



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 : November 17, 2017  
**C.A.730/2016**

In the matter of

**M/s. YSI Automotive Pvt Ltd.,**  
No.112, Singadivakkam Village,  
Sriperumbudur,  
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 October 10, 2017 (received at Reserve Bank on October 25, 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 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 October 10, 2006 under the provisions of the Companies Act, 1956 (Registration No. U50500TN2006PTC061286) and is engaged in business of forging, pressing, stamping and roll-forming of metal; powder metallurgy. The applicant received foreign inward remittances from M/s Yushin Precision Industrial Co. Ltd., 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	4,05,79,596.79	26.10.2006	21.12.2006
2	89,21,947.68	20.11.2006	21.12.2006
3	4,07,00,758.24	04.05.2007	07.01.2008
4	1,20,54,720.02	17.09.2007	07.01.2008
5	1,17,88,739.25	26.10.2007	07.01.2008
6	3,93,49,721.40	29.10.2007	07.01.2008
7	1,57,42,672.65	29.10.2007	07.01.2008
8	1,17,99,802.65	29.10.2007	07.01.2008
9	3,15,18,736.04	03.12.2007	30.08.2016
10	2,74,73,731.83	30.01.2008	30.08.2016
11	1,17,73,731.83	30.01.2008	30.08.2016
12	2,00,03,999.75	04.03.2008	30.08.2016
13	1,99,59,708.18	27.03.2008	30.08.2016
14	79,58,714.06	15.04.2008	30.08.2016
15	1,19,32,714.70	22.04.2008	30.08.2016



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16	40,38,694.67	05.05.2008	30.08.2016
17	1,69,58,630.05	16.05.2008	30.08.2016
18	2,13,61,119.55	16.06.2008	30.08.2016
19	2,14,84,685.88	09.07.2008	30.08.2016
20	12,64,037.16	12.08.2008	30.08.2016
21	13,05,392.57	29.08.2008	30.08.2016
22	17,79,715.64	09.09.2008	30.08.2016
23	19,16,131.59	12.12.2008	30.08.2016
24	28,00,600.00	02.03.2009	30.08.2016
25	22,53,247.50	20.03.2009	30.08.2016
26	14,69,400.00	16.04.2009	30.08.2016

The applicant reported receipt of remittances to the Reserve Bank on dates indicated above with delay ranging from one day to eight years seven months 27 days approximately beyond the stipulated time of 30 days in respect of the remittances. 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	4950154	10	4,95,01,540	20.12.2006	21.12.2006
2	13143641	10	13,14,36,410	20.12.2007	18.02.2008
3	13062133	10	13,06,21,330	02.06.2008	25.10.2016
4	6819227	10	6,81,92,270	01.10.2008	03.09.2016
5	696997	10	69,69,970	27.03.2009	03.09.2016
6	146940	10	14,69,400	04.10.2009	03.09.2016

The applicant filed the form FC-GPR as indicated above with delay ranging from 29 days to eight years three months 23 days approximately beyond the stipulated time of 30 days in respect of the allotments at Sl. Nos.2 to 6. 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



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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 on 20.12.2007 against a remittance received as detailed below:

Sl. No.	Date of receipt	Amount (INR)	Date of allotment
1	04.05.2007	4,07,00,758.24	20.12.2007

The company allotted shares with delay of 21 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 November 14, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on November 17, 2017 during which Smt Uma Vaidyalingam, Chartered Accountant, represented the applicant. The authorized representative of the applicant admitted the contraventions as stated in para 2 to 4 above committed by the applicant for which compounding has been sought. During the personal hearing, it was submitted that the delays were unintentional. In view of the above, they requested to take a lenient view in the matter. 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 the personal hearing.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application and during the personal hearing.



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 ₹ 38,81,90,949.68 with duration of contravention ranging from one day to eight years seven months 27 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 ₹ 33,86,89,380/- with the duration of contravention ranging from 29 days to eight years three months 23 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 relates to an amount of ₹ 4,07,00,758.24 with the duration of contravention being 21 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 ₹ 56,18,163/- (Rupees fifty six lakh eighteen thousand one hundred and sixty three 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 ₹ 56,18,163/-



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(Rupees fifty six lakh eighteen thousand one hundred and sixty three 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 Seventeenth day of November, 2017.

**Sd/-**

**R Kesavan**  
**Chief General Manager**