



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri G. P. Borah**  
**Chief General Manager**

**Date: July 31, 2017**

**C.A. No. 693/2017**

In the matter of

**M/s Decagon Investments Pvt Ltd.**  
35, 4<sup>th</sup> Floor, Nanik Niwas  
"Kartar" Premises Co.op Soc Ltd  
30/35, D. D. Sathe Marg, Opera House  
Girgaum, Mumbai 400 004

**(Applicant)**

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

**Order**

1. The applicant has filed a compounding application dated April 11, 2017 (received at the Reserve Bank on April 13, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded is the delay in filing Annual Return on Foreign Liabilities and Assets (FLA Return) in terms of contravention of Paragraph 9(2) of Schedule I of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification



No. FEMA 20/RB-2000 dated May 3, 2000 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: The applicant company was incorporated on August 26, 1996 under the Companies Act, 1956. Its main activity is to carry on the business as an investment company and acquire, hold, exchange, sell or otherwise deal in shares, stocks, debentures, bonds, notes, units, obligations, warrants, negotiable instruments, options, futures and forwards, commodities, foreign exchange, money market instruments and instruments of any description issued or guaranteed by any entity incorporated or unincorporated, or issued or guaranteed by any government, public body or any other authority in any part of the world.

3. The applicant company had not filed the Annual Return on Foreign Liabilities and Assets (FLA return) to the Reserve Bank of India for the Financial Year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 on or before July 15 of the respective years which is a contravention in terms of Paragraph 9(2) of Schedule I to FEMA 20/2000-RB dated May 3, 2000 read with A.P. (DIR Series) Circular No. 40 dated April 20, 2007. The Company subsequently filed the pending returns with Reserve Bank of India on October 20, 2016. Hence there is delayed submission of the FLA returns on nine occasions.

4. The applicant was given an opportunity for personal hearing vide e-mail dated July 12, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for the personal hearing during which Shri Anubhav Agarwal, Director represented the applicant in the cabin of Shri G.P. Borah, Chief General Manager, Mumbai Regional Office. The representative of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that the delay was inadvertent and unintentional. The representative of the applicant requested that in view of the foregoing a lenient view may be taken 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 along with the compounding application.

5. I have given my careful consideration to the documents on record and submission made by the applicant. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of Paragraph 9(2) of Schedule I to FEMA 20/2000-RB dated May 3, 2000 read with A.P. (DIR Series) Circular No. 40 dated April 20, 2007. The amount of Contravention is Rs. 1,43,41,000/- and the delay in filing the FLA return had occurred on nine occasions i.e. in the Financial Year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15.

6. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to penalty up to thrice the sum involved in such contravention upon adjudication. However, taking into account the relevant facts and circumstances of the case as stated in the foregoing paragraphs, I am persuaded to take a lenient view on the amount for which the contraventions are to be compounded and I consider that an amount of Rs. 90,000/- (Rupees Ninety thousand only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contraventions of Paragraph 9(2) of Schedule I to FEMA 20/2000-RB dated May 3, 2000 read with A.P. (DIR Series) Circular No. 40 dated April 20, 2007 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs. 90,000/- (Rupees Ninety thousand only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd Floor, Shahid Bhagat Singh Marg, 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.



8. The above order is passed only in respect of contraventions of Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Date: July 31, 2017

Sd/-

**(G P Borah)**  
**Chief General Manager**