



In the

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

Present

Smt. K S Jyotsna
General Manager

Date: November 13, 2018
C.A. BGL 304/2018

In the matter of

M/s Niasha Youth Hostel Private Limited
D No 8-4/5, Saathvik,
Near Christha Devalaya
Kodikal, Ashoknagar
Mangalore - 575006
(Applicant)

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

ORDER

The applicant has filed a compounding application dated June 20, 2018, received at this Office of the Reserve Bank of India, Bengaluru, on June 22, 2018, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the Regulations issued there under. The contravention sought to be compounded is delay in filing 'Annual Return on Foreign Liabilities and Assets'(FLA Return), in terms of Paragraph 9 (2) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified, vide Notification No. FEMA 20/2000-RB dated May 03, 2000, and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).



2. The relevant facts of the case are as follows: M/s Niasha Youth Hostel Private Limited, was incorporated on December 29, 2014, under the Companies Act, 2013, as per the Certificate of Incorporation issued by the Registrar of Companies, Karnataka. The activity undertaken by the company is to carry on the business of providing hostel and high-end studio type accommodation.

3. The applicant company has received foreign inward remittances during the Financial Years 2015-16 and 2016-17. The company has not filed the Annual Return on Foreign Liabilities and Assets (FLA Return) to the Reserve Bank of India for the financial years 2015-16 and 2016-17 on or before July 15 of the respective years. Whereas, in terms of Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, read with A.P. (DIR series) Circular No. 29 dated February 02, 2017, all Indian companies which have received Foreign Direct Investment in the previous years including the current year, shall submit to the Reserve Bank of India, on or before the 15th day of July each year, a report titled 'Annual Return on Foreign Liabilities and Assets' as specified by the Reserve Bank from time to time.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.FE.BG.FID (CEFA) No.1090/22.10.403/2018-19 dated October 12, 2018, for further submission, in person and/or producing documents, if any, in support of the application. The applicant's authorized representative, Mr. Rajesh Rao, Advocate, who appeared for the personal hearing on October 26, 2018, admitted the contraventions as stated in Paragraph 3 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not willful or with malafide intention, but was mainly due to inadvertence, and the same would not be repeated. In view of the above, he requested to take a lenient view in disposal of the application. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant during personal hearing and thereafter.



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

(a) Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 03, 2000, due to delayed filing of Annual Return on Foreign Liabilities and Assets for the Financial Years 2015-16 and 2016-17.

6. It has been declared in the compounding application dated June 20, 2018, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated June 20, 2018, furnished with the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application and has, in this regard, not informed of initiation of any such enquiry/investigation/adjudication proceedings against it thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. Accordingly, the above contraventions which are being compounded in this order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect.

7. In terms of Section 13 of the FEMA, any person contravening any provision of the Act, shall be liable to a penalty up to thrice the sum involved in such contravention, upon adjudication. However, taking into account the relevant facts and circumstances of the case, as stated in the foregoing paragraphs, I am persuaded to take a lenient view on the amount for which the contraventions are to be compounded, and I consider that an amount of ₹ **20,000.00 (Rupees Twenty Thousand only)** will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9 (2) of Schedule 1 to Notification No. FEMA 20/2000-RB, by the applicant, based on the facts discussed above, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, on payment of



an amount of ₹ **20,000.00 (Rupees Twenty Thousand only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, within a period of 15 days, from the date of this order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000, shall apply.

The application is disposed of accordingly.

Dated this, the Thirteenth day of November, 2018.

Sd/-

(K S Jyotsna)
General Manager