



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: December 31, 2018  
C.A. HYD 333

In the matter of

M/s. Tepsol Photovoltaic Private Limited  
H. No. 8-2-120/115/14, 408 & 409  
4<sup>th</sup> Floor, Shangrila Plaza  
Plot No. 14, Road No. 2  
Banjara Hills, Hyderabad  
Telangana – 500 034

**(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 filed the compounding application dated September 28, 2018 received on October 04, 2018 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contravention sought to be compounded is (i) delay in refund of excess share application money to the non-resident investor in terms of Paragraph 2(3) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide



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Notification No. FEMA.20R/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20R/2017-RB).

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

- a) The applicant is a resident company incorporated as a subsidiary of Foreign Company under the Companies Act, 2013 on 28.06.2018 (CIN: U40300TG2018FTC125357). The company is engaged in the business of generating electric power using solar energy.
- b) The applicant has received foreign inward remittance amounting to ₹ 2,57,92,228/- from M/s. TEP Solar India Mauritius on 06.07.2018 towards advance for subscription to equity shares and reported the same to Reserve bank of India within the stipulated period of 30 days from the date of receipt of remittance. The applicant has allotted 10000 equity shares amounting to ₹ 1,00,000/- against the above remittance on 16.07.2018 and filed form FC-GPR within the prescribed time period.
- c) The applicant has delayed in refund of excess share application money of ₹ 2,56,92,228/- to the foreign investor beyond the stipulated period of 75 days from the date of receipt of consideration. Here the period of contravention is 14 days approximately as indicated below.

SI No	Name of the investor	Date of receipt	Amount received (INR)	Balance share application money (INR)	Date of seeking RBI approval for refund
1	TEP Solar India Mauritius	06.07.2018	25792228	25692228	04.10.2018
	<b>Total</b>		<b>2,57,92,228</b>	<b>2,56,92,228</b>	

Whereas in terms of Paragraph 2(3) of Schedule 1 to FEMA Notification No. 20R dated November 07, 2017, where such capital instruments are not issued within sixty days from the date of receipt of the consideration the same shall be refunded to



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the person concerned by outward remittance through banking channels or by credit to his NRE/ FCNR(B) accounts, as the case may be within fifteen days from the date of completion of sixty days.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1206/14.66.003/2018-19 dated December 19, 2018 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant appeared for personal hearing on December 26, 2018 during which Shri. Prashant Shenoy Uppoor, Director represented the applicant. The Director of the company 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 on account of administrative reasons. 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 as well the submissions made in this context by the applicant during the personal hearing.

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 2(3) of Schedule 1 to Notification No.20R/2017-RB dated November 07, 2017 for delay in refund of share application money to the foreign investor and the contravention relates to an amount of ₹ 2,56,92,228/- with a delay of 14 days approximately.

5. It has been declared in the compounding application dated September 28, 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 September 28, 2018 furnished with the compounding application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date



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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 **₹ 1,78,461/- (Rupees One Lakh Seventy Eight Thousand Four Hundred Sixty One Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contravention of Paragraph 2(3) of Schedule 1 to Notification No. FEMA 20R/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 of **₹ 1,78,461/- (Rupees One Lakh Seventy Eight Thousand Four Hundred Sixty One 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 31<sup>st</sup> day of December 2018

Sd/-



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