



In the

Reserve Bank of India
Foreign Exchange Department
3rd Floor
15, Netaji Subhas Road
Kolkata – 700 001

Present

Shri Rajendra Srivastava
Assistant General Manager

Date: December 24, 2019
C.A.122/2019

In the matter of

FREE PAPER TRADING INDIA PRIVATE LIMITED
179/30 Badu Road, Brite Wire Complex, Madhyamgram
Parganas North WB 700155
(Applicant)

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

Order

The applicant had filed a compounding application dated September 16, 2019 (received at Reserve Bank on September 17, 2019) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued thereunder. The contraventions sought to be compounded is for delay in refund of un-utilized amount of share application money beyond the stipulated 75 days of the receipt of inflow to a person resident outside India in terms of Paragraph 2 to Schedule 1 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India)



Regulations, 2000 notified, vide Notification No. FEMA 20(R) dated November 07, 2017 (herein after referred to as Notification No.FEMA20(R)).

2. The relevant facts of the case are as follows. The applicant, FREE PAPER TRADING INDIA PRIVATE LIMITED, was incorporated on January 19, 2018 and is in the business of manufacture of other primary paper materials including composite paper and paper board n.e.c. (NIC Code 2008 - 17019).

3. The company had received the undermentioned foreign inward remittance towards subscription to equity shares from a foreign investor, **Free Paper Trading Ltd., UAE** and issued shares as given in Table 1 below:

Table 1: Allotment of shares/refund of share application money

S. No.	Name of Investor	Inflow (INR)	Date of inflow	Date of allotment of shares	Amount for which shares issued (INR)	Refund Amount (INR)	Date of refund	Delay in refund beyond 75 days
1	Free Paper Trading Ltd.	69,27,590	19-Sep-18	31-Oct-18	64,99,900.00	4,27,690	27-Jun-19	206

A delay of 206 days has been observed in refund of un-utilized amount of share application money for the inflow received on September 19, 2018. This delay is in contravention to the provisions of Para 2 of Schedule 1 of Notification No. FEMA 20(R)/2017-RB dated November 7, 2017 and subjected to compounding.

4. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter No.KOL.FED.FID.959/06.01.002/2019-20 dated December 11, 2019, for further submission in person and/or producing documents, if any, in support of the application. The applicant, represented by Smt. Ekta Goswami (Authorized Representative), appeared for personal hearing on December 20, 2019. The representative of the applicant admitted the contraventions as stated in para 3 of this Order.



5. It has been declared in the compounding application dated June 10, 2019 that the particulars given by the applicant in the application are true and correct to the best of their/his/her knowledge and belief. It has been declared in the declaration 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/him/her 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 careful consideration to the documents on record and submission made by the applicant during the personal hearing. Accordingly, I hold that the applicant has contravened provisions of paragraph 2 of Schedule 1 of Notification No. FEMA 20(R) dated November 7, 2017. The contravention relates to an amount of INR 4,27,690.

7. In terms of section 13 of the FEMA any person contravening any provision of the act shall be liable for a penalty upto thrice the sum of the contravention upon adjudication. However, considering the circumstances which led to the delay and other relevant facts of the case I am inclined to take a lenient view of the amount for which the contravention is to be compounded and I consider that an amount of INR 52,138 (Rupees Fifty Two Thousand One Hundred and Thirty Eight only) will meet the end of justice.

8. Accordingly, I compound the admitted contravention viz. Paragraph 2 of Schedule 1 of Notification No. FEMA 20(R) dated November 7, 2017 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceeding) Rules, 2000 on payment of an amount INR 52,138 (Rupees Fifty Two Thousand One Hundred and Thirty Eight only), which are to



be deposited by the applicant with the Reserve Bank of India, Kolkata by a demand draft in favor of Reserve Bank of India and payable at Kolkata within 15 days from the date of issue of the order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the Foreign Exchange (Compounding Proceeding) Rules, 2000 dated May 03, 2000 shall apply.

9. The application is disposed of accordingly.

Dated this Twenty Fourth day of December, Two Thousand and Nineteen.

Sd/-
(Rajendra Srivastava)
Assistant General Manager.