



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

Shri. Subrata Das  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)

Date: February 18, 2019  
C.A. HYD 370

In the matter of

M/s. Lerri Solar Technology (India) Private Limited  
Second Floor, 305, North, 2nd Street, Sector 3  
Thonduru Village, Varadaiahpalem Mandel  
Chittoor District, Andhra Pradesh – 517 646

**(Applicant)**

In exercise of the powers conferred under Section 15(1) of Foreign Exchange Management Act, 1999 and the Regulations/ Rules/ Notifications/ Orders made there under, I pass the following

**Order**

The applicant has submitted the compounding application dated December 4, 2018 received by us on December 11, 2018 for compounding of contraventions of the provision of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity and (ii) delay in submission of Form FCGPR to the Regional Office of the



Reserve Bank after issue of shares to a person resident outside India and (iii) delay in filing the annual return in respect of the Foreign Liabilities and Assets, in terms of Paragraph 9(1)(A), Paragraph 9(1)(B) and Paragraph 9(2) 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 3<sup>rd</sup> May 2000 as then applicable (herein after referred to as Notification No. FEMA 20/2000-RB) and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time.

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

- a) The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 2013 on April 27, 2016 (CIN: U74999AP2016FTC103109). The company is engaged in the business of “Manufacture of other electronic components n.e.c”.
- b) The applicant had received foreign inward remittances from the following foreign investors as indicated below:

SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of Reporting
1	Lerri Solar Technology Co Ltd	15,27,00,000	27.06.2016	24.09.2016
2	Xi An Longi Silicon Materials Corp	10,18,00,000	27.06.2016	24.09.2016
3	Longi Solar Technology Co Ltd	11,38,920	12.07.2017	08.08.2017
4	Longi Green Energy Technology Co Ltd	7,59,280	12.07.2017	08.08.2017
5	Longi Green Energy Technology Co Ltd	15,79,200	10.10.2017	27.10.2017



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6	Longi Solar Technology Co Ltd	23,60,280	12.10.2017	27.10.2017
7	Longi Solar Technology Co Ltd	3,32,09,568	17.01.2018	08.02.2018
8	Longi Green Energy Technology Co Ltd	2,21,39,712	17.01.2018	07.02.2018
9	Longi Green Energy Technology Co Ltd	8,14,04,800	22.02.2018	22.03.2018
10	Longi Solar Technology Co Ltd	12,20,56,800	23.02.2018	19.03.2018
<b>Total</b>		<b>51,91,48,560</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 51,91,48,560/- to the Regional Office of the Reserve Bank of India, out of which remittance amounting to ₹ 25,45,00,000/- were reported with delay of 1 month 28 days approximately beyond the prescribed limit. 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.

- c) The company allotted equity shares and filed form FC-GPRs as indicated below:

SI No	Name of investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted (INR)	Date of reporting to AD or RBI
1	Lerri Solar Technology	14.07.2016	1,52,70,000	15,27,00,000	15.11.2016



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	Co Ltd				
2	Xi An Longi Silicon Materials Corp		1,01,80,000	10,18,00,000	
3	Longi Solar Technology Co Ltd	20.07.2017	1,13,892	11,38,920	27.12.2017
4	Longi Green Energy Technology Co Ltd		75,928	7,59,280	
5	Longi Green Energy Technology Co Ltd	17.11.2017	1,57,920	15,79,200	09.02.2018
6	Longi Solar Technology Co Ltd		2,36,028	23,60,280	
7	Longi Solar Technology Co Ltd	13.02.2018	33,20,956	3,32,09,560	15.03.2018
8	Longi Green Energy Technology Co Ltd		22,13,971	2,21,39,710	
9	Longi Green Energy Technology Co Ltd	29.03.2018	81,40,480	8,14,04,800	07.12.2018
10	Longi Solar Technology Co Ltd		1,22,05,680	12,20,56,800	
<b>Total</b>			<b>5,19,14,855</b>	<b>51,91,48,550</b>	

\* For SI Nos. 5,9 & 10, Late Submission Fee of ₹ 2,03,790/- had been paid by the applicant for contravention of Regulation 13.1(2) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 51,91,48,550/- as indicated above, out of which remittances amounting to ₹



**25,63,98,200/-** were reported with a delay ranging from 3 months 2 days to 4 months 8 days approximately beyond the prescribed limit. 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 a report in form FCGPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

d) The applicant has delayed in filing Annual Return on Foreign Liabilities and Assets (FLA Return) for two financial years viz. 2016-17 and 2017-18 with delays ranging from 6 months 5 days to 1 year 6 months 5 days approximately. Whereas in terms of Para 9 (2) of Schedule 1 to Notification No. FEMA 20/2000 dated May 03, 2000, as then applicable, and Regulation 13.1 (3) of FEMA 20(R)/2017-RB dated November 07,2017 as amended from time to time, "All Indian Companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15<sup>th</sup> day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank of India from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1636 /14.66.003/2018-19 dated February 07, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on February 11, 2019 during which Shri. Lovneet Handa, Company Secretary and Shri. Pulkit, Company Secretary represented the applicant. The authorized representative of the applicant admitted the contraventions for which the compounding has been sought. During the personal hearing it was submitted that the delay was not wilful or with a malafide intention but was mainly due to inadvertence. In view of the foregoing, the representative of the applicant requested to take a lenient view in disposal of the



application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

4. I have given my careful consideration to the documents on record. 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 for delay in reporting the receipt of consideration towards issue of shares amounting to **₹ 25,45,00,000/-** with a delay of 1 month 28 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. 20/2000-RB for delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of **₹ 25,63,98,200/-** with delays ranging from 3 months 2 days to 4 months 8 days approximately.

(c) Paragraph 9(2) of Schedule 1 to Notification No. FEMA. 20/2000-RB and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for two years with delays ranging from 6 months 5 days to 1 year 6 months 5 days approximately.

5. It has been declared in the compounding application dated December 04, 2018 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 declaration dated February 11, 2019 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. 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. 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 an amount of **₹ 1,08,050/- (Rupees One Lakh Eight Thousand Fifty Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A) and Paragraph 9(1)(B) and Para 9(2) of Schedule 1 to Notification No. FEMA-20/2000-RB and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 1,08,050/- (Rupees One Lakh Eight Thousand Fifty only)** which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 accordingly.

Dated this 18<sup>th</sup> day of February 2019

Sd/-

(Subrata Das)



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