



In the

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

Present

Smt J Sailaja Rani
Deputy General Manager

Date: November 29, 2019
C.A. HYD 450

In the matter of

M/s Primecraft Games Private Limited
Flat No.202, 2nd Floor, Plot No.29
Gaffornagar, Image Hospital Road
Madhapur, Hyderabad - 500081

(Applicant)

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

Order

The applicant has filed compounding application dated August 5, 2019 received on August 27, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are delay in submission of form FC-GPR to the Regional Office of the Reserve Bank after issue of shares to a person resident outside India and delay in filing the annual return in respect of the Foreign Liabilities and Assets in terms of Paragraph 9(1)(B) 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 3rd May 2000 as then applicable (hereinafter referred to as Notification No. FEMA 20/2000-RB) and Regulation 13.1(3) of Schedule 1 to FEMA 20(R)/2017-RB dated November 7, 2017 respectively.

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 23/04/2016, with CIN: U72900TG2016PTC109178. The company is engaged in 'Publishing of computer games for all platforms'.
- b) The applicant received a remittance amounting to ₹ 12, 72,400/- towards share subscription from Mr Muralidhar Bethi on 27/06/2017 and reported to RBI within the stipulated time.
- c) The applicant allotted equity shares and filed form FC-GPR with a delay of 9 months 24 days approximately as indicated below.

S.No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Muralidhar Bethi	28/06/2017	42,413	12,72,390	22/05/2018
		Total	42,413	12,72,390	

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.



- c) The applicant has filed FLA Return (Foreign Liabilities and Assets) with delays ranging from 3 months 22 days to 1 year 4 months 5 days approximately as indicated below.

S.No	FLA returns for the F.Y	Due date for filing	Actual date of filing
1	2017-18	15/07/2018	20/11/2019
2	2018-19	31/07/2019 [#]	22/11/2019

#Due date for filing FLA return for the financial year 2018-19 has been extended from July 15, 2019 to July 31, 2019.

Whereas in terms of Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017, "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 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1257/14.66.003/2019-20 dated November 27, 2019 for further submission in person and/or producing documents, if any, in support of the application.

(b) The applicant vide mail dated November 28, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts/submission made therein along with the compounding 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)(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 a person resident outside India and the contravention relates to an amount of ₹ 12,72,390/- with a delay of 9 months 24 days approximately.

(b) Regulation 13.1(3) of Schedule 1 to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 for delay in filing of Annual Return on Foreign Liabilities and Assets to Reserve Bank of India for the financial year 2017-18 and 2018-19 with delays ranging from 3 months 22 days to 1 year 4 months 5 days approximately.

5. It has been declared in the compounding application dated August 5, 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 declaration dated August 27, 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. 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 under 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 ₹ 32,083/- (**Rupees Thirty Two Thousand Eighty Three Only**) will meet the ends of justice.



Compounding of contraventions under FEMA 1999
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7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(B) and Regulation 13.1 (3) of Schedule 1 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 of **₹ 32,083/- (Rupees Thirty Two Thousand Eighty Three 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 of accordingly.

Dated this 29th day of November 2019

Sd/-
(J Sailaja Rani)
Deputy General Manager