



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 Shishir Kumar
Deputy General Manager

Date: December 11, 2017

C.A. No. 716/2017

In the matter of

Sala Thai Foods and Restaurants Private Limited
Shop No.6, Om Siddhivinayak CHS.,
Sect-2, Plot-50, Charkop,
Kandivali (West),
Mumbai-40067

(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 the compounding application dated August 21, 2017 (received at the Reserve Bank on August 31, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) neither the equity instruments were issued nor the money refunded to the foreign investor, a person resident outside India within 180 days of the receipt of the inward remittance (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity & (iii) delay in submission of Form FC-GPR



to the Reserve Bank after issue of shares to a person resident outside India in terms of paragraphs 8, 9(1)(A) & 9(1)(B) respectively, 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 3, 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: The applicant company was incorporated on November 06, 2007 under the Companies Act, 1956. Its main activity is to run and own the business of hotels, restaurants, fast food chains and fast food courts in India for the general public and tourists visiting India and to establish kitchens, restaurants, depots for the sale of salads, sandwiches, Tandoori and Indian cuisine, Thai cuisine, Chinese cuisine and any other cuisines, Pizza, Pastas, aerated and mineral waters, juices and ice-creams, alcoholic and non-alcoholic beverages and other provisional goods and drinks.

3. The applicant received foreign inward remittance from M/s Hot Brands International FZCO, UAE towards equity / preference share capital and reported the same to the Reserve Bank of India as indicated below.

Sr. No.	Amount (Rs.)	Date of receipt	Date of reporting
1	5,10,000	18-12-2007	27-11-2009
2	5,10,000	05-01-2008	27-11-2009
3	10,00,000	12-03-2008	27-11-2009
Total	20,20,000		

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above and with a delay ranging from 1 Year 7 Months 16 Days to 1 Year 10 Months 10 days approximately beyond the stipulated time of 30 days in respect of remittances recorded at serial no. 1 to 3 above. Whereas, in terms of Paragraph 9(1)(A) of Schedule 1 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.



4. The company allotted equity shares/preference shares/convertible preference shares and filed FC-GPRs as indicated below:

Sr No.	Shares	Face Value (Rs.)	Amount (Rs.)	Date of Allotment	Date Of Filing
1	51000	10	5,10,000	18-12-2007	22-03-2016
2	51000	10	5,10,000	25-11-2008	24-07-2010
3	100000	10	10,00,000	18-02-2015	17-03-2015
Total	202000		20,20,000		

The applicant filed form FC-GPRs as indicated above with a delay ranging from 1 Year 7 Months to 8 Years 2 Months 3 Days approximately, beyond the prescribed limit in respect of allotment indicated at Sr. No. 1 and 2 above. Whereas, in terms of Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company issuing shares in accordance with these Regulations has to submit to Reserve Bank of India 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.

5. In respect of remittances amounting to Rs. 15,10,000/- (Rupees Fifteen Lakh Ten Thousand only), at serial no 2 and 3 in para 3 above, the company allotted shares beyond the prescribed period of 180 days of receipt of investment with a delay ranging from 4 months 24 days to 6 Years 5 Months 10 Days approximately. Whereas in terms of paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank of India may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding beyond a period of 180 days from the date of receipt. The amendment in paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of security by A person resident outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Government of India.



6. The applicant was given an opportunity for personal hearing vide e-mail dated November 16, 2017 for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for personal hearing on November 16, 2017 during which Shri Uday Dhurat, Director and Shri Sanjay Abhyankar, Accountant, represented the applicant in the cabin of Shri Shishir Kumar, Deputy General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the hearing it was submitted that delay was inadvertent and unintentional. The representatives 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 by the applicant during personal hearing and thereafter.

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

(a) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were not issued to the person resident outside India within 180 days from the date of receipt of the inward remittance/share application not refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance as detailed in paragraph 5 above. The contravention relates to an amount of Rs. 15,10,000/- (Rupees Fifteen Lakh Ten Thousand only) and the duration ranging from 4 months 24 days to 6 Years 5 Months 10 Days approximately

(b) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 3 above. The contravention relates to an amount of Rs. 20,20,000/- (Rupees Twenty Lakh Twenty Thousand only) and the



duration ranging from 1 Year 7 Months 16 Days to 1 Year 10 Months 10 days approximately.

(c) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India as detailed in paragraph 4 above and the contravention relates to an amount of Rs. 10,20,000/- (Rupees Ten Lakh Twenty Thousand Only) and with a delay ranging from 1 Year 7 Months to 8 Years 2 Months 3 Days approximately.

8. 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 Rs. 84,038/- (Rupees Eighty Four Thousand Thirty Eight only) will meet the ends of justice.

9. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraph 8, 9(1)(A) and 9(1)(B) 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 Rs. 84,038/- (Rupees Eighty Four Thousand Thirty Eight 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.



FED, MRO
Sala Thai Foods and Restaurants Private Limited
MUM 716

10. The above order is passed only in respect of contraventions of paragraph 8, 9(1)(A) and 9(1)(B) of Schedule I 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.

Dated: December 11, 2017.

Compounding Authority

Sd/-

(Shishir Kumar)
Deputy General Manager