



In the

Reserve Bank of India
Foreign Exchange Department
Central Vista, Sector 17, P.B.No.2
Chandigarh-160017

Present

Vikramjit Singh Randhawa
Assistant General Manager

Date: March 27, 2019

CA No. CHA 33/2019

In the matter of

M/s Yuhua Electric Appliances India Pvt. Ltd.
Plot No. 21, Sector 15 Phase II
Bawal, Rewari-123501
Haryana

(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 there under, I pass the following

Order

The applicant has filed a compounding application dated February 22, 2019 for compounding of contravention of the provision of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded is the delay in issuance of shares beyond stipulated time period of 60 days after receiving inflow from a person resident outside India; in terms of Paragraph 2 of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20 (R)/2017-RB dated November 7, 2017, as amended from time to time (hereinafter referred to as Notification No. FEMA 20 (R)/2000-RB).



2. The relevant facts of the case are as follows:

The applicant company was incorporated on March 07, 2017 under the Companies Act 2013. The applicant is engaged in the business of Manufacture of domestic electrothermic appliances such as electric water heaters, space heaters, irons, ovens, toasters, microwave ovens etc.

3. The applicant had received foreign inward remittance and issued shares to foreign investor with delay beyond stipulated period of 60 days as indicated below.

Date of inflow	Amount of inflow	Date of issue of shares	Delay
18.12.17	4,87,759.00	05.06.18	109 days

As mentioned above, there was delay of **109 days** in issuing shares beyond stipulated time of 60 days after receipt of inflow. This is contravention of **para 2 of schedule 1 to FEMA 20(R)/ 2017-RB dated November 07, 2017**.

4. The applicant was given an opportunity for personal hearing vide our letter No. CHD.FE.CG/FID/681/03.01.563/2018-19 dated March 07, 2019 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its letter dated March 13, 2019 had informed that it was opting out of personal hearing and requested to proceed with the compounding. The application for compounding is, therefore, being considered on the basis of the averments made in the application along with the documents produced.

5. It has been declared in the compounding application dated February 22, 2019 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 undertaking 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 thereafter. It has further been declared that the applicant has not filed any appeal under Section 17 or Section 19 of FEMA, 1999. 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. I have given my careful consideration to the documents on record and submissions made by the applicant. Accordingly, I hold that the applicant has contravened the FEMA provisions



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issued in terms of **Paragraph 2 of schedule 1 to FEMA 20(R)/ 2017-RB dated November 07, 2017** due to delay in issuance of shares beyond stipulated time period of 60 days as detailed in paragraph 3 above. The contravention relates to an amount of **Rs. 4,87,759 /- with a delay of 109 days.**

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 contravention is to be compounded and I consider that amount of penalty of **Rs. 52,439.00 (Rs Fifty Two Thousand Four Hundred Thirty Nine only)** will meet the ends of justice.

8. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contravention committed by the applicant, namely contravention of 2 of Schedule I to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20 (R)/ 2017-RB dated November 7, 2017 on the facts discussed above, on payment of an amount of **Rs. 52,439.00 (Rs Fifty Two Thousand Four Hundred Thirty Nine only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Central Vista, Sector 17, Chandigarh-160017 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at "Chandigarh" **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: the 27th day of March 2019.

Vikramjit Singh Randhawa
Assistant General Manager



FED, CEFA
Compounding of Contravention under FEMA, 1999
Yuhua Electric Appliances India Pvt. Ltd. [CA No. CHA 33 /2019]