



In the

**Reserve Bank of India**  
Foreign Exchange Department  
Mumbai Regional Office  
Main Building, 3rd floor  
Shahid Bhagat Singh Marg, Fort  
Mumbai 400 001

Present

**Shri J. K. Pandey**  
Chief General Manager

**Date: October 12, 2018**

**C.A. No. 776/2018**

In the matter of

**Vega Technology (India) Private Limited**  
C706, 'Marathon NextGen Innova'  
Lower Parel  
Mumbai- 400 013

**(Applicant)**

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

### **Order**

1. The applicant has filed the compounding application dated June 4, 2018 (received at the Reserve Bank on June 18, 2018) 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) neither the equity instruments were issued nor the money refunded to the foreign investor, a person resident outside India within 180 days of the receipt of the inward



remittance (ii) delay in reporting receipt of foreign inward remittance towards subscription to equity, in terms of paragraphs 8 and 9(1)(A) 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 May 3, 2000 (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 August 25, 2011 under the Companies Act, 1956 as Vega Technology (India) Private Limited. Its main activities are to carry on the business of system integration in banking domain with core banking solutions to PAC's, Urban Co-operative Banks, other banking institutions, corporate sector, private sector, public undertaking and Regional Rural Banks, technology, custom projects design and build, system integration and programming, global management service, maintenance and after sales service, engineering-in-sourcing service, TelePresence, AV conferencing system, unified communication, multimedia solution, digital signage system, video wall, 3D display system, central control system, lighting system, IT networking, structure cabling, public announcement system, CCTV and securing system, hardware and software development, IT solutions, out sourcing, data management, data transcription, consultation service and to manufacture and to provide consultancy, management service, maintenance and after sales service, system integration and programming, project design for the same.



3. The applicant received foreign inward remittance from Vega Technology Limited, Hong Kong and Chow Yin Man, Hong Kong, towards equity / preference share capital and reported the same to the Reserve Bank as indicated below.

Sr. No.	Amount received in INR	Date of receipt	Date of reporting	Delay under Para 9 (1)(A)	Date of Issue/ Refund	Delay Under Para 8
1	66,66,800.00	21-09-2011	18-10-2011	NO	28-12-2017	5Y 9M 10D
2	47,28,200.00	21-09-2011	18-10-2011	NO	28-12-2017	5Y 9M 10D
	5,10,000.00	21-09-2011	18-10-2011	NO	21-09-2011	NO
3	5,24,008.00	30-03-2012	12-06-2012	1M 13D	21-09-2012	NO
Total	1,24,29,008.00					

The applicant reported receipt of remittances to the Reserve Bank of India on dates indicated above with a delay of 1 Month 13 Days, approximately, in respect of remittance recorded at serial no. 3 above, beyond the stipulated time of 30 days. 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.

4. The company received inward remittances as stated in para 3 above. The company has approached Reserve Bank of India on October 31, 2017 for specific approval for refund of share application money beyond 180 days excess amount of Rs.1,13,95,000.00 (Rupees One Crore Thirteen Lakh Ninety Five Thousand Only). The Reserve Bank of India, vide, letter dated November 28, 2017, accorded approval for refund of excess amount. The company refunded excess share application money on December 28, 2017. Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, if the shares are not issued within 180 days from the date of receipt of the inward remittance, the amount of consideration so received shall be refunded to the person concerned, provided the Reserve Bank may, on an application made to it and for sufficient reasons permit to refund the amount of consideration received towards issue of security, if such amount is outstanding



beyond a period of 180 days from the date of receipt. The amendment in paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB was introduced by issue of Foreign Exchange Management (Transfer or Issue of security by A person resident outside India) (Third Amendment) Regulations, 2007 notified, vide Notification No. FEMA 170/2007-RB dated 13th November, 2007 in the official Gazette of the Government of India.

5. The applicant was given an opportunity for personal hearing vide e-mail dated October 4, 2018, for further submission in person and/or for producing documents, if any, in support of the application. The applicant appeared for the personal hearing on October 5, 2018, during which Ms. Pravina B Vharavadekar, Sr. Accountant and Ms. Roshni B Maru, Chartered Accountant, represented the applicant in the cabin of Shri J. K. Pandey, Chief General Manager, Mumbai Regional Office. The representatives of the applicant admitted the contraventions for which compounding has been sought. During the personal hearing, it was submitted that the delay was inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. 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 submitted along with the application.

6. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the following FEMA provisions issued in terms of:

(a) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB since the shares were not issued to the person resident outside India within 180 days from the date of receipt of the inward remittance/share application nor refunded to the person resident outside India within 180 days from the date of receipt of the inward remittance. The contravention relates to an amount of Rs.1,13,95,000.00 (Rupees One Crore Thirteen Lakh Ninety Five Thousand Only) and with the delay of 5 Years 9 Months 10 Days, approximately.



(b) Paragraph 9(1)(A) of Schedule 1 to Notification No. FEMA 20/2000-RB due to the delay in reporting of receipt of foreign inward remittance towards subscription towards shares as detailed in paragraph 3 above. The contravention relates to an amount of Rs.5,24,008.00 (Rupees Five Lakh Twenty Four Thousand Eight Only) and with a delay of 1 Month 13 Days, approximately.

7. It has been declared in the compounding application dated June 4, 2018, 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 June 5, 2018, 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.

8. 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 Rs.1,83,364/- (Rupees One Lakh Eighty Three Thousand Three Hundred Sixty Four Only) will meet the ends of justice.

9. Accordingly, I compound the admitted contravention namely, the contraventions of Paragraph 8 and 9(1)(A) 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



**FED, MRO, CEFA**  
**Vega Technology (India) Private Limited**  
**CA No. MUM 776/2018**

Rs.1,83,364/- (Rupees One Lakh Eighty Three Thousand Three Hundred Sixty Four Only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Mumbai Regional Office, Main Building, 3rd floor, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai 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.

10. The above order is passed only in respect of contraventions of paragraph 8 and 9(1)(A) of Schedule I to Notification No. FEMA 20/2000-RB and does not restrict the right of any other authority to proceed against the Company for any other violations/contraventions noticed at any point of time.

The application is disposed of accordingly.

Dated: October 12, 2018.

**Compounding Authority**

Sd/-

**(J. K. Pandey)**

Chief General Manager