



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
11th floor, Central Office Building  
Shahid Bhagat Singh Road  
Mumbai - 400 001

Present

**Pawanjeet Kaur Rishi**  
**Assistant General Manager**

Date: November 6, 2017  
CA No 4405 / 2017

In the matter of

**Optum Global Solutions (Ind) Pvt Ltd**  
**Pioneer Towers, 3<sup>rd</sup> floor, plot no.16, software unilayout**  
**Hi-tech city, Madhapur**  
**Hyderabad 500081**

**(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 May 18, 2017 (received in the Reserve Bank on May 18, 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 taking on record the transfer of shares from NRI to NR, for which prior RBI approval was not obtained. 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 and as



amended from time to time (hereinafter referred to as Notification No. FEMA 20/2000-RB).

2. The relevant facts are as under:

The investee company was incorporated on April 15, 2010 as a subsidiary of Quality Software Services of USA (Primary shareholder) to undertake IT and ITES activities where 100% FDI under automatic route is permitted. To meet the Indian legal requirement of minimum 2 shareholders, Mr Belur Manjappa Chittaranjan, NRI (Second Shareholder) was allotted 10 equity shares of the investee company (Nominee Shareholding) while 9,990 shares were issued to the US company (Primary Shareholder).

Later as part of internal group re-structuring, with effect from June 20, 2016 the Primary Shareholder transferred its entire shareholding to Optum Global Solutions International BV of Netherlands and the Second Shareholder transferred its shareholding to United Health International Inc of USA as a nominee Buyer to meet India legal requirement of minimum 2 shareholders.

- Transfer of shares (9,990 equity shares) from Quality Software Services of USA to Optum Global Solutions International BV of Netherlands is NR to NR transfer therefore, under General Permission. (Regulation 9(2)(i) of FEMA 20)
- Transfer of shares (10 equity shares) from Mr Belur Manjappa Chittaranjan, NRI to United Health International Inc of USA, NR required prior RBI approval (as Regulation 9(2)(ii) of FEMA 20 permits only NRI to NRI transfer of shares). Further, in light of Regulation 4 of FEMA 20, such approval of RBI was required to enable the investee company to record the transfer in its books.
- Post facto approval for transfer of 10 equity shares from NRI to NR was conveyed on January 7, 2017 subject to the NRI applying for compounding of contravention of Regulation 3 and the Company applying for compounding of contravention of Regulation 4 of FEMA 20.



3. Regulation 4 of Notification No.FEMA.20/2000-RB dated May 03, 2000 as amended from time to time states that “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.”

4. The applicant was given an opportunity for personal hearing vide letter No. FED.CO.CEFA No./2119/15.20.67/2017-18 dated September 8, 2017 for further submission in person and/or producing documents, if any, in support of the application. The representatives of the company attended the personal hearing on September 20, 2017. The application is, therefore, being considered on the basis of the averments made in the application, documents produced and submissions made during personal hearing.

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 dated May 3, 2000, as amended from time to time. The amount and period of contravention is as follows:

Regulation 4 of Notification No.FEMA.20/2000-RB – Amount of contravention– Rs. 1,13,210/- and period of contravention – 1 year 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. 11000/- (Rupees eleven thousand 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 contravention committed by the applicant namely, Regulation 4 of Notification No.FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, on payment of a sum of Rs. 11000/- (Rupees eleven thousand 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 sixth day of November, 2017

**Sd/-**

**(Pawanjeet Kaur Rishi)**  
**Assistant General Manager**