



In the

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

Present

R Kesavan
Chief General Manager

Date : August 02, 2017
C.A.685/2017

In the matter of

M/s. Yoe Yoe Electronics India Pvt Ltd.,
No.144, Mummalpatu Road, Mummalpattu Village,
Kanchipuram Taluk,
Kanchipuram-631561

(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 March 20, 2017 (received at Reserve Bank on March 20, 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 are (i) delay in



M/s. Yoe Yoe Electronics India Pvt Ltd. – C.A.685/2017

reporting of inflow of funds received from a person resident outside India for allotment of shares (ii) delay in submission of Form FC-GPR on allotment of shares with 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 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 January 15, 2009 under the provisions of the Companies Act, 1956 (Registration No. U32109TN2009PTC092730) and is engaged in Business of Manufacture of other electronic consumer goods n.e.c. The applicant received foreign inward remittances from i) Mr. Lee Bong Kye, South Korea ii) Mr. Kim Sang Taek, South Korea iii) Baek Seung Ho, South Korea and iv) Young Jin Kim, South Korea towards subscription to equity shares and reported the same to the Reserve Bank as below:

| Sl. No | Amount of Foreign Inward Remittance (in Rs.) | Date of receipt | Reported to RBI on |
|--------|--|-----------------|--------------------|
| 1 | 1,04,940.00 | 30.06.2009 | 18.07.2009 |
| 2 | 23,96,000.00 | 28.07.2009 | 27.08.2009 |
| 3 | 34,09,000.00 | 03.09.2009 | 31.07.2010 |
| 4 | 23,95,000.00 | 21.09.2009 | 11.11.2009 |
| 5 | 33,06,800.00 | 29.10.2009 | 14.11.2009 |
| 6 | 23,23,250.00 | 23.11.2009 | 18.11.2010 |
| 7 | 23,02,000.00 | 01.12.2009 | 18.11.2010 |
| 8 | 45,36,073.46 | 12.01.2010 | 10.02.2010 |
| 9 | 78,21,927.29 | 25.01.2010 | 10.02.2010 |
| 10 | 22,90,762.32 | 02.02.2010 | 03.03.2010 |
| 11 | 43,60,395.00 | 25.02.2010 | 27.03.2010 |
| 12 | 9,05,700.00 | 08.03.2010 | 27.03.2010 |
| 13 | 46,44,000.00 | 07.09.2010 | 21.09.2010 |
| 14 | 54,08,430.62 | 07.10.2010 | 10.11.2010 |
| 15 | 76,29,180.10 | 21.12.2010 | 31.12.2010 |
| 16 | 54,91,200.00 | 24.08.2011 | 22.09.2011 |
| 17 | 39,36,520.00 | 23.09.2011 | 04.10.2011 |



M/s. Yoe Yoe Electronics India Pvt Ltd. – C.A.685/2017

| | | | |
|----|----------------|------------|------------|
| 18 | 2,53,56,520.00 | 28.11.2011 | 14.12.2011 |
|----|----------------|------------|------------|

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from three days to ten months 25 days approximately beyond the stipulated time of 30 days in respect of the remittances at Sr. Nos. 3,4,6,7 and 14. 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-GPR as indicated below:

| Sl. No. | No. of shares/CCPs allotted | Face Value (in Rs.) | Amount (INR) | Date of allotment of shares | Reported to RBI on |
|---------|-----------------------------|---------------------|--------------|-----------------------------|--------------------|
| 1 | 9900 | 10 | 99,000 | 10.03.2010 | 29.03.2010 |
| 2 | 3589983 | 10 | 3,58,99,830 | 10.03.2010 | 18.11.2010 |
| 3 | 1783462 | 10 | 1,78,34,620 | 04.03.2011 | 19.12.2011 |
| 4 | 3478424 | 10 | 3,47,84,240 | 07.01.2012 | 05.07.2012 |

The applicant filed the form FC-GPR as indicated above with delay ranging from four months 28 days to eight months 15 days approximately beyond the stipulated time of 30 days in respect of the allotments at Sr. Nos.2 to 4. 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. Against three remittances received between 30.06.2009 and 03.09.2009 and the balance of remittance received on 08.03.2010 the company allotted shares as detailed below:

| Sl. No. | Date of receipt | Amount (INR) | Date of allotment |
|---------|-----------------|--------------|-------------------|
| 1 | 30.06.2009 | 1,04,940.00 | 10.03.2010 |
| 2 | 28.07.2009 | 23,96,000.00 | 10.03.2010 |
| 3 | 03.09.2009 | 34,09,000.00 | 10.03.2010 |



M/s. Yoe Yoe Electronics India Pvt Ltd. – C.A.685/2017

| | | | |
|---|------------|-------------|------------|
| 4 | 08.03.2010 | 1,53,009.00 | 04.03.2011 |
|---|------------|-------------|------------|

The company allotted shares with delay ranging from seven days to five months 26 days approximately beyond the prescribed period 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 given an opportunity for personal hearing vide Reserve Bank's mail dated July 31, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant did not appear for the personal hearing on the said date i.e. August 02, 2017. 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.

6. 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 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 ₹ 1,58,37,680.62 with duration of contravention ranging from three days to ten months 25 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. The contravention relates to an amount of ₹ 8,85,18,690/- with the duration of contravention ranging from four months 28 days to eight months 15 days approximately; and

(c) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB due to delay in allotment of shares without prior approval of Reserve Bank. The contravention



M/s. Yoe Yoe Electronics India Pvt Ltd. – C.A.685/2017

relates to an amount of ₹ 60,62,009/- with the duration of contravention ranging from seven days to five months 26 days approximately.

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 ₹ 1,79,671/- (Rupees one lakh seventy nine thousand six hundred and seventy one only) will meet the ends of justice.

8. 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 ₹ 1,79,671/- (Rupees one lakh seventy nine thousand six hundred and seventy one 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.

The application is disposed of accordingly.

Dated this Second day of August, 2017.

Sd/-

R Kesavan
Chief General Manager