



In the
Reserve Bank of India
10/3/8, Nrupathunga Road
Bengaluru-560001

Present

Eugene E Karthak
Regional Director

Date: October 10, 2017
C.A. BGL 236/2017

In the matter of

M/s Archetype Entertainment Private Limited
No.49, 8th Main Road, 5th Cross, Koramangala
Jakkasandra Block Extension
Bengaluru - 560034
(Applicant)

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

ORDER

The applicant has filed a compounding application dated May 25, 2017, received at this office on May 30, 2017, for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999, (the FEMA), and the Regulations issued there under. The contravention sought to be compounded is delay in reporting receipt of foreign inward remittances towards subscription to equity, in terms of paragraph 9(1)(A) 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 03, 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, M/s Archetype Entertainment Private Limited, was incorporated on October 29, 2013, under the Companies Act, 1956. The company is in the business of providing online entertainment services, online video gaming services, undertaking related



competitive events, promoting and marketing all types of branded and unbranded online gaming equipment, accessories, etc. The applicant had received funds towards share application money from foreign investors, namely, Shri Bipin Kumar Jha, Singapore and M/s Annprash Pte Limited, Singapore, as shown below:

Table-1

Sl. No	Date of receipt	Amount (INR)	Date of Reporting to RBI/AD
1	23-12-2013	8,00,000.00	08-08-2016
2	20-02-2014	8,00,000.00	31-08-2016
3	05-05-2014	8,97,933.06	03-05-2017
4	03-06-2014	15,50,000.00	02-02-2017
5	10-06-2014	10,00,000.00	18-02-2017
6	24-07-2014	7,00,000.00	03-05-2017
7	01-09-2014	15,00,000.00	18-02-2017
8	07-10-2014	13,00,000.00	02-02-2017
9	07-11-2014	10,00,000.00	02-02-2017
10	09-12-2014	10,00,000.00	18-02-2017
11	15-01-2015	6,00,000.00	18-02-2017
12	21-01-2015	7,00,000.00	18-02-2017
13	13-02-2015	7,00,000.00	09-02-2017
14	09-03-2015	7,00,000.00	10-02-2017
15	12-03-2015	3,00,000.00	09-02-2017
16	07-04-2015	8,00,000.00	10-02-2017
17	05-05-2015	8,00,000.00	10-02-2017
18	03-06-2015	11,50,000.00	10-02-2017
19	29-06-2015	26,00,000.00	05-02-2017
20	03-07-2015	14,00,000.00	09-02-2017
21	29-07-2015	11,00,000.00	10-02-2017
22	13-08-2015	13,00,000.00	13-02-2017
23	03-09-2015	12,00,000.00	10-02-2017



24	04-09-2015	7,00,000.00	09-02-2017
25	14-10-2015	20,01,954.00	05-12-2015
26	30-10-2015	19,34,355.00	05-12-2015
27	09-12-2015	13,23,338.00	07-04-2016
28	18-01-2016	13,37,331.00	10-03-2016
29	09-02-2016	16,86,825.00	12-04-2016
30	11-03-2016	16,56,837.00	15-03-2016
31	20-04-2016	8,50,000.00	02-11-2016
32	10-05-2016	10,00,000.00	20-10-2016
33	19-05-2016	6,00,000.00	20-10-2016
34	06-06-2016	16,50,000.00	20-10-2016
35	18-07-2016	16,50,000.00	22-11-2016
36	08-08-2016	16,25,000.00	22-11-2016
37	12-09-2016	16,50,000.00	22-11-2016
38	20-10-2016	16,50,000.00	18-02-2017
39	08-11-2016	16,50,000.00	12-02-2017
40	06-12-2016	16,50,000.00	18-02-2017
41	13-01-2017	16,50,000.00	07-04-2017
42	17-02-2017	16,50,000.00	05-05-2017
43	15-03-2017	18,50,000.00	05-05-2017
44	21-04-2017	10,00,000.00	12-05-2017
45	24-04-2017	8,50,000.00	12-05-2017
46	15-05-2017	6,50,000.00	13-09-2017
47	19-05-2017	12,00,000.00	13-09-2017
48	07-06-2017	16,50,000.00	13-09-2017
	Total	5,90,13,573.06	

The applicant reported receipt of remittances to the Reserve Bank / Authorized Dealer Bank with a delay ranging from six days to two years, ten months and twenty nine days approximately, beyond the stipulated time of 30 days in respect



of remittances as indicated at serial numbers 1 to 29, 31 to 43 and 46 to 48 in Table-1 above. Whereas, in terms of paragraph 9(1)(A) of Schedule I 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.

3. The applicant was given an opportunity for personal hearing, vide Reserve Bank's letter FE.BG.FID (CEFA) No.1021 /22.10.144/2017-18 dated October 06, 2017, for further submission in person and/or producing documents, if any, in support of the application. The applicant appeared for the personal hearing on October 10, 2017. Shri Prashant Prabhakar, Director, and Ms Bhavya Parvathi K, Practicing Chartered Accountant, represented the applicant. The authorized representatives of the applicant admitted the contraventions as stated in paragraph 2 above, committed by the applicant, for which compounding has been sought. During the personal hearing, it was submitted that the delay was not wilful or with malafide intention, but was mainly due to inadvertence, and the same will not be repeated. In view of the above, they 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 as other documents and submissions made in this context by the applicant during personal hearing and thereafter.

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 I to Notification No. FEMA 20/2000-RB, due to delay in reporting of foreign inward remittances received towards subscription to equity as detailed in paragraph 2 above. The contravention relates to an amount of **Rs. 5,55,06,736.06**, and the period of delay ranges six days to two years, ten months and twenty nine days approximately.



5. 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.1,04,620.00 (Rupees One Lakh Four Thousand Six Hundred and Twenty only)**, will meet the ends of justice.

6. Accordingly, I compound the admitted contravention namely, contravention of Paragraph 9(1)(A) of Schedule I 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.1,04,620.00 (Rupees One Lakh Four Thousand Six Hundred and Twenty only)**, which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 2nd Floor, 10/3/8, Nrupathunga Road, Bengaluru – 560001, by a demand draft drawn in favour of the “Reserve Bank of India” and payable at Bengaluru, within a period of 15 days from the date of this order. In case of failure to deposit the said 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, the Tenth day of October, 2017.

Sd/-

(Eugene E Karthak)
Regional Director