



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: January 10, 2020

CA No. CHA 56/2019

In the matter of

MyEcoSolar Energy Private Limited  
(CIN U40103PB2014PTC038566)  
H No 26, Ground Floor, Block B,  
Ranjit Avenue, Amritsar – 143001  
(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 November 25, 2019 compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded pertain to delay in refund of share application money to the foreign investor in terms of Paragraph 8 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 March 28, 2014 under the Companies Act



2013. The applicant is engaged in the business of generating electric power using solar energy.

3. The applicant has delayed in refunding share application money of ₹ 3,04,773 to the non-resident investor beyond the stipulated period of 180 days from the date of receipt of remittance, as per the details given below.

Date of Inflow	Amount	Amount of shares issued	Date of application for permission to Refund	Delay (in days)
<b>07.10.2014</b>	<b>3,04,773.00</b>	<b>NIL</b>	<b>07.06.2017</b>	<b>794 Days</b>

Whereas in terms of Paragraph 8 of Schedule I to Notification No. FEMA 20/2000- RB dated May 3, 2000 read with A.P (DIR Series) Circular No. 20 dated December 14, 2007, 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 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 I to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of Security by A Person Outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November 2007 in the official Gazette of the Govt. of India.

4. The applicant was given an opportunity for personal hearing vide our letter No.CHD.FE.CG/FID/755/03.01.536/2019-20 dated December 11, 2019 for further submission in person and/or producing documents, if any, in support of the application. However, the applicant vide its letter dated December 18, 2019 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 November 25, 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 contravention which is 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 following FEMA provisions:

- a. **Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000** due to delay in refund of share application amount as detailed in paragraph 3 above. The contravention relates to an amount of ₹ **3,04,773** with delay of **794 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 ₹ **46,829/- (Rupees Forty Six Thousand eight Hundred Twenty Nine only)** will meet the ends of justice.

8. Accordingly, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000, I compound the admitted contraventions committed by the applicant, namely contravention of Paragraph 8 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 on the facts discussed above, on payment of an amount of ₹ **46,829/- (Rupees Forty Six Thousand eight Hundred Twenty 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 the 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, CEFA  
Compounding of Contravention under FEMA, 1999  
MyEcoSolar Energy Pvt. Ltd. [CA No. CHA 56 /2019]

The application is disposed of accordingly.

Dated: the 10<sup>th</sup> day of January 2020.

Sd/-

Vikramjit Singh Randhawa  
Assistant General Manager