



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**V R Venkatesh**  
**General Manager**

Date: April 12, 2019  
**C.A.883/2018**

In the matter of

**M/s. Thors India Pvt Ltd.**  
No.114, South Street  
Karur – 639 001

**(Applicant)**

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

**Order**

The applicant has filed a compounding application dated January 11, 2019 (received at Reserve Bank on February 18, 2019) 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 are (i) delay in reporting of inflow of funds received from a person resident outside India for



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allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares to Reserve Bank and (iii) delay in allotment of shares, in terms of Paragraph 9(1)A, Paragraph 9(1)B and Paragraph 8 respectively, of Schedule I 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 3, 2000, as then applicable (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 November 5, 2014 under the provisions of the Companies Act, 2013 (Registration No.U74900TN2014FTC097914) and is engaged in educational support services. The applicant received foreign inward remittances from M/s Thors LLC, USA towards subscription to equity shares and reported the same to the Reserve Bank as detailed below:

Sl. No	Amount of Foreign Inward Remittance ₹	Date of receipt	Reported to RBI on
1	15,66,053.14	19.12.2014	10.03.2015
2	15,39,844.09	25.02.2015	22.08.2018
3	9,31,471.85	24.04.2015	22.08.2018
4	6,27,060.72	11.05.2015	22.08.2018
5	12,53,151.58	29.05.2015	06.07.2015

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from eight days to three year four months 26 days approximately beyond the stipulated time of 30 days. Whereas, in terms of paragraph 9 (1) A of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares or convertible debentures in accordance with these Regulations should report to the Reserve Bank of India as per the prescribed procedure not later than 30 days from the date of receipt of the amount of consideration.

3. The company allotted equity shares and filed FC-GPRs as indicated below:



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Sl. No.	No. of share allotted	Face Value ₹	Amount ₹	Date of allotment of shares	Reported to RBI on
1	12,530	100	12,53,000.00	30.06.2015	29.09.2016
2	30,983	100	30,98,300.00	01.07.2017	22.08.2018

The applicant filed the form FC-GPRs as indicated above with delay ranging from one year 22 days to one year two months approximately beyond the stipulated time of 30 days. Whereas in terms of paragraph 9 (1) B of Schedule I to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank a report in Form FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The company allotted shares against inward remittances with delay as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
1	11.05.2015	6,27,060.72	01.07.2017
2	24.04.2015	9,31,471.85	01.07.2017
3	25.02.2015	15,39,844.09	01.07.2017

The company allotted shares as indicated above with delay ranging from one year seven months 24 days to one year 10 months seven days approximately beyond the stipulated time of 180 days without prior approval of Reserve Bank. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was advised about the contraventions vide memorandum dated December 06, 2018. The applicant has filed a compounding application dated January 11, 2019 wherein it has been declared in the compounding application 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 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/him/her thereafter. Accordingly, the above contraventions which are being compounded in this Order are subject to the veracity of the above declarations made by the applicant and this order is without prejudice to any other action which may be taken by any authority under the extant laws if the said declarations are subsequently discovered to be false and/or incorrect

6. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated April 4, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide email dated April 08, 2019 expressed his inability to appear for the personal hearing scheduled on April 08, 2019. The applicant, in the compounding application, had admitted the contraventions as stated in paras 2 to 4 above for which compounding has been sought. It had been submitted that the delays were unintentional. 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.

7. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the following FEMA, 1999 provisions issued in terms of:

- (a) Paragraph 9 (1) A of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in reporting of receipt of inward remittances towards subscription of equity shares as detailed in paragraph 2 above. The contravention relates to an amount of ₹ 59,17,581.38 with duration of contravention ranging from eight days to three year four months 26 days approximately;
- (b) Paragraph 9 (1) B of Schedule 1 to Notification No. FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 3 above. The



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contravention relates to an amount of ₹ **43,51,300.00** with the duration of contravention ranging from one year 22 days to one year two months approximately; and

- (c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with AP (Dir Series) Circular No.20 dated December 14, 2007 due to delay in allotment of shares against inward remittances received, without prior approval of Reserve Bank, as detailed in paragraph 4 above. The contravention relates to an amount of ₹**30,98,376.66** with the duration of contravention ranging from one year seven months 24 days to one year 10 months seven days approximately.

8. In terms of Section 13 of the FEMA, 1999, 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 ₹**92,355/-** (Rupees Ninty two thousand three hundred and fifty five only) will meet the ends of justice.

9. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) A, 9 (1) B and 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of ₹**92,355/-** (Rupees Ninty two thousand three hundred and fifty five only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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.



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The application is disposed accordingly.

Dated this Twelfth day of April, 2019.

**Sd/-**

**V R Venkatesh**  
**General Manager**