



In the

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

Present

N.Sara Rajendra Kumar  
General Manager

Date: February 02, 2018  
C.A. HYD 261

In the matter of

M/s. Puffy Thumb Game Studio Private Limited  
8-1-363/77, Aditya Nagar Colony  
Rethi Bowli, Tolichowki  
Hyderabad -500008  
Telangana

**(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 October 12, 2017 received on November 07, 2017 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 are (i) delay in reporting receipt of foreign inward remittances; (ii) delay in submission of Form FC-GPR to Reserve Bank of India after issue of shares to overseas investors towards subscription to equity, in terms of Paragraph 9(1)(A) and Paragraph 9(1)(B) respectively 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 (hereinafter referred to as Notification No. FEMA 20 /2000-RB) as then applicable.

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

- a) The applicant is a resident company incorporated as a Private Limited Company under the Companies Act, 2013 on 03.03.2015 (CIN: U72200TG2015PTC097863). The company is engaged in the business of Software development, other IT and computer service activities.
- b) The applicant had received foreign inward remittances from two foreign investors towards advance for subscription to equity shares as indicated below.

SI No	Name of Remitter	Total Amount (INR)	Date of Receipt	Date of Reporting
1	Dhiraj Peechara	3320000	09.06.2016	06.07.2016
2	Vireka LLC	3334200	30.08.2016	23.09.2016
3	Vireka LLC	1658141	13.10.2016	13.01.2017
4	Vireka LLC	1664451	14.02.2017	11.03.2017
	<b>Total</b>	<b>99,76,792</b>		

The applicant reported receipt of remittances towards share subscription amounting to ₹ 99,76,792/- to the Regional Office of Reserve Bank of India out of which remittance amounting to ₹16,58,141/- was reported with a delay of 2 months 1 day approximately as indicated above. 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
1	Dhiraj Peechara	03.08.2016	7132	3319946	13.02.2017
2	Vireka LLC	30.09.2016	7162	3333911	10.04.2017
3	Vireka LLC	14.10.2016	3558	1658028	12.07.2017
4	Vireka LLC	16.02.2017	3571	1664086	12.07.2017
		<b>Total</b>	<b>21423</b>	<b>99,75,971</b>	

The applicant filed form FCGPRs for the allotment of shares amounting to ₹ 99,75,971/- as indicated above with a delay ranging from 3 months 27 days to 7 months 29 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.

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/1336/14.66.003/2017-18 dated January 30, 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 February 01, 2018 during which Shri. Mohammed Ibraheem Bukhari, Managing Director, Shri. Mohammed



Faraz Quraishi, Managing Director and Shri. Kuldeep Bengani, 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 due to lack of proper guidance and technical problems on migration to e-biz. 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 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 ₹16,58,141/- was reported with a delay of 2 months 1 day approximately beyond the prescribed limit.

(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 ₹99,75,971/- and the period of contravention ranges from 3 months 27 days to 7 months 29 days approximately beyond the prescribed limit.

5. It has been declared in the compounding application dated October 12, 2017 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 dated October 12, 2017 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.



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 Rs. **25,625/- (Rupees Twenty Five Thousand Six Hundred Twenty Five 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) of Schedule 1 to Notification No. FEMA-20/2000-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 Rs. **25,625/- (Rupees Twenty Five Thousand Six Hundred Twenty Five 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 2<sup>nd</sup> day of February 2018

Sd/-

(N.Sara Rajendra Kumar)



Compounding of contraventions under FEMA 1999  
M/s Puffy Thumb Game Studio Private Limited  
CA No. HYD 261

General Manager