



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11<sup>th</sup> Floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Madhusmita Dutta**  
**Assistant General Manager**

Date: January 30, 2020  
CA No 5025 / 2019

In the matter of

**Atrenta (India) Pvt Ltd.**  
**A 29, Sector-2, Noida (UP)**  
**Uttar Pradesh-201301**  
**(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 application dated September 26, 2019 (received at the Reserve Bank of India on October 03, 2019) 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 are transfer of shares of the applicant from Shri Ajoy Kumar Bose (NRI) to M/s Atrenta Inc. (NR) without prior approval of the Reserve Bank of India. The above, amount to the contravention of Regulation 4 of 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).

2. The relevant facts are as under:

(a) The applicant allotted 96,600 and 4,600 fully paid equity shares to M/s Atrenta Inc. and Shri Ajoy Kumar Bose (NRI) respectively, as part of subscription to the memorandum on May 26, 2001. Further, the applicant allotted 2,35,620 and 80 fully paid equity shares to M/s Atrenta Inc. and Shri Ajoy Kumar Bose respectively on October 10, 2001. However, Shri Ajoy Kumar Bose transferred 4,598 and 80 equity shares on May 26, 2011 and October 17, 2001 to M/s Atrenta Inc. without obtaining prior approval of Reserve Bank of India and the applicant took the transfer of shares from NRI to NR on record in its books, which is a contravention of Reg 4 of FEMA 20.

(b) In terms of Regulation 4 of FEMA 20, 'save as otherwise provided in the Act or Rules or Regulations made thereunder, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such person. Provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary'.

3. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA.No./3372/15.20.67/2019-20 dated December 31, 2019 for further submission in person and/or producing documents, if any, in support of the application. The applicant sought to be exempted from the personal hearing with the Compounding Authority, vide email dated January 06, 2020. The application is, therefore, being considered on the basis of the averments made in the compounding application and the documents submitted therein.

4. It has been declared in the compounding application dated September 26, 2019, 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 Annexure of the Compounding Application that the applicant was not under any enquiry/investigation/adjudication by any agency as on the date of the application. 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.

5. I have given my careful consideration to the documents on record. It was observed that the applicant has contravened the provisions of Regulation 4 of Notification No.FEMA.20/2000-RB. The total amount of contravention is Rs. 46,780/- and period of contravention is sixteen years and five months approximately.

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. After considering the submissions made by the applicant and the entire facts and circumstances of the case I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and it stands to reason that payment of an amount of Rs. 79,526/- (Rupees seventy nine thousand five hundred and twenty six only), will meet the ends of justice in the circumstances of this case.

7. Accordingly, I compound, in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 the admitted contraventions committed by the applicant namely, Regulation 4 of Notification No.FEMA.20/2000-RB dated May 03, 2000, as amended from time to time, on payment of a sum of Rs. 79,526/- (Rupees seventy nine thousand five hundred and twenty six only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, 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.

The application is disposed accordingly.

Dated this the 30<sup>th</sup> day of January, 2020

**Sd/-**

**(Madhusmita Dutta)**  
**Assistant General Manager**