



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Fort Glacis, No.16, Rajaji Salai  
Chennai 600 001

Present

**P.Ramesh**  
**Assistant General Manager**

Date: August 18, 2017  
**C.A.677/2017**

In the matter of

**M/s. Nektan Gaming Technologies Pvt Ltd.**  
No.4, Josier Street,  
Nungambakkam,  
Chennai- 600 034.

**(Applicant)**

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

### **Order**

The applicant has filed a compounding application dated June 16, 2017 (received at Reserve Bank on June 28, 2017) for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contraventions sought to be compounded are (i) delay in submission



M/s. Nektan Gaming Technologies Pvt Ltd – C.A.677/2017

of Form FC-GPR on allotment of shares with Reserve Bank and (ii) allotment of shares prior to receipt of full consideration, in terms of Paragraphs 9 (1) B and 8 respectively, of Schedule I 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 May 3, 2000 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on November 24, 2015 under the provisions of the Companies Act, 1956 (Registration No: U72300TN2015FTC103102) and is engaged in the business of data processing activities including report writing. The applicant received a foreign inward remittance of ₹ 99,990/- on 08.11.2016 from M/s Nektan Plc, Gibraltar towards subscription to equity shares and reported the same to Reserve Bank within the stipulated period of 30 days.

3. The company allotted equity shares and filed FC-GPRs as indicated below:

Sl. No.	No. of shares allotted	Face Value (in Rs.)	Amount (INR)	Date of allotment of shares	Reported to RBI on
1.	9999	10	99,990	24.11.2015	10.03.2017

The applicant filed form FC-GPR as indicated above with delay of one year two months 16 days approximately beyond the prescribed limit in respect of allotment. Whereas in terms of paragraph 9 (1) B of Schedule I 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 FC-GPR along with documents prescribed therein within 30 days from the date of issue of shares to person resident outside India.

4. The company allotted 9999 equity shares of 10/- each amounting to ₹ 99,990/- on 24.11.2015. The consideration was brought in by way of inward remittance as detailed below:



M/s. Nektan Gaming Technologies Pvt Ltd – C.A.677/2017

Sl. No.	Date of receipt	Amount (INR)	Date of allotment of shares
1.	08.11.2016	99,990	24.11.2015

The consideration was brought in with delay of 11 months 14 days approximately. Whereas in terms of paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB, read with AP (Dir Series) Circular No.20 dated December 14, 2007 the shares have to be issued/amount refunded within 180 days from the date of receipt of the inward remittance.

5. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated August 11, 2017 for further submission in person and/or producing documents, if any, in support of the application. The applicant vide return e-mail informed that their director is not available for the personal hearing on the date specified i.e. August 16, 2017 and have exercised their option of not appearing personally before the compounding authority. The applicant, in the compounding application, had admitted the contravention as stated in para 3 and 4 above for which compounding has been sought. It had been submitted that the delays were unintentional. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant.

6. I have given my 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 the following FEMA provisions issued in terms of:

- (a) Paragraph 9 (1) B of Schedule 1 to Notification No.FEMA 20/2000-RB due to delay in submission of Form FC-GPR to the Reserve Bank after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 99,990/- with duration of contravention being one year two months 16 days approximately; and



M/s. Nektan Gaming Technologies Pvt Ltd – C.A.677/2017

(b) Paragraph 8 of Schedule I to Notification No. FEMA 20/2000-RB read with para 5 of AP (DIR Series) Circular No.20 dated December 14, 2007 due to allotment of shares prior to receipt of consideration. The contravention relates to an amount of ₹ 99,990/- with the duration of contravention being 11 months 14 days approximately.

7. 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 contraventions are to be compounded and I consider that an amount of ₹ 16,248/- (Rupees sixteen thousand two hundred and forty eight only) will meet the ends of justice.

8. Accordingly, I compound the admitted contraventions namely, the contraventions of paragraphs 9 (1) B and 8 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 ₹ 16,248/- (Rupees sixteen thousand two hundred and forty eight only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 Eighteenth day of August, 2017.

Sd/-



M/s. Nektan Gaming Technologies Pvt Ltd – C.A.677/2017

**P.Ramesh**  
**Assistant General Manager**