



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
5<sup>th</sup> Floor, Amar Building  
Sir P M Road  
Mumbai - 400 001

Present

**R. K. Moolchandani**  
**Chief General Manager**

Date: December 16, 2019  
CA No 4967/ 2019

In the matter of

**Narayana Hrudayalaya Limited**  
**258/A, Bommasandra Industrial Area,**  
**Anekal taluk, Bengaluru - 560099**

**(Applicant)**

In exercise of the powers conferred under Section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made thereunder, I pass the following

**Order**

The applicant has filed the application dated June 11, 2019 (received in the Reserve Bank of India on July 04, 2019) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The two contraventions sought to be compounded- related to overseas direct investment (ODI) transactions, are: (i) delay in submission of Annual Performance Reports (APRs) for the years from 2011 to 2017 (except for the year 2014), (ii) delay in submission of Form ODI for seven outward remittances made during 2013-14 and (iii) delay in submission of Form ODI in respect of four Standby Letters of Credit (SBLCs) issued during 2014-2017. These transactions were in contravention of Regulation 15(iii) and



Regulation 6(2)(vi), respectively, of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB dated July 7, 2004 as amended from time to time (hereinafter referred to as FEMA 120).

2. The relevant facts are as under:

The applicant company was incorporated on July 19, 2000 (CIN: L85110KA2000PLC027497) and is involved in providing healthcare facilities. It had incorporated a Wholly Owned Subsidiary (WOS) in Cayman Islands in the year 2010 by the name "Narayana Cayman Holdings Ltd", under ODI. The WOS entered in a Joint Venture (JV) agreement with a non-resident entity and set up another overseas entity viz. "Health City Cayman Islands" (which became an overseas step down subsidiary of the applicant) in 2010 in collaboration with another company from USA. In the year 2018, the WOS bought back the equity held by the non-resident JV partner-entity and "Health City Cayman Islands" thus became a WOS of the applicant under ODI.

The designated authorized dealer (AD) bank of the applicant, had issued SBLCs in favour of 'Narayana Cayman Holdings Ltd', on behalf of the applicant in the year 2014 and had subsequently rolled it over for the next three consecutive years till 2017. The same was reported through Form ODI- with a delay, in contravention of Regulation 6(2)(vi) of FEMA 120. Further, seven outward remittances were made through EXIM bank during the 2013-14, for which Form ODI was filed with a delay, which too resulted in contravention of Regulation 6(2)(vi) of FEMA 120. APRs for the years from 2011 to 2017 (except for the year 2014) were not submitted within the prescribed period, which was a contravention of Regulation 15(iii) of FEMA 120.

The abovementioned transactions were taken on record, subject to compounding.

3. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/2817/15.20.67/2019-20 dated November 29, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant sought to forego the option of personal hearing with the Compounding Authority vide their mail dated December 03, 2019.



4. It has been declared in the compounding application dated June 11, 2019, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has also been declared in the declaration furnished along with the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not been 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.

5. I have given my careful consideration to the documents on record and submissions made by the applicant. It was observed that the applicant has contravened the provisions of Regulation 15(iii) and Regulation 6(2)(vi) of Notification No.FEMA.120/2004-RB. The amount of contravention and period of contravention is as under:

- (i) Regulation 6(2)(vi) - Rs 212,23,03,273/- ; period of the contravention ranges from six months to three years and seven months approximately.
- (ii) Regulation 15(iii) - APRs were delayed for six years from the year 2011 to 2017 (except 2014).

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. After considering the submissions made by the applicant and the entire facts and circumstances of the case, it stands to reason that payment of an amount of Rs.18,32,500/- (Rupees eighteen lakhs thirty two thousand five hundred only) will meet the ends of justice.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contravention committed by the applicant namely, Regulation 15(iii) and Regulation 6(2)(vi) of Notification



No.FEMA.120/2004-RB, on payment of a sum of Rs.18,32,500/- (Rupees eighteen lakhs thirty two thousand five hundred only) which shall be deposited by the applicant with the "The Chief General Manager – in – Charge, Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai – 400001" by a demand draft drawn in favour of the "Reserve Bank of India" and payable at 'Mumbai' within a period of 15 days from the date of this Order. In case of failure to deposit the compounded amount within the above-mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this the 16<sup>th</sup> day of December, 2019

**Sd/-**  
**(R. K. Moolchandani)**  
**Chief General Manager**