Cricket in India
   Cricket Centre, Wankhede Stadium,
   'D' Road, Churchgate,
   Mumbai – 400 020

2. Shri Lalit Kumar Modi,
   Nirlon House, 3rd Floor,
   Worli, Mumbai

3. Shri N. Srinivasan
   Cricket Centre, Wankhede Stadium,
   'D' Road, Churchgate,
   Mumbai – 400 020

4. Shri Niranjan Shah,
   The then Hon. Secretary of BCCI,
   Kitab garh, Shroff Road,
   Rajkot,-360 001
   (GUJRAT)

WHEREAS a complaint under sub-section (3) of Section 16 of the Foreign Exchange Management Act, 1999 (for short FEMA) has been filed before me against you, for contravention of the provisions of Foreign Exchange Management Act (as specified in the enclosed complaint);

On perusal of the said complaint and after considering the cause shown by the complainant in his complaint bearing number T-3/81-B/ 2010/AD(DKS) dated 22/08/2012, there appears to be a contravention by BCCI of the provisions of Section 6(3)(f) of FEMA, 1999 read with Regulation 3 of the Foreign Exchange Management (Deposits) Regulations 2000 to the extent of Rs.20,00,00,000/- (Rupees Twenty Crores only) by accepting deposit of the above amount from Emerging Media (IPL) (UK) Ltd., person resident outside India (remitted by Shri Manoj Badale,UK) as specified in the said complaint:

Noticees 2, 3, & 4 have contravened the above provisions of the Foreign Exchange Management Act, 1999 in terms of Section 42(1) to the extent of Rs.20,00,00,000/- ;

You are, therefore required to show cause in writing within 30 days of the receipt of this notice, as to why adjudication proceedings as contemplated under Section 16 of the Foreign Exchange Management Act, 1999 should not be held against you for the aforesaid contraventions and explain why the amount of

विदेशी मुद्रा प्रबंधन अधिनियम निदेशालय DIRECTORATE OF ENFORCEMENT (FOREIGN EXCHANGE MANAGEMENT ACT 1999) GOVT. OF INDIA MUMBAI मुंबई

Rs.20,00,00,000/- which is involved in the aforesaid contravention should not be confiscated to the Central Government under Section 13(2) of FEMA.

Your attention in this connection is drawn to Rule (4) of the Foreign Exchange Management (Adjudication Proceedings and Appeal) Rules, 2000;

In view of the above, you are required to appear either in person or through Legal Practitioner/Chartered Accountant duly authorized by you to explain and produce such documents or evidence, as may be useful for or relevant to the subject matter of enquiry;

In case you fail, neglect or refuse to appear before me on the appointed date, the adjudication proceedings will be initiated against you ex-parte. Reliance has been inter alia placed on the documents listed in Annexure to the complaint.

Given under my hand and seal on this 23rd day of August 2012.

(BALESH KUMAR)
SPECIAL DIRECTOR

Encl: Complaint dated 22/08/12

DIRECTORATE OF ENFORCEMENT FOREIGN EXCHANGE MANAGEMENT ACT 1999 GOVT. OF INDIA MUMBAI

By Speed Post/ Fax

भारतसरकार Government of India

प्रवर्तन निदेशालय

DIRECTORATE OF ENFORCEMENT

Western Regional Office पश्चिम प्रादेशिक कार्यालय

वित मंत्रालय, राजस्वविभाग, Ministry of Finance, Department of Revenue,
101, जन्मभुमिचेम्बेर्स,101, Janmabhoomi Chambers
वाल्चन्दहिराचन्दमार्ग, Walchand Hirachand Marg,
मुंबई-4000038 Mumbai-400038
☎ 022-22614011 / 22631535 ✉ 022-22631541

सत्यमेव जयते

SCN NO. T-4/ 09 -B/SDE/BK/2012(SCN-II) 3140 No. T-3/81-B/2010/AD(DKS)

SHOW CAUSE NOTICE

To

1. The Board of Control for Cricket in India
Cricket Centre, Wankhede Stadium,
'D' Road, Churchgate,
Mumbai – 400 020

2. Shri Lalit Kumar Modi,
Nirlon House, 3rd Floor,
Worli, Mumbai

3. Shri N. Srinivasan
Cricket Centre, Wankhede Stadium,
'D' Road, Churchgate,
Mumbai – 400 020

4. Shri Niranjan Shah,
The then Hon. Secretary of BCCI,
Kitab garh, Shroff Road,
Rajkot,-360 001
(GUJRAT)

WHEREAS a complaint under sub-section (3) of Section 16 of the Foreign Exchange Management Act, 1999 (for short FEMA) has been filed before me against you, for contravention of the provisions of Foreign Exchange Management Act (as specified in the enclosed complaint);

On perusal of the said complaint and after considering the cause shown by the complainant in his complaint bearing number T-3/81-B/ 2010/AD(DKS) dated 22/08/2012, there appears to be a contravention by BCCI of the provisions of Section 6(3)(f) of FEMA, 1999 read with Regulation 3 of the Foreign Exchange Management (Deposits) Regulations 2000 to the extent of Rs.40,00,00,000/- (Rupees Forty Crores only) by accepting deposit of the above amount from MSM Satellite Pte. Ltd., Singapore , persons resident outside India as specified in the said complaint:

Noticees 2, 3, & 4 have contravened the above provisions of the Foreign Exchange Management Act, 1999 in terms of Section 42(1) to the extent of Rs.40,00,00,000/- ;

You are, therefore required to show cause in writing within 30 days of the receipt of this notice, as to why adjudication proceedings as contemplated under Section 16 of the Foreign Exchange Management Act, 1999 should not be held against you for the aforesaid contraventions and explain why the amount of

विदेशी मुद्रा प्रबंधन अधिनियम
DIRECTORATE OF ENFORCEMENT (FOREIGN EXCHANGE MANAGEMENT ACT 1999) GOVT. OF INDIA MUMBAI
मुंबई

Rs.40,00,00,000/- which is involved in the aforesaid contravention should not be confiscated to the Central Government under Section 13(2) of FEMA.

Your attention in this connection is drawn to Rule (4) of the Foreign Exchange Management (Adjudication Proceedings and Appeal) Rules, 2000;

In view of the above, you are required to appear either in person or through Legal Practitioner/Chartered Accountant duly authorized by you to explain and produce such documents or evidence, as may be useful for or relevant to the subject matter of enquiry;

In case you fail, neglect or refuse to appear before me on the appointed date, the adjudication proceedings will be initiated against you ex-parte. Reliance has been inter alia placed on the documents listed in Annexure to the complaint.

Given under my hand and seal on this 23rd day of August 2012.

(BALESH KUMAR)
SPECIAL DIRECTOR

Encl: Complaint dated 22/08/12

प्रवर्तन निदेशालय (विदेशी मुद्रा प्रबंधन अधिनियम) ★ मुंबई ★
DIRECTORATE OF ENFORCEMENT (FOREIGN EXCHANGE MANAGEMENT ACT 1999) GOVT. OF INDIA MUMBAI

Before the Special Director of Enforcement (Adjudicating Authority)
Directorate of Enforcement, Mumbai.

Complaint under Section 16(3) of Foreign Exchange Management Act, 1999.

F.No. T-3/81/B/2010/AD(DKS)

In the matter of Investigations against the Indian Premier League-Acceptance of Deposits by the BCCI from persons resident outside India.

D. K. Sinha,
Assistant Director,
Directorate of Enforcement,
Mumbai

...... Complainant

V/s

1. The Board of Control for Cricket in India,
Cricket Centre, Wankhede Statidum,
'D' Road, Churchgate,
Mumbai-400 020.

2. Shri Lalit Kumar Modi,
Nirlon House, 3rd Floor,
Dr. Annie Beasant Road,
Worli, Mumbai-400 018,

3. Shri N. Srinivasan,
Hon. Secretary, BCCI,
Cricket Centre, Wankhede Statidum,
'D' Road, Churchgate,
Mumbai-400 020.

4. Shri Niranjan Shah,
The then Hon. Secretary of BCCI,
Kitab garh, Shroff Road,
Rajkot,-360 001
(GUJRAT)

5. HDFC Bank Ltd.,
ITC Centre,
Annasalai Branch,
Chennai.

6. Shri Ajith Damodaran,
Relationship Manager,
ITC Centre,
Annasalai Branch,
Chennai.

7. Ms. Sushmita Padmanabhan,
Senior Vice President
HDFC Bank Ltd.(Trade Finance),
Lodha I, Think Techno Campus,
Office Floor-4,
Next to Kanjur Marg Railway Station,
Kanjur Marg (East),
Mumbal-400 042.

.... Noticees

Respected Sir,

By virtue of Central Government (Department of Revenue, Ministry of Finance) Order No.S.O.1157(E) dated 26.12.2000, the Complainant herein is authorized to file this complaint before the Special Director of Enforcement, who is the Adjudicating Authority in terms of Central Government Order No.S.O.535(E) dated 01.06.2000, to hold an inquiry against the Respondent-Noticees herein for adjudication of the contraventions discussed herein below.

The facts leading to the filing of this complaint, which are in respect of and limited to the acceptance of deposits by the Board of Control for Cricket in India (hereinafter referred to as BCCI) in connection with the Indian Premier League tournament are briefly discussed below:-

1. Background of the case:

1.1 On receipt of certain reliable information, enquiries were initiated by the Mumbai Zonal Office of the Directorate of Enforcement into the functioning of the Twenty20 cricket tournament known as the Indian Premier League (hereinafter referred to as IPL) organized by the Board of Control for Cricket in India (hereinafter referred to as BCCI). On basis of the above information, directives under section 37 of the FEMA, 1999 were issued to the BCCI on 29.05.2008 and 14.07.2008 to furnish certain information/details. Vide their letters dtd. 04.07.2008, 07.08.2008 and 30.10.2009, BCCI furnished certain details. In order to conduct a thorough investigation in the matter, documents were requisitioned from the Franchisees of the IPL and the concerned Authorised Dealers. The documents received from the aforesaid sources were examined in detail.

1.2 Scrutiny of documents received from BCCI revealed that the Working Committee of the BCCI in its meeting held on 13.09.2007 decided to launch the Indian Premier League (IPL). It was decided that the sub-committee of BCCI in the form of Governing Council would be set up to deal with all matters pertaining to IPL. The constitution of the Governing Council was also announced in the said meeting with Shri Lalit Modi as Chairman. In the Annual General Meeting of the BCCI held on 28.09.2007, it was resolved that Shri N. Srinivasan, Hony. Treasurer would open and operate a new bank account in the name of "BCCI-IPL". It was also resolved that Shri Srinivasan will also open and operate a EEFC (Dollar) account and EEFC (GBP) account in the name of "BCCI-IPL". In the Special General Meeting of the BCCI held on 16.12.2007, the rules and regulations of BCCI were amended. It was decided that the committee to administer Indian Premier League shall be appointed by the General Body of the

Board and the term of the office members of the committee shall be five years and shall comprise of Chairman, 04 Members appointed by the Board and 03 ex-cricketers of repute. The Office bearers of the Board during their tenure were to be ex-officio members of the committee. It was further decided that all decisions relating to the League would be taken by the committee by majority and in case of equality of votes, the Chairman shall have a casting vote. The Special General Meeting also ratified the appointment of Shri Lalit Modi as Chairman and other members of the Governing Council. The Office bearers of the Board are the Hon. President, the Hon. Secretary, the Hon. Treasurer, and the Hon. Jt. Secretary.

1.3 It was further seen from the documents submitted by the BCCI that the BCCI had issued Invitations to Tender for award of franchises and various commercial rights viz. Media Rights, Sponsorships, Theatrical Rights etc. It was further seen that one of the conditions prescribed under the ITTs was advance payment of Performance Deposits which were required to be paid by the intending bidders in order to qualify for the final bid. During the course of investigations, it was revealed that the BCCI had received Performance Deposits from one Shri Manoj Badale of U.K. who had submitted a bid to the BCCI on behalf of a company known as Emerging Media (IPL) UK Ltd.(hereinafter referred to as EMIPL), a company registered in the United Kingdom.

It was further revealed that an amount of Rs.40 Crores was received by BCCI from MSM Satellite (Singapore) Pte Ltd. (hereinafter referred to as 'MSM'), a company registered in Singapore, towards performance deposit for bidding for the media rights. It was also revealed that the BCCI had not taken prior permission from the Reserve Bank of India for acceptance of Performance Deposits from the persons resident outside India.

1.4 The present Report is in respect of and limited to the issue of acceptance of Performance Deposit by the BCCI which were paid by persons resident outside India i.e. Shri Manoj Badale of UK and MSM Satellite (Singapore) Pte. Ltd.

1.5 Investigations in respect of other issues pertaining to the Board of Control for Cricket in India (BCCI), various franchises of Indian Premier League (IPL) and the commercial and other Rights holders of the BCCI are being dealt with separately and further action as required in respect of any other matter relating to the aforesaid will be taken separately in due course of time.

2. Details of Investigations

2.1 In response to directives issued under Section 37 of FEMA, BCCI vide their letter dated 09.05.2010, submitted copies of the documents in relation to the

I:ndian Premier League. Examination of the said documents revealed that the BCCI had floated a tender called Invitation to Tender (ITT) which was an invitation to any person to submit a bid for owning and operating a team for participation in the above said Twenty20 cricket competition. In the ITT the business of operation of the team is referred to as "franchise" and the person who has been awarded the right to operate a franchise as a result of having made a successful bid is called a "franchisee". The bidders were required to choose from 8 locations to operate their team. These 8 locations were Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Mohali and Jaipur. A bidder was eligible to bid for a franchise in up to 8 locations as above though one bidder would finally be awarded only one franchise. For the bid to be successful, several criteria with respect to eligibility and fitness of the bidder had been stipulated which were set out in the ITT. One of the eligibility criteria for a bidder, as per section 7.1 of the ITT, was to submit Performance Deposit of US$5 million equivalent to Rs.20 Crores. In the case of successful bidders Performance Deposit was to be adjusted against the Franchise Fee. Para 7.1 of ITT reads as under:-

"7.1 Performance Deposit

(a) Each bidder must at least 48 hours before the submission of any Bid pay to IPL a single performance deposit (the "Performance Deposit") in the amount of US $ 5 million (payable in Indian Rupees using an exchange rate of 1 US $ to INR 40). The Performance Deposit shall be deposited by way of a bankers draft issued by a bank of international repute drawn in favour of Indian Premier League. For the avoidance of doubt only one Performance Deposit totaling US $ 5 million is payable by Bidders even if such Bidders specify more than one location on their Franchise bid for.

(b) BCCI hereby irrevocably states that it shall return the Performance Deposit to unsuccessful Bidders within 5 business days of the unconditional award of the Franchises.

(c) For successful Bidders the Performance Deposit shall, upon the award of the Franchise, become IPL's property and shall act as the payment or part payment (as appropriate) of the first annual installment of the Franchise Fee.

Any Bidder which fails to comply with the above-mentioned requirement to pay the Performance Deposit may be rejected by IPL in its absolute discretion.

2.2. As per the ITT, all franchises were to be located in India at least for the first three years. The ITT further inter alia provided that :-

- Each Bidder must at least 48 hours before the submission of Bid pay to IPL a single "Performance Deposit" in the amount of US$ 5 million (payable in Indian Rupees using an exchange rate of 1 US$ to INR 40). The Performance Deposit was to be deposited by way of a bankers draft issued by a bank of international repute drawn in favour of Indian Premier League. Only one Performance Deposit totaling US$ 5 million was payable by Bidders even if such Bidders specified more than one location on their Franchise Bid Form.

- For successful Bidders the Performance Deposit, upon the award of the Franchise, was to become IPL's property and would act as the payment or part payment (as appropriate) of the first annual installment of the Franchise Fee.

2.3. It was seen from the above mentioned replies of BCCI that in the case of bid for Jaipur location, the amount of Performance deposit was transferred from UK to the account of BCCI-IPL with HDFC Bank, Chennai. The copies of the Foreign Inward Remittance Certificates (FIRCs) forwarded by BCCI revealed that the following amounts were transferred by Shri. Manoj Badale from UK on behalf of M/s. EMIPL towards Performance Deposit:

Sr.No	**Date**	**Amount**		**Equivalent in INR**
1.	21.01.2008	GBP	25,82,026.72	19,81,18,910.23
2.	22.01.2008	GBP	50,000.00	38,68,500.00
	Total	**GBP**	**26,32,026.72**	**20,19,87,410.23**

2.4 The purpose of remittance as shown in the two FIRCs dt. 04.08.2008 issued by HDFC Bank, Lower Parel, Mumbai was "Towards tender deposit for sponsorship of teams in Indian Premier League of BCCI". The name of beneficiary is shown as "BCCI-IPL" in these FIRCs.

2.5 The above amount totaling Rs. 20,19,87,410.23 was paid by Shri Manoj Badale on behalf of the bidder EMIPL towards the Performance Deposit for the acquisition of the franchise. Subsequently, the franchise agreement was signed by M/s Jaipur IPL Cricket Pvt Ltd (hereinafter referred to as "JIPL") with BCCI on 14.04.2008 for the said franchise i.e Rajasthan Royals.

2.6 Shri Ranjit Barthakur, Director of M/s Jaipur IPL in his statement recorded on 15.01.2010 and 20.10.2010, inter-alia admitted that the BCCI had invited tenders for bidding of franchise rights of IPL in January 2008 and the bid was submitted to BCCI by EMIPL and the tender deposit money of US$ 5 mn was remitted to BCCI directly by Shri Manoj Badale from UK.

2.7 In his statement recorded on 21.07.2010, Shri Manoj Badale, inter alia admitted having made the following remittances directly to the BCCI.

Date	Remitter	To	Amount GBP/(USD)
• 21st Jan. 2008	Manoj Badale	BCCI	GBP 2, 582, 026.72
• 22nd Jan. 2008	Manoj Badale	BCCI	GBP 50,000.00

2.8 In response to this office letter dated 14.09.2011, the BCCI, vide letter dtd. 18.09.2011, furnished the following details of Performance Deposits received from persons outside India-

1. Emerging Media P Ltd. UK - GBP 25,82,026.72

2. Emerging Media P Ltd. -GBP 50,000

2.9 It was further seen that the BCCI had invited tenders by way of Invitation to Tender for Media Rights for all IPL domestic league cricket matches from reputable Broadcasters and Marketing Agencies of national and international standing to acquire the Media Rights Packages in respect of the matches.

The "Media Rights" Packages primarily comprised the following rights:

1. Television and Internet Rights
2. Audio Rights
3. Mobile Rights

One of the pre-conditions for putting a bid for media rights was that the intending bidder had to provide a Performance Deposit of US $ 10 million i.e. Rs.40 Crores.

Para 8.3.4 of the I.T.T for Media Rights, interalia, contained the following clause:-

"Further, any Bidder for the Global Package or India Package must pay IPL a performance deposit, in the amount of US$ 10 million (payable in Indian Rupees using an exchange rate of 1 US$ to INR 40 Rupees) (the "Performance Deposit"). The Performance Deposit shall be deposited by way of bankers draft issued by a bank of national or international repute, drawn in favour of "Indian Premier League".

IPL will return the Performance Deposit (without interest) to unsuccessful Bidders within 5 days of the announcement of the winning Bidder(s) under the sub-head "Financial Guarantee and Performance Deposit".

IPL shall retain the Performance Deposit of successful Bidders as a performance guarantee in case of successful Bidder's default or breach of the Media Rights Agreement, which performance shall be in addition to IPL's right to draw down on the Letter of Credit and IPL's right to demand payment of additional damages. Successful Bidders will be required to provide sufficient funds to IPL to maintain the Performance Deposit at an INR amount equivalent to US $ 10 million if IPL has cause, and does in fact, drawn down on the Performance Deposit during the Rights period due to successful Bidder's default or breach of the Media Rights Agreement."

2.10 It was further revealed that the BCCI had accepted the Performance Deposits from various other entities, the details of which were not provided by the BCCI. The correct information was requisitioned from Shri Niranjan Shah, the then Hony. Treasurer of the BCCI during the course his examination under Section 37 of FEMA. Vide his letter dated 13.01.2012, he submitted the details of the Performance Deposits received in Foreign Exchange inter alia as under :

Sr. No.	**Party from whom received**	**Amount**	**Date of receipt**	**Further treatment of the deposit**
1	Emerging Media (IPL) Ltd. UK	GBP 2,582,026.72	22nd Jan 2008	Adjusted in the invoices raised on them
2	Emerging Media (IPL) Ltd. UK	GBP 50,000.00	23rd Jan 2008	Adjusted in the invoices raised on them

However, he failed to furnish the copies of the relevant FIRCs.

2.11 It was further revealed that MSM Satellite Singapore Pte. Ltd. (hereinafter referred to as MSM) had paid Performance Deposit in connection with the bid for Media Rights submitted by the World Sports Group (India) Ltd. Therefore, MSM was asked to furnish the details of payments made by MSM towards Performance Deposits to the BCCI. MSM vide letter dated 09.02.2012 submitted as under

"As clarified to your good self earlier, initially MSM Satellite Singapore Pte. Ltd. (MSMS) had intended to make its own Bid for the IPL Rights and for this purpose MSMS had obtained the DD for Rupees Forty Crores towards payment of the Performance Deposit.

However subsequently it was decided between MSMS and World Sports Group (India) Pvt. Lt (WSG) that WSG would make the Bid and MSMS would be the supporting broadcaster for the Indian Sub continent. A copy of the agreement between MSMS and WSG in this regard has already been submitted to your *office. Accordingly the DD procured by MSMS was tendered by WSG towards the Performance Deposit.*

We would clarify that MSMS has not made any other payments towards the said Performance Deposit."

2.12 In his statement recorded on 07.10.2010 Shri Manoj Badale inter alia stated that the bid was submitted, on behalf of the consortium and the amount of the performance deposit was remitted to the BCCI on 21st Jan 2008, and a small corrective amount to deal with exchange rate movements was remitted on 22nd Jan 2008 as informed by BCCI. On being asked as to who within BCCI informed that this small corrective amount was required, he stated that they learnt about the shortfall from their banker in the UK, Citibank and the Chairman and Commissioner, Shri Lalit Modi, who said that he would need a letter from the bank, which was duly provided. He furnished a copy of the said letter, which shows that there was foreign exchange error, leading to a shortfall of 19 lakhs to correct which GBP 50000 was sent by the bank.

It was pointed to Shri Manoj Badale that ITT required the performance deposit by way of demand draft and he was asked to clarify as to how payment was made directly to the BCCI. Shri Manoj Badale inter alia stated that since they were based overseas, time and process did not allow for a demand draft from an Indian bank and they sought clarifications from BCCI and after receiving clearance from the BCCI to remit the amount directly to their account, they made the transfer. On being asked as to from whom the clarifications were received he stated that the clarifications were received directly from the Chairman and Commissioner BCCI-IPL, Shri Lalit Modi.

Shri Manoj Badale was asked whether EM(IPL) had made the payment within the stipulated time as per the ITT which required the performance deposit to be paid 48 hours before the bid submission of the bid. In response he stated that they had given clear instructions to Citibank to make the transfer of Rs. 20 Crore. He clarified that the discussions were made with the Chairman and Commissioner BCCI-IPL, Shri Lalit Modi, who explained that he needed to check with the Treasurer, Mr. Srinivasan and upon checking, he called back to confirm approval. It was pointed to him that corrective amount remitted by him was credited in the account of BCCI on 23rd Jan 2008, which was not as per stipulated time of 48 hours before the bid submission and that the BCCI had rejected the bids of certain bidders on this ground. On being asked as to on whose approval their bid was accepted, he stated that he had a telephonic conversation with Shri Lalit Modi, who confirmed that he had BCCI Treasurers' approval to allow the small corrective amount to be remitted late, after receiving their bank's letter which explained the foreign exchange mismatch.

2.13 In his statement recorded on 18.06.2010, Shri Nitin Nadkarni, Chief Financial Officer, MSM inter alia stated that the BCCI had invited tenders in 2007 for sale of media rights for the IPL; that the eligible bidders were required to have a certain minimum reach among the cable, satellite and DTH households besides certain financial standing; that since the IPL was a new and untested concept and given the fact that the bid was required to be made for a minimum period of 10 years, the management of MSM at Singapore decided that the financial risk was too high to commit for 10 years; that at this stage World Sport Group, India (WSG) was also in the fray and negotiations started between Mr. Kunal Dasgupta/Directors of MSM Singapore. WSG India represented by Mr.Venu Nair, Mr. Seamus O'Brien and Mr. Andrew Georgiou; that MSM Singapore was prepared to make a bid for a 5 year period and only for the territory covering the Indian sub-continent whereas WSG India was prepared to bid for the balance 5 years and for the global territory; that besides MSM Singapore was interested only in acquiring the Television Broadcasting rights whereas WSG India was prepared to bid for the entire package which included internet, mobile etc., that consequently MSM Singapore entered into an agreement titled Cricket Rights Agreement with WSG India on 14th January 2008 which laid down the mechanism by which the bid was to be submitted by WSG India; that a pre condition of the bid was the requirement to deposit US$ 10, 000, 000 as 'Performance Deposit' 48 hours prior to submission of the bid and MSM Singapore, on its own, furnished the Performance Deposit of US$ 10, 000, 000, (10 million) the rationale being that in case the talks with WSG India failed, MSM Singapore would still be in a position to make an independent bid.

2.14 Shri. Nitin Nadkarni has further stated that the pre-condition of the bid was the requirement to deposit US$ 10 million.as Performance Deposit 48 hours prior to submission of the bid; that the bid submission and bid opening date was fixed on 14th January 2008 and hence the Performance Deposit was required to be submitted by 12th January 2008; that till that date MSM Singapore's negotiations with WSG India was still going on and MSM Singapore was not sure whether these negotiations would be successful and hence MSM Singapore on its own furnished the Performance Deposit of US$ 10 million, the rationale being that in case the talks with WSG India failed MSM Singapore would still be in a position to make an independent bid; that however negotiations with WSG India were successful which culminated into the Cricket Rights Agreement dated 14th January 2008 and as a result a joint bid was submitted for the media rights by WSG India and MSM Singapore which turned out to be successful; that as per clause 2.3 of the Cricket Rights Agreement, WSG India paid back US$ 1 million to MSM Singapore being their contribution towards the Performance Deposit;

that thereafter on 21st January 2008, the Media Rights License Agreement (MRLA) was entered into between BCCI and MSM Singapore.

2.15 In his statement recorded on 28.09.2011, Shri Manjit Singh, Chief Executive Officer of MSM India inter alia stated that in January 2008, MSM participated in the tender published by the BCCI inviting bids for media rights for the Indian Premier League; that MSM was the supporting broadcaster for the Indian sub-continent and the bid was submitted by WSG India; that the bid made by WSG India was successful and the media rights for the period 2008 to 2017 was awarded to WSGI with MSM as the partner broadcaster for the Indian sub-continent; that thereafter MSM entered into a media rights agreement with the BCCI on 21.01.2008 for the television broadcasting rights for the Indian sub-continent for a period of five years from 2008 to 2012, while WSGI retained the rights for the rest of the world for the period 2008 to 2017.

In reply to a specific question as to why a separate agreement was signed by MSM with the BCCI when the bid was submitted by WSG, Shri. Manjit Singh stated that MSM wanted to acquire the Indian sub-continent media rights directly from the rights holder which was the BCCI rather than as a sub-licensee of WSG. He further added that the ITT required a Performance Deposit of Rs.40 crores (eq. to US$ 10 mn) which was to be deposited 48 hours before opening of the bid; that the Performance Deposit was paid by MSM Singapore.

2.16 In his statement recorded on 16.08.2010, Shri Venu Nair, President South Asia, WSG India, inter alia stated that when the Indian Premier League was announced, a tender for media rights was floated by the BCCI sometime in November 2007; that marketing companies were also eligible to submit their bids provided they were able to guarantee broadcast in India with a channel having sizeable reach; that therefore WSGI entered into negotiations with ESPN and MSM; that ESPN decided to bid on their own while MSM on the other hand was prepared to make a joint bid with WSG due to the risks involved as IPL was a new concept; that finally MSM decided to support WSG bid and if WSG was awarded the rights, then MSM would acquire the rights for the Indian sub-continent for a period of 5 years; that for this purpose on 14.01.2008, WSGI entered into an agreement titled Cricket Rights Agreement with MSM Satellite (Singapore) Pte. Ltd (MSMS) which laid down the mechanism by which the bid was to be submitted and in the event of WSG winning the bid, how MSM was to acquire the rights for the Indian sub-continent. Shri Venu Nair further stated that the bid required the submission of Performance Deposit of US$ 10 million which was paid to the BCCI by MSMS and WSGI's contribution of US$ 1 million was returned to MSMS i.e MSMS had paid US$ 9 million as their share of

Performance Deposit and WSGI's share of US$ 1 million was also paid by MSMS which was subsequently refunded to them.

2.17 In his statement recorded on 30.09.2010 ,Shri Peter Griffiths, Senior Vice President and Director Operations, IMG, London inter alia stated that he was present in the Governing Council Meeting held on 24.01.2008 for opening of the franchise bid as an observer only; that he played no role in the meeting; that the meeting was chaired by Mr Lalit Modi. The IPL Governing Council and the representatives of the franchise bidders and members of IMG were present; that the tender rules required that the performance deposits be received by BCCI, the day before the opening of the bids; that he did not know how it was confirmed that the performance deposits had been received by the BCCI.

2.18 In his statement recorded on 30.09.2010 ,Shri John Loffhagen, Director of Legal Services at M/s. International Management Group inter alia stated that he along with Andrew Wildblood, Peter Griffiths from IMG were present at the meeting for the opening of the franchise bids that he did not check whether payment was made by the bidders within said stipulated time since the performance deposit was to be paid to BCCI; that he understood that this would have been checked by BCCI and they would have informed Mr Lalit Modi about receipt of the performance deposit for the tender; that it was not his role to check this aspect.

2.19 In his statement recorded on 12.10.2010,Shri Andrew Wildblood, Executive Vice President, IMG UK Ltd., London inter alia stated that the purpose of the Performance Deposit in relation to the franchises and media rights was to discount the possibility of nuisance bids and that he did not recall the precise process that set the level of such deposit.

2.20 In his statement recorded on 26.03.2010 ,Shri Sundar Raman, Chief Operating Officer, BCCI, in response to a specific query as to whether any approval/ permission was obtained by BCCI-IPL for transactions in foreign exchange with Emerging Media private limited UK, stated that in this case they have received the payments and no payment in foreign exchange was made. He further stated that MSM Satellite Pte Ltd, Singapore and WSG India bid as a consortium for media rights of IPL and an amount of Rs 40 Crs was received as deposit on 15th Jan 2008. After the agreement was signed with MSM and WSG for the respective rights the amount due from MSM Satellite Pt Ltd for IPL Season 2008 was recovered out of the deposit as per instructions from WSG.

2.21 In his statement recorded on15.04.2011,Shri N. Srinivasan, then Hon. Secretary, BCCI inter alia stated that BCCI has received Performance Deposits from Emerging Media, Volkswagen and ESS and in addition an amount equivalent to Rs. 10,00,00,000/-from Entertain-ment and Sports Direct, Mauritius; that no approval was taken by the BCCI from the RBI for accepting performance deposits from persons resident outside India.

2.22 In his statement recorded on 29.07.2010,Shri Ratnakar Shetty, Chief Administrative Officer, BCCI, inter alia stated that the bid documents (for franchises) were received in the BCCI office as per the ITT terms and conditions in 2 sealed envelopes A and B. All the sealed bids received were handed over to the Chairman at the meeting of the Governing Council at 2 pm on 24.01.2008; that he was present at the meeting when Envelope A was opened first and the eligibility was checked by the IMG lawyers who were present as special invitees for this purpose and later Envelope B of all the eligible bidders were then opened one by one; that on being specifically asked he stated that the bids would not have been accepted without the submission of Performance Deposit which was required to be submitted 48 hours prior to opening of the bids; that the BCCI office maintained a statement of the receipt of Performance Deposit from the bidders and this was submitted to the Chairman of the Governing Council just before opening of the bids; that in the case of Emerging Media, the Performance Deposit was paid by Shri. Manoj Badale and the fact of submission of the Performance Deposit was brought to the knowledge of the Governing Council for the first time just before opening of the bids i.e at 2pm on 24.01.2008; that the decision to accept the bid by a foreign entity i.e. Emerging Media UK, when the Performance deposit was made by a person resident outside India who himself was not the bidder was taken by the Governing Council of IPL in the meeting held on 24/01/2008; that he was also present for providing office assistance as the bids were collected in the office of the BCCI; that the Governing Council Members attending the meeting are paid allowances as per the BCCI Rules; that he can confirm the names of the above Members present based on the information provided by the Accounts Department. On being questioned as to how the receipt of Performance Deposit was reported to BCCI and the Governing Council, Shri. Shetty has stated that Mr. Lalit Modi informed that he had confirmed with the Treasurer that Emerging Media had remitted the Performance Deposit to the account of BCCI directly.

2.23 In his statement recorded on 29th July, 2011, Shri Shri. Chirayu Amin, Chairman, Indian Premier League, inter alia stated that -

- when the IPL was formed in 2007, it was Shri Lalit Modi, the then Chairman was taking all the decisions which were approved by the Governing Council and that he did not remember any major issue deliberated upon in great details and there was no occasion in any of the meetings for decision by division of votes by the members of the Governing Council.

- The decisions were taken by Shri Lalit Modi and communicated during discussions in the Governing Council, however, he used to forward certain emails communicating various aspects of IPL which he does not remember today.
- The minute recalls that there were 11 bidders who had submitted their Rs.20 Crore guarantee by the stipulated time and Annexure I showed the names of the individual bidders who had made the payment of Rs.20 crore guarantee and the same was announced and discussed in the said meeting.
- As far as he remembered there was no discussion about payment of guarantee by the bidders and there was some discussion about late receipt of performance deposit by certain entities.
- From the minute he understood that there was a discussion about the bids of ICICI, Future Group and Sahara because they had submitted the performance deposit after lapse of the stipulated time.
- He was not directly concerned with the bidding process and the matters relating to the franchise bidding were handled directly by the then Chairman, Shri Lalit Modi.
- he did not recollect who were present there in the Governing council meeting held on 24/01/2008 but there was a large gathering in which representatives of the potential franchises, BCCI staff members and IMG had participated.

He further stated that when the IPL was formed in 2007, it was Shri Lalit Modi, the then Chairman taking all the decisions which were approved by the Governing Council; he did not remember that any major issue was deliberated upon in great details and there was no occasion in any of the meetings for decision by division of votes by the members of the Governing Council or any decision being taken by division of votes; the proposals made by Shri Modi were discussed at a macro level which were approved in good faith because Shri Modi had been directly involved with the concept of IPL since the very beginning; it is true that the Governing Council did not raise any objection to any of the decision taken by Shri Modi primarily because the minute details were never disclosed to the governing council and the governing council reposed its faith in Shri Modi; Shri Modi was the main person involved with the IPL right from stage of conceptualization to implementation; since he was the brain of the IPL, the members of the governing council trusted Shri Modi to take decisions in the best interest of the BCCI as well as the Sports and Shri Modi had represented BCCI in negotiation with various companies/ entities in India and abroad in connection with the conduct of the IPL. He further stated that it was against this background that the members of the governing council didn't find it necessary to question the decisions of Shri Modi and approved the matters that were got to the governing council.

2.24 In his statement recorded on 20^{th} January 2012, Shri. Niranjan Shah, then Hon. Secretary of the BCCI, inter alia stated that -

- He was Hon. Secretary of the BCCI in 2002-2003 and again from September 2005-September 2008. As Hon. Secretary he was responsible for day to day functioning of the board as its Chief Executive.
- Sometime in August 2007, the concept of IPL was mooted by Shri. Lalit Modi who was one of the Vice-Presidents of the BCCI at that time.
- To start with, tenders were floated inviting bids from interested entities for the media rights. These tender documents were prepared by IMG on instructions of Shri. Lalit Modi.
- Thereafter, tenders were invited for the franchises and based on bidding, 8 teams were awarded to the bidders based on the amounts bid by them for each location.
- The amount of Performance Deposit was decided by Shri. Lalit Modi and accordingly the bid documents were drafted by IMG. As Secretary, he had no role to play in deciding the amount of Performance Deposit.
- All records have been handed over by him to the person taking over charge from him as the Secretary.
- There is no policy as such within the BCCI. Foreign as well as domestic depositors are treated equally because the tender document (ITT) did not differentiate between these 2 categories.
- Submission of Performance Deposit is a pre-condition for a bid and no entity could not have submitted a bid without submission of Performance Deposit.
- No application was made to the RBI during the time when he was Secretary of the BCCI.
- In relation to IPL, almost all agreements were signed by Shri. Lalit Modi. He did not recollect having signed any agreement either with the players, franchises or any other entity.
- When any payment is received, the instruments are received in the BCCI office and then forwarded either to the bank or the Treasurer's office as per instructions of the Treasurer.
- Foreign as well as domestic depositors were treated equally because the tender document (ITT) did not differentiate between these 2 categories. In case of IPL, in January 2008 for the franchise bid as well as the media

rights bid, the Performance Deposit were received in the BCCI office in most cases and in the case of Emerging Media, the Performance Deposit was received in the bank account of BCCI and in the case of Ms. Preity Zinta, Shri. Lalit Modi received the draft of the amount of Performance Deposit directly and the fact of receipt of Performance Deposit was communicated to the Chairman Shri Lalit Modi by the BCCI staff in Mumbai.

2.25 Statement of Shri. Ravishankar Shastri was recorded under the provisions of Section 37 of the Foreign Exchange Management Act, 1999 on 05th August, 2011. He was asked about the procedure for decision making in the Governing Council. Shri Shastri inter alia stated that:

- Shri Lalit Modi was associated with the concept of IPL since the very beginning. They were given to understand that Shri Lalit Modi along with IMG was working out the details of formation of the League and the BCCI had given its approval for launch of the League.
- When the IPL Governing council was constituted it contained representation from the BCCI as well as from the cricketers.
- He along with Shri Sunil Gavaskar and Shri Mansoor Ali Khan Pataudi were represented in the Governing council for providing inputs for improvement of the sports and for improving the quality of the tournament.
- He was not involved in the minute details of the League and his role was limited to advising the IPL on cricketing issues.
- The major decisions were taken by Shri Lalit Modi since he was the Chairman of the IPL. He can say that there was hardly any discussion regarding the decisions taken by Shri Modi and generally his decisions were ratified by the Governing Council.
- The Minutes of the Governing Council were circulated to the members by e-mails. Sometimes the minutes were physically handed over to the members at the meeting.
- Till IPL 3 there was hardly any discussion in the meetings of the Governing Council and the decisions taken by Shri Lalit Modi were approved in the meeting. Except cricketing matters he doesn't remember having participated in any active discussion in the Governing Council meetings.
- Generally the decisions were communicated in the minutes of the meetings or in the subsequent meeting of the Governing Council. After IPL 3 decisions are taken after thorough inspection in the Governing Council.
- Doesn't remember any objection raised by any member in respect of any major decision taken by Shri Modi.

On being asked about the performance deposits from certain foreign entities like Emerging Media, ESS, Sony and Entertainment and Sports Direct and the issue of payment of performance deposits discussed in the governing council meetings, Shri Shastri stated that

- The conditions for bidding for franchises and commercial rights were decided by the BCCI legal team.
- The terms of the contracts were never discussed in the Governing Council meetings.
- He has no information about any performance deposit made by a foreign entity to the BCCI and no such matter was raised in any of the meetings.
- He interacted with Shri Lalit Modi in the Governing Council.
- Till IPL 3, Shri Lalit Modi had the final say in all the matters.

2.26 Ms. Sushmita Padmanabhan, Vice President- Trade Finance, HDFC Bank, Mumbai, in her statement recorded on 28.01.2011, inter alia stated that her responsibilities included heading the department which handles trade finance transactions and inward remittance. She further stated that HDFC Bank has been following a centralized processing inward remittance received in foreign currency with specially trained staff and that the remittances received were monitored/processed centrally and credits given to customers only after prescribed checks and due diligence were carried out; that BCCI-IPL was maintaining two accounts with HDFC Bank i.e. A/c No. 12091450000028 and 41660000064 at Mohali and Chennai respectively, that HDFC Bank received two remittances of GBP 2,582,026.72 and GBP 50,0000 on 21/01/2008 and 22/01/2008 respectively into the account of BCCI- IPL with their Chennai Branch; that the Relationship Manager, Shri D. Ajin based at Chennai received a mail sent by Mr. Prasanna Kannan from the mail account of Mr. N. Srinivasan, the then Treasurer of BCCI; that the mail provided the wire transfer details in respect of the remittance of GBP 2,582,026.72; that thereafter their team received a mail from their Relationship Manager stating that the remittance was for the purpose of tender deposit to BCCI by a participant and that based on this confirmation the said amount was credited to the account of BCCI held with their Chennai office.

On being asked about the other remittance of GBP 50,000 received on 22/01/2008 and whether similar exercise was undertaken to ascertain the purpose, Ms. Sushmita stated that the necessary documentary evidence was not readily available.

She further stated that in case of current accounts, the FIRC is generated the next day of the credit provided the purpose is given, else it is generated on submission of purpose; that in case of savings account it is generated on request, provided the purpose is given either by the remitter or the beneficiary. She further stated that the FIRC's for both the remittances were generated on 4th August 2008 and the purpose for remittance mentioned therein was *"Towards Tender Deposit for Sponsorship of teams in Indian Premier League of BCCI"*; that the purpose as ascertained at the time of credit was tender deposit and that due diligence was done in terms of FEMA guidelines, that since the mail from BCCI giving details of the wire transfer was received by them, it indicated that they were expecting the remittance; that the amount of GBP 2,582,026.72 in equivalent INR was credited to the BCCI account in Chennai on 22/01/2008 and GBP 50,000 in equivalent INR was credited on 23/01/2008; that no application was made to RBI for approvals through their Bank by BCCI.

She further stated that the remittances and amounts received were towards earnest money for global tender for sponsorship of IPL teams and was not in the nature of deposit with the Bank for BCCI on a repatriable basis, thus the remittance was in the nature of permissible current account transaction and is in compliance with extant regulatory guidelines.

2.27 In her statement recorded on 23rd July 2012, Ms. Sushmita Padmanabhan, Senior Vice President – Trade Finance, HDFC Bank, further inter alia stated that the credit of Rs. 40 Crores appearing in the account number 00041660000064 of BCCI-IPL pertain to the local Cheque No. 000582 dated 15.01.2008 which was drawn on DBS Bank Ltd., Fort Branch, Mumbai and since it was a local cheque deposited in the account and no inward remittance was received, they had not issued any FIRC to the party. She further confirmed that BCCI-IPL had deposited Rs. 40 Crores through draft No. 000582 dated 15.01.2008, drawn on DBS Bank Ltd., Fort Branch, Mumbai.She also submitted a copy of the deposit slip which was given by the BCCI at the time of depositing the said draft .

On being asked why FIRC was not issued in respect of the said remittance when the draft was issued by DBS, Singapore and the beneficiary was the Indian Premier League she stated that the draft was drawn in Indian rupees and they had not received any inward remittance and that she presumed that DBS, Fort Branch, Mumbai would be in a position to generate FIRC for the same.She further stated that she had already explained her role in the Bank in her statement dated 28.01.2011 and although she had been promoted as Senior Vice President, her role continued to be the same as stated in her earlier statement dated 28.01.2011.

She was asked about an e-mail dated 22.01.2008 from one Ajith Damodaran/Corporate Banking/Mariam Centre/HBL sent to South-FCY Inward Remittances/Documentary Services/Chandivali/HBL@HDFC Bank, cc to J

Jayakumar/TBG/RK Salai-Chennai/HBL@HDFC Bank Yogesh Budhiraja/Trade Finance/RK Salai-Chennai/HBL@HDFC Bank which appeared to be sent in response to e-mail from Mr. N Srinivasan (nsbccitreasurer @yahoo.co.in) addressed to Ajith/Deepa. Explaining the contents of the said mail she stated that the mail from Shri N Srinivasan, the then Hony Treasurer of the BCCI was addressed to Shri Ajith Damodaran who was then Relationship Manager, in HDFC Bank, handling the accounts of the BCCI at Chennai and the mail received from Shri N Srinivasan was sent to Ajith for confirmation of transfer of an amount of GBP 2582026.70 from Badale, Manoj for credit to the account of BCCI-IPL and that. J Jayakumar and Yogesh Budhiraja were based in HDFC Bank, Chennai and handle trade finance. She further stated that in relation to the present transaction, as Relationship Manager, Ajith Damodaran used to liaise with the customers for the disposal instructions and the purpose of the remittance ,wherever required, and on the basis of these details the remittance are processed. Explaining the system within their Bank for receipt of inward remittances she stated that once the inward remittance is received, the details are verified and sent to the branches /Relationship managers to liase with the customers for the disposal instructions and the purpose of remittance , wherever required and in case , the purpose was not permissible as per RBI Regulations, the same was either returned or the purpose re verified with the customer and the details were received and the inward remittance is reported to the Treasury Department for conversion rates and the rates once confirmed, the funds are credited to the customers account. On being asked about the officials responsible for verifying the purpose of Inward remittance she stated that the processing centre for Inward remittances in Mumbai is responsible for verifying the purpose of the inward remittances and as per the process laid down , in case of any doubt in the purpose, the details are escalated to the supervisors and action taken accordingly. On being asked whether any clarification was sought in connection with the remittance received from Shri Manoj Badale of UK for tender deposit to the BCCI she stated that the funds were towards tender deposit , which was not prohibited, there was no clarification sought.

2.28 Summons under the provisions of Section 37 of FEMA, 1999 was issued to Shri Lalit Kumar Modi vide F.No. T-3/81-B/2008/PKN/AD(DKS)/4137 dated 2nd August, 2010 requiring him to appear in person on 10/08/2010. A fresh Summons was issued vide F.No. T-3/81-B/2008/PKN/AD(DKS) dated 24th August, 2010 requiring Shri Modi to appear in person on 07th September, 2010 for tendering evidence and for producing documents as mentioned in the Schedule thereto. Shri Modi did not appear and failed to comply with the Summons. Accordingly, for non-compliance of Summons by Shri Lalit Kumar Modi, a complaint dated 16/09/2010 under section 13 of FEMA, 1999 has been filed and a Show Cause Notice has been issued to him vide T-4/19-B/DD(SB)/FEMA/2010 dated 20th September, 2010.

2.29 Shri N. Srinivasan, the then Hon. Secretary of BCCI in his statement dated 15.04.2011 had, inter alia stated that BCCI had received certain other performance deposits from M/s Volkswagen and Rs.10 crores from M/s Entertainment and Sports Direct, Mauritius. However, investigations made by the Directorate in this regard reveal that M/s Volkswagen is an Indian company and no amount has been received by BCCI as performance deposit from M/s Entertainment and Sports Direct, Mauritius. Investigations in respect of all the other amounts received by the BCCI towards Performance Deposit from persons resident outside India are in progress.

3 Relevant Rules and Regulations:

The provisions of FEMA, 1999 and its Regulations which are relevant to the issues discussed in this complaint are as under:

3.1 Section 2(n) defines foreign exchange as under:

"(n) "foreign exchange" means foreign currency and includes,—

(i) deposits, credits and balances payable in any foreign currency,
(ii) drafts, travellers cheques, letters of credit or bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency,
(iii) drafts, travellers cheques, letters of credit or bills of exchange drawn by banks, institutions or persons outside India, but payable in Indian currency"

3.2 *Section 6(3)(f) of the FEMA, 1999 states as under:*

Without prejudice to the generality of the provisions of sub-section (2), the Reserve Bank may, by regulations, prohibit, restrict or regulate the following-

deposits between persons resident in India and persons resident outside India.

3.3 The restrictions relating to deposits between a person resident in India and a person resident outside India are imposed under the **Foreign Exchange Management (Deposit) Regulations, 2000. Regulation 3 states as under**:

Save as otherwise provided in the Act or Regulations or in rules, directions and orders made or issued under the Act, no person resident in India shall accept any deposit from, or make any deposit with, a person resident outside India:

***Provided** that the Reserve Bank, may on an application made to it and on being satisfied that it is necessary to so to do, allow a person resident in India to accept or make deposit from or with a person resident outside India.*

Regulation 4 of the above said FEM(Deposit) Regulations, 2000 provides certain exemptions while Regulation 7 specifies the permitted deposits that can be accepted by persons other than authorised dealer/authorised bank.

3.4 The term "**deposit**" has been defined in the above said regulation as under:

"Deposit" includes deposit of money with a bank, company, proprietary concern, partnership firm, corporate body, trust or any other person.

3.5 Regulation 7 of the **Foreign Exchange Management (Deposit) Regulations, 2000 reads as under:-**

"7. Acceptance of deposits by persons other than authorised dealer/ authorised bank :-

1) *A company registered under Companies Act, 1956 or a body corporate or created under an act of Parliament or State Legislature may accept deposits from a nonresident Indian on repatriation basis, subject to the terms and conditions mentioned in <u>Schedule 6</u>.*
2) *An Indian company, a proprietorship concern or a firm in India may accept deposits from a non-resident Indian on non-repatriation basis, subject to the terms and conditions mentioned in <u>Schedule 7</u>."*

3.6 Schedule 7 appended to the said regulation reads as under:-

SCHEDULE 7

[See Regulation 7(2)]

Acceptance of deposits by Indian proprietorship concern/firm or company (including non-banking finance company registered with Reserve Bank) on non-repatriation basis from Non-Resident Indians and persons of Indian origin resident outside India

A proprietorship concern or a firm in India, may accept deposits on non-repatriation basis from NRIs, and a company incorporated in India (including a non-banking finance company registered with Reserve Bank) may accept deposits on non-repatriation basis from NRIs/OCBs, subject to the following conditions :

i) *In the case of a company, the deposits may be accepted either under private arrangement or under a public deposit scheme.*

ii) If the deposit accepting company is a non-banking finance company, it should be registered with the Reserve Bank and should have obtained the required credit rating as stipulated under the guidelines issued by Reserve Bank for such companies.

iii) The maturity period of deposit shall not exceed 3 years.

iv) If the deposit accepting company is a non-banking finance company the rate of interest payable on deposits shall be in conformity with the guidelines/directions issued by Reserve Bank for such companies. In other cases the rate of interest payable on deposits shall not exceed the ceiling rate prescribed from time to time under the Companies (Acceptance of Deposit) Rules, 1975

v) The amount of deposit shall be received either by inward remittance from outside India through normal banking channels or by debit to NRE/FCNR(B)/NRO/NRNR or NRSR account. Where, however, the deposit is made out of funds held in NRSR account of the depositor, payment of interest as also the repayment of deposit shall be made only by credit to NRSR account of the depositor concerned. In all other cases, the maturity proceeds/interest shall be credited to NRO Account.

vi) The proprietorship concern/firm/company accepting the deposit should comply with the provisions of any other law, rules, regulations or orders made by Government or any other competent authority, as are applicable to it in regard to acceptance of deposits.

vii) The proprietorship concern, firm or company accepting the deposit shall not utilise the amount of deposits for relending (not applicable to a Non-Banking Finance Company) or for undertaking agricultural/plantation activities or real estate business or for investing in any other concern or firm or company engaged in or proposing to engage in agricultural/plantation activities or real estate business.

viii) The amount of deposits accepted shall not be allowed to be repatriated outside India.

3.7 Sub-section 4 of Section 10 of the FEMA, 1999 reads as under:

"An authorised person shall, in all his dealings in foreign exchange or foreign security, comply with such general or special directions or orders as the Reserve Bank may, from time to time, think fit to give, and, except with the previous permission of the Reserve Bank, an authorised person shall not engage in any transaction involving any foreign exchange or foreign security which is not in conformity with the terms of his authorisation under this section".

3.8 Section 42 of FEMA reads as under -

(1) Where a person committing a contravention of any of the provisions of this Act or of any rule, direction or order made thereunder is a company, every person who, at the time the contravention was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shallbe deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this sub-section shall render any such person liable to punishment if he proves that the contravention took place without his knowledge or that he exercised due diligence to prevent such contravention.

(2) Notwithstanding anything contained in sub-section (1), where a contravention of any of the provisions of this Act or of any rule, direction or order made thereunder has been committed by a company and it is proved that the contravention has taken place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

(i) "company" means any body corporate and includes a firm or other association of

individuals; and

(ii) "director", in relation to a firm, means a partner in the firm.

3.9 *AD(MA Series) Circular No. 11, dated 16.05.2000*

The Reserve Bank of India has issued clarifications on new Rules and Regulations framed under FEMA. It provides that to give effect to the provisions of the Act, the Govt. of India has, among others, made Foreign Exchange Management (Current Account Transaction) Rules, 2000 under Section 5 read with section 46 of the Act, and the circular requires all authorized dealers to carefully study the provisions of the Act, Rules/Regulations/Notifications since all foreign exchange transactions taking place with effect from 01.06.2000,will be governed by the provisions of the Foreign Exchange Management Act, 1999.

Para 10 of the circular provides as under –

"The directions contained in this circular have been issued under section 10(4) and section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and these shall come into force from 1st June, 2000. Any contravention or non-observance of these directions is subject to the penalties prescribed under the Act."

3.10 Section 13(2) of FEMA provides as under :

"Any Adjudicating Authority adjudging any contravention under sub-section (1), may, if he thinks fit in addition to any penalty which he may impose for such contravention direct that any currency, security or any other money or property in respect of which the contravention has taken place shall be confiscated to the Central Government and further direct that the foreign exchange holdings, if any of the persons committing the contraventions or any part thereof, shall be brought back into India or shall be retained outside India in accordance with the directions made in this behalf.

Explanation.—For the purposes of this sub-section, "property" in respect of which contravention has taken place, shall include—

(a) deposits in a bank, where the said property is converted into such deposits;

(b) Indian currency, where the said property is converted into that currency; and

(c) any other property which has resulted out of the conversion of that property."

4. Result of investigation:

4.1 In response to the directives issued to the BCCI, it was informed by the BCCI that they had accepted payment by foreign inward remittances from persons resident outside India towards performance deposit for sale of various rights. The present complaint is restricted to payments received by the BCCI towards performance deposit of Rs.40 Crores from MSM Satellite Pte Ltd, Singapore and of Rs.20 Crores from Shri Manoj Badale of UK on behalf of Emerging Media (IPL) UK Ltd during the year 2008.

4.2 Investigation conducted in the matter revealed that during the year 2007, BCCI contemplated a domestic franchise based cricket League in a format popularly known as "Twenty-20" format in which the teams participating in the match had to play 20 overs per side. IPL was constituted as a separate sub committee of the BCCI to establish and oversee the operation of a domestic

Twenty 20 cricket competition in India. IPL forms part of the BCCI and is managed by a separate governing council which is accountable to the BCCI.

4.3 For the purpose of formation of the League, in December 2007, the Indian Premier League issued Invitation to Tender (herein after referred to as "ITT") inviting bids from any person to own and operate a team. It was seen from the ITT that the League was to initially comprise of eight teams which would play each other during the course of each season. As a precondition for participating in the bidding, the BCCI required prospective bidders to make payment of an amount of USD 50,00,000/- (@ Rs.40/- per USD) equivalent to Rs. 20 crores. On investigation it was revealed that among others one non-resident entity viz. Emerging Media (IPL) UK Ltd. had made payments of GBP 2,582,026.72 and GBP 50,000.00 respectively on 22nd Jan 2008 and 23rd Jan 2008 towards performance deposit. The FIRC No. 538934 generated in respect of the remittance of GBP 2582026.72 was received on 22/01/2008 in the account of BCCI – IPL and the name of the remitter was shown as Badale, Manoj, 27 Blenhem Road, Chiswick, London, 1 ET. The purpose of remittance was shown as "Towards tender deposit for sponsorship of teams in Indian Premier League of BCCI". The FIRC No. 538933 in respect of the remittance of GBP 50,000.00 was received on 23/01/2008 in the account of BCCI – IPL and the name of the remitter was again shown as Badale, Manoj, 27 Blenhem Road, Chiswick, London, 1 ET. The purpose of remittance was shown in the FIRC as *"Towards tender deposit for sponsorship of teams in Indian Premier League of BCCI"*. Investigations have revealed that Shri Manoj Badale of UK had remitted the amount of GBP 25,82,026.72 towards payment of the required amount of performance deposit of US$ 5 million i.e. Rs.20,00,00,000/-. Against this required amount, BCCI received an amount equivalent to Rs.19,81,18,910.23 remittance which was credited to the account of BCCI-IPL held with the HDFC Bank. Apparently the remittance amount fell short of the amount of Rs.20,00,00,000/- required by the BCCI as a pre-condition for mounting the bid for the franchises. Since there was a short fall in the required amount, another remittance of GBP 50,000 was made by Shri Manoj Badale on behalf of EMIPL against which an amount of Rs.38,68,500 was credited to the Bank account of BCCI on 23.01.2008.

4.4 Simultaneously the BCCI had invited tenders by way of Invitation To Tender For Media Rights for all IPL domestic league cricket matches from reputable Broadcasters and Marketing Agencies of national and international standing to acquire the Media Rights Packages in respect of the matches. The Media Rights Packages primarily comprised the Television and Internet Rights, Audio Rights and Mobile Rights.

In terms of the ITT the bidder was required to make payment of an amount of Rs.40 Crores as a pre-condition for filing the bid. The Performance Deposit was to be paid forty eight hours prior to 14.01.2008, the date fixed for opening of the bid. Thus, the Performance Deposit was to be paid on or before 12.01.2008. The payment was received in the account of the BCCI-IPL on 15/01/2008.

4.5 It is seen from the statement of Shri Nitin Nadkarni, CFO of MSM that the when ITT was announced, MSM was interested in filing the bid for Indian sub-continent rights for a period of five years only. MSM was apprehensive of the risk involved in bidding for a period of ten years and for the Global Rights. Therefore, they entered into negotiations with WSG. While the negotiations were going on, the time limit for payment of Performance Deposit had approached. Therefore, MSM, Singapore, on its own furnished the Performance Deposit of US $ 10 mn, the rationale being that in case the talks with WSG India failed, MSM Singapore would still be in a position to make an independent bid. However, the negotiations were successful which ended in signing of a Cricket Rights Agreement dated 14.01.2008 between WSG and MSM Singapore.

4.6 It is seen from the Minutes of the meeting of the Governing Council for Opening of the Indian Premier League Media ITT held on 14.01.2008 that the Chariman (Shri Lalit Modi) informed the meeting that Sony (i.e. MSM) had pulled out their individual bid to partner in a consortium with WSG. The Minutes further mentioned as under:-

"The Council went on to open the SONY – WSG bid which was compliant to the eligibility criteria.

The WSG Media Rights Agreement mentioned that as a part of the rights fee was reliant on the ratings delivery, it was suggested by the Chairman and IMG and agreed by the representatives of both SONY and WSG that, in the even of a shortfall between the amount paid over the 5 year term and the minimum license fee per season, then that shortfall would be made good at the end of the term to ensure compliance with the requirements of the reserve price per season by both parties.

It was agreed between the parties in the form of an agreement between IPL and Sony for Indian sub continent TV rights between IPL and Sony valued at 276 million; and an agreement between WSG and IPL for ten years global media rights, all media platform neutral, with a carve out for the first 5 years of the India sub continent TV rights for USD 642 million.

WSG SONY won the bid with an offer of USD 1026 million over a period of ten years, out of which USD 108 million would be allocated solely to marketing and promotion of the IPL."

4.7 The Performance Deposit of Rs.40 crores was paid to BCCI by MSM Singapore by way of Demand Draft No. 00160D8000582 dated 10.01.2008 issued by DBS Bank Ltd., Singapore. It is apparent from the aforesaid facts that the BCCI was all along aware that the Performance Deposit of Rs.40 crores was paid to it by MSM Singapore, a company incorporated in Singapore and a person resident outside India.

4.8 MSM, Singapore had made payment of the amount of Rs.40 crores as Performance Deposit in order to fulfill the eligibility criteria for bidding for the media rights relating to the IPL. Although MSM pulled out from filing a separate bid to ensure acquisition of media rights for the IPL it entered into an agreement with WSGI known as "Cricket Rights Agreement" on 14.01.2008 under which it was agreed that the rights for the Indian sub-continent would be given to MSM and the rights for the rest of the World would go to WSGI. In terms of the said agreement WSG filed the bid for the rights for the whole world and WSG was successful in the bid which was opened on 14.01.2008. Accordingly, BCCI signed separate agreements on 21.01.2008 with MSM and WSG awarding rights of the Indian sub-continent territory and the rest of the world territory to them respectively.

4.9 Investigations have further revealed that HDFC Bank, ITC Centre, Annasalai, Chennai Branch, received a remittance of Rs.40,00,00,000/- which was credited to the account No. 41660000064 of BCCI-IPL on 15.01.2008. Investigations have revealed that the payment was made by M/s MSM Satellite Pte Ltd., Singapore towards Performance Deposit for bidding for the India Rights of the BCCI. It has been noticed that the payment was made by Demand Draft No. 00180D8000582 dated 10.01.2008, issued by DBS Bank, Singapore and drawn on DBS, Mumbai, 3rd Floor, Fort Branch, 221, DN Road, Mumbai. The demand draft was deposited by the BCCI-IPL and from the deposit slip, it is seen that BCCI has described the draft as drawn by DBS Bank Ltd., Mumbai, even though the said draft was drawn by DBS Bank, Singapore. The draft was issued by DBS, Singapore and the beneficiary was the Indian Premier League. The amount of Rs.40,00,00,000/- was received by HDFC Bank by an instrument drawn by DBS Singapore and by virtue of definition of foreign exchange under Section 2 (n) of FEMA 1999 which defines foreign exchange as foreign currency inclusive of any draft etc. drawn by banks, institutions or persons outside India but payable in Indian currency

4.10 Regulation 3 of FEM (Deposit) Regulations, 2000 issued under Section 6(3)(f) of FEMA, 1999, prohibits any person resident in India to take deposits from or place deposits with a person outside India, save as otherwise provided in the regulations. As per Regulation 7 (i) of the said Regulations permission has been granted by RBI to certain persons other than authorized dealer/authorized bank, to accept deposit from persons resident outside India. As per Regulation ibid, a company registered under the Companies Act, 1956 or a body corporate or created under an Act of Parliament or State Legislature have been permitted to accept deposit from a non-resident Indian on repatriation basis subject to the terms and conditions mentioned in Schedule 6. As per Regulation 7(2), an Indian company, a proprietorship concern or a firm in India may accept deposits from a non-resident Indian on non-repatriation basis, subject to the terms and conditions mentioned in Schedule 7. BCCI is a charitable Trust registered under the Tamil Nadu Societies Registration Act, 1975. Thus BCCI is not an eligible person as specified in the FEM (Deposits) Regulations 2000 to accept deposits either on repatriation basis or on non-repatriation basis from persons resident outside India.

4.11 The BCCI has admittedly received and accepted aforesaid payments towards performance deposits from persons resident outside India. It has been further admitted by the BCCI that they have not made any application to the RBI seeking prior permission for accepting foreign exchange deposits.

4.12 In order to ascertain the role of the officials, the minutes of the meetings of General Body and Working Committee of the BCCI and the Governing Council of the IPL were examined. It is seen that in the Annual General Meeting of the BCCI held on 28-09-2007, Annual Budget for the year 2007-08 was adopted and a provision of Rs.100 crores was made for funding of the IPL which was to be returned to the BCCI by the IPL. It was further adopted that the Indian Premier League is a part and parcel of BCCI and will function like National Cricket Academy. The Working Committee of the BCCI in its meeting held on 13th September, 2007 took a decision about formation of the Indian Premier League and it was decided that the Board would set up a sub-committee in the form of a Governing Council to deal with all matters pertaining to the Indian Premier League. It was further approved that the Office Bearers of BCCI would be ex-officio members of the Council. It was also approved that the Indian Premier League will have a separate Bank Account to be opened by the Treasurer, BCCI, Mr. N. Srinivasan. It was further decided that the annual account of Indian Premier League will be integrated in the BCCI Books of Accounts.

4.13 In the Special General Meeting of the BCCI held on 16-12-2007 an amendment to the Rule and Regulations of the BCCI was unanimously approved which reads as under:-

"The Committee to administer Indian Premier League shall be appointed by the General Body of the Board and the term of the office members of the Committee shall be 5 years."

The Meeting further approved that all decisions relating to the League would be taken up by majority and in case of equality of votes, the Chairman shall have a casting vote. It was further approved that the Committee shall maintain a separate Bank Account, which shall be operated by the Treasurer, BCCI.

4.14 The minutes of the Governing Council meeting held on 24.01.2008 reveals that M/s. Emerging Media (IPL) UK Ltd was one of the bidders who had submitted the Performance Deposit of Rs.20 crores and thereafter on account of a successful bid, won a franchise for the Jaipur location. All the Franchise bids were opened on 24.01.2008 and the details of the proceedings have been recorded in the Minutes of the IPL Governing Council Franchise ITT Opening. It is seen from the said Minute that the bidders were required to submit two envelopes, A & B. First envelope A was to be opened and checked to see that all the bids were in accordance with the BCCI-IPL requirements. The bidders not qualifying under the eligibility criteria were to be ignored and the envelope submitted by it was not to be opened.

4.15 In the Special General Meeting of the BCCI held on 17th April, 2008, the decisions of the IPL Governing Council held on 14.01.2008 regarding opening of the media rights, ITT was approved. In the same meeting the decisions taken by the IPL Governing Council on 24.01.2008 regarding opening of the franchise bids were approved.

4.16 In terms of the provisions of sub section (1) of Section 42 of FEMA where a person committing a contravention of any of the provisions of the Act or of any rule, direction or order made thereunder is a company, every person who, at the time the contravention was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Further, in terms of the provisions of sub section (2) of Section 42 of FEMA where a contravention of any of the provisions of this Act or of any rule, direction or order made thereunder has been committed by a company and it is proved that the contravention has taken place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation to Section 42 defines a "company" to mean any body corporate and includes a firm or other association of individuals.

In view of the said Explanation to Section 42, the liability under Section 42 extends to all association of individuals.

4.17 The BCCI is a society registered under the Tamil Nadu Society Registration Act, 1975. The BCCI, being an association of individuals is also deemed to be a company for the purpose of Section 42 of FEMA and therefore the persons in charge of, and responsible to, the BCCI for the conduct of its business are liable to be proceeded against for the contraventions committed by the BCCI

4.18 It is seen from the statements of the officials of the BCCI and other connected persons that all decisions in relation to IPL were taken by Shri Lalit Modi and the decisions were subsequently ratified by the Governing Council and there were hardly any discussions on any specific issue.

4.19 In their respective statements the officials of the BCCI, viz. Shri N.Srinivasan , Shri Ravi Shastri, Shri Sashank Manohar and Shri Chirayu Amin have inter alia stated that all the decisions in respect of the Indian Primier League were taken by Shri Lalit Modi. It, therefore, appears that Shri Lalit Modi was primarily responsible for the contraventions committed as aforesaid.

4.20 It is thus seen that Shri Lalit Kumar Modi, Chairman of the Indian Premier League of the BCCI, was responsible for conduct of the IPL. He was responsible for finalizing the terms and conditions of the various tender documents. In his capacity as the Chairman of the Indian Premier League, he was responsible to the BCCI for conduct of its affairs and was under a legal obligation to observe the law. As Chairman of the Indian Premier League he had full knowledge and awareness of the nature of transactions between the BCCI and the foreign parties He was primarily responsible for the contraventions committed by the BCCI by accepting amounts equivalent to Rs.20,00,00,000/- from M/s Emerging Media (IPL) Ltd., UK and Rs. 40,00,00,000/- from MSM Singapore and remitted by persons resident outside India towards deposits in contravention of Section 6 of FEMA, 1999 read with Regulation 3 of FEM (Deposits) Regulations, 2000.

4.21 Shri N. Srinivasan, presently Hon. President of the BCCI, was the Hon. Treasurer of the BCCI till September, 2008. He was also ex officio member of the Governing Council of the IPL. In his capacity as the Hon. Treasurer he was in control of the financial affairs of BCCI and was responsible to the BCCI for conduct of its affairs and was under a legal obligation to observe the Law. As

Hon. Treasurer to the BCCI. he was fully aware of the nature of transactions involved in the conditions stipulated in the tender documents. He failed to take prior permission of the RBI as required under the extant provisions of FEMA before accepting deposit from persons resident outside India. Failure on his part to seek and obtain prior permission of the RBI for accepting foreign exchange deposits outside India makes him liable under the provisions of FEMA. He was , therefore, responsible for the contraventions committed by the BCCI by accepting amounts equivalent to Rs.20,00,00,000/- from M/s Emerging Media (IPL) Ltd., UK and an amount of Rs. 40,00,00,000/- from MSM Singapore. and remitted by the persons resident outside India towards payments of deposits in contravention of Section 6(3)(f) of FEMA, 1999 read with Regulation 3 of FEM (Deposits) Regulations, 2000.

4.22 Shri Niranjan Shah , presently Hon. Vice President of the BCCI, was the Hon. Secretary of the BCCI till September, 2008. He was also ex officio member of the Governing Council of the IPL In his capacity as the Hon. Secretary, he was responsible to the BCCI for conduct of its affairs. In terms of the provisions of Section 42 of FEMA, 1999, he is responsible for the contraventions committed by the BCCI during his tenure as the Hon. Secretary, by accepting amounts equivalent to GBP 30,82,026.00 equivalent to Rs.20,00,00,000/- from M/s Emerging Media (IPL) Ltd., UK and an amount of Rs. 40,00,00,000/- from MSM Singapore, both persons resident outside India towards payments of deposits in contravention of Section 6 (3)(f) of FEMA, 1999 read with Regulation 3 of FEM (Deposits) Regulations, 2000.

4.23 The HDFC Bank, ITC Centre, Annasalai, Chennai Branch.was aware that the amounts of GBP 2582026 and GBP 50000 were received in the account of the BCCI towards tender deposit. It is seen that Shri Ajith Damodaran, then Relationship Manager handling the accounts of the BCCI at Chennai, was fully aware that the transaction of receipt of foreign exchange was towards tender deposit as is evident from his e-mail dated 22.01.2008 sent to *South-FCY Inward Remittances/Documentary Services/Chandivali/HBL@HDFC Bank, cc to J Jayakumar/TBG/RK Salai-Chennai/HBL@HDFC Bank Yogesh Budhiraja/Trade Finance/RK Salai-Chennai/HBL@HDFC Bank* in response to e-mail received by him from Mr. N Srinivasan (*nsbccitreasurer @yahoo.co.in*). The said mail of Shri N Srinivasan was sent to Ajith for confirmation of transfer of an amount of GBP 2582026.70 from Badale, Manoj for credit to the account of BCCI-IPL.

4.24 Ms. Sushmita Padmanabhan, Senior Vice President of HDFC Bank and responsible for verifying the purpose of the inward remittances, was asked whether any clarification was sought from the BCCI about the purpose of remittance denied having sought any such clarification since the funds were towards tender deposit , which was not prohibited. It is thus seen that Ms. Sushmita Padmanabhan as person responsible for handling foreign inward remittances of the HDFC Bank and Shri Ajith Damodaran as a relationship Manager failed to take reasonable care to prevent contravention of the provisions of FEMA.

4.25 Under the extant provisions of FEMA the BCCI was not authorized to accept performance deposit as aforesaid. Thus the HDFC Bank failed to comply with the directions given by the Reserve Bank of India under Section 10 (4) and the provisions of AD (MA Series) Circular No. 11 dated 16.05.2000 issued under Section 10 (4) and 11 (1) of the FEMA, 1999 and by permitting deposit of amount equivalent to Rs.40,00,00,000/- in the account of BCCI, it appears to have contravened the aforesaid provisions.

5. Contraventions:

(i) During the month of January, 2008 BCCI accepted deposits to the tune of Rs.20,00,00,000/- (Rupees Twenty crores only) from Emerging Media (IPL) UK Ltd (remitted by Shri Manoj Badale) and Rs.40,00,00,000/- (Rupees Forty Crores only) from MSM Satellite Pte Ltd, Singapore, persons resident outside India, as “Deposits” without prior permission of the Reserve Bank of India . By accepting the said deposits, as otherwise than provided in the Act or regulations made thereunder, the BCCI appear to have contravened the provisions of Section 6(3)(f) of FEMA, 1999 read with Regulation 3 of the Foreign Exchange Management (Deposits) Regulations 2000 to the tune of Rs.20,00,00,000/- and Rs.40,00,00,000/-.

(ii) Shri Lalit Modi, the then Chairman of IPL, Shri N. Srinivasan, the then Hon. Treasurer of BCCI and Shri Niranjan Shah, the then Hon. Secretary of BCCI, being persons in charge and responsible to the conduct of BCCI-IPL, especially with regard to the acceptance of the above mentioned deposits, appear to have contravened the above provisions of FEMA, 1999 to the extent of Rs.20,00,00,000/- and Rs.40,00,00,000/- in terms of the provisions of Section 42(1) ibid.

(iii) The HDFC Bank, ITC Centre, Annasalai Branch ,Chennai, in dealing in foreign exchange equivalent to Rs.20,00,00,000/- and Rs.40,00,00,000/- as aforesaid, failed to comply with the directions given by the Reserve Bank of India under Section 10(4) of FEMA read with Section 6 (3) of FEMA and Regulation 3 of the Foreign Exchange Management (Deposits) Regulations 2000 to the tune of Rs.20,00,00,000/- and Rs.40,00,00,000/-

further read with AD (MA Series) Circular No. 11 dated 16.05.2000 issued under Section 10 (4) and 11 (1) of the FEMA, 1999. Therefore, the HDFC Bank, Chennai appear to have contravened the above provisions to the extent of Rs.20,00,00,000/- and Rs.40,00,00,000/-.

(iv) Shri Ajith Damodaran, Relationship Manager, HDFC Bank, Chennai and Ms Sushmita Padmanabhan, Senior Vice President of HDFC Bank, Mumbai appear to have contravened the provisions of FEMA as mentioned above, in terms of Section 42 (2) of FEMA to the extent of Rs.20,00,00,000/- and Rs.40,00,00,000/-.

6. The amounts of Rs.20,00,00,000/- and Rs.40,00,00,000/- accepted by the BCCI towards deposits respectively from M/s EMSH and MSM, Singapore, both persons resident outside India, in contravention of the provisions of FEMA as aforesaid, represent the amounts in respect of which such contraventions have taken place and are therefore, liable to be confiscated to the Central Government in terms of the provisions of Section 13 (2) of FEMA.

7. The investigations in respect of various other aspects in the conduct of IPL and other matters relating to BCCI and the franchises of the IPL are in progress. This Complaint is being filed without prejudice to any further action that may be required under law in respect of the other issues and if required, further Complaints will be filed separately.

8. The Complainant, therefore, submits:-

I. that the above noticees Nos. 1 to 7 appear to have violated the provisions of FEMA, 1999 as mentioned above, and are liable to penalties under Section 13(1) of FEMA, 1999,.

II. It is, therefore, prayed that this Complaint may be taken on record and the Noticees Nos. 1 to 7 be dealt with in accordance with law.

III. That the Complainant seeks permission of the Adjudicating Authority to refer to and to rely, inter alia, on the documents mentioned in the "Annexure" to this Complaint.

Dated at Mumbai, this 22nd day of August, 2012.

22-8-2012

(D.K. SINHA)
ASSISTANT DIRECTOR

ANNEXURE

Documents Relied Upon:

1. Letters dtd. 04.07.08, 07.08.08, 30.10.09, 09.05.10 and 18.09.11 from BCCI addressed to the Directorate of Enforcement.
2. Minutes of the Working Committee meeting held on 13.09.07.
3. Minutes of the AGM dtd. 28.09.07.
4. Minutes of Special General Meeting dtd. 17.04.08.
5. Minutes of the IPL Governing Council dtd. 24.01.08
6. I.T.T for Franchise Rights.
7. I.T.T. for Media Rights.
8. Statements dtd. 15.01.10 and 20.01.10 of Shri Ranjit Bhartakur.
9. Statements dtd. 21.07.10 and 07.10.2010 of Shri Manoj Badale.
10. Franchise agreement between BCCI and JIPL.
11. Letter dtd. 13.01.12 from B CCI.
12. Letter dtd. 09.02.12 from MSM addressed to the Directorate of Enforcement.
13. Statement dtd. 18.06.10 of Shri Nitin Nadkarni.
14. Statement dtd. 28.09.11 of Shri Manjit Singh.
15. Statement dtd. 16.08.10 of Shri Venu Nair.
16. Statement dtd. 30.09.10 of Shri Peter Griffiths.
17. Statement dtd. 30.09.10 of Shri John Loffhagen.
18. Statement dtd. 12.10.10 of Shri Andrew Wildblood.
19. Statement dtd. 26.03.10 of Shri Sunder Raman.
20. Statement dtd. 15.04.11 of Shri N. Srinivasan.
21. Statement dtd. 29.07.10 of Shri Ratnakar Shetty.
22. Statement dtd. 29.07.11 of Shri Chirayu Amin.
23. Statement dtd. 20.01.12 of Shri Niranjan Shah.
24. Statement dtd. 05.08.11 of Shri Ravishankar Shastri.
25. Show Cause Notice No. T-4/19-B/DD(SB)/FEMA/2010 dtd. 20.09.10 issued to Shri Lalit Kumar Modi.
26. Statement of Ms Sushmita Padmanabhan, Vice President, Trade Finance, HDFC Bank, Mumbai dated 28.01.11 and 23.07.12.