



In the

**RESERVE BANK OF INDIA**  
Foreign Exchange Department  
Secretariat Road  
Saifabad, Hyderabad 500 004

Present

Shri. Subrata Das  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)

Date: November 15, 2019  
C.A. HYD 454

In the matter of

M/s. Allegro Speciality Chemicals Private Limited  
House No. 916-I, Road No. 46, Jubilee Hills  
Hyderabad - 500 033

**(Applicant)**

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

**Order**

The applicant has filed the compounding application dated September 11, 2019 received by us on September 11, 2019 for compounding of contraventions of the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations issued thereunder. The contraventions sought to be compounded are (i) delay in reporting of receipt of foreign inward remittances towards subscription of equity, (ii) delay in submission of form FC-GPR to the Reserve Bank after issue of shares to a person resident outside India, (iii) delay in allotment of shares to the foreign investor beyond 180 days from the date of receipt of remittance, (iv) delay in filing the Annual Return in respect of the Foreign Liabilities and Assets (FLA Return), in terms



of Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 8, Paragraph 9(2) 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 03, 2000 (herein after referred to as Notification No. FEMA 20/2000-RB) as then applicable and Regulation 13.1(3) 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(R)/2017-RB dated November 07, 2017 (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB) as amended from time to time respectively.

2. The relevant facts of the case are as follows:

The applicant is a resident company incorporated as Private Limited Company under the Companies Act, 1956 on August 17, 2012 (CIN: U24232TG2012PTC082550). The company is engaged in the business of “Manufacture of medicinal substances used in the manufacture of pharmaceuticals: antibiotics, endocrine products, basic vitamins, opium derivatives, sulpha drugs, serums and plasmas, salicylic acid, its salts and esters, glycosides and vegetable alkaloids, chemically pure sugar etc.”

a) The applicant had received inward remittances from the foreign investors as indicated below:

S No	Name of the remitter	Amount (INR)	Date of receipt	Date of reporting
1	Ravipati Global Pte Ltd	22,52,951	09.05.2016	08.06.2016
2	Organo Synthesis Technologies Ltd	6,67,437	21.07.2016	22.08.2016
3		9,99,779	27.07.2016	22.08.2016
4		9,95,218	01.08.2016	22.08.2016
5		9,95,218	10.08.2016	07.09.2016
6		9,98,807	23.08.2016	#30.07.2019
7		6,64,073	01.09.2016	22.09.2016
8		6,63,700	15.09.2016	#30.07.2019



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9		39,86,558	30.09.2016	02.11.2016
10		6,61,236	07.10.2016	02.11.2016
11		39,91,654	18.10.2016	02.11.2016
12	Ravipati Global Pte Ltd	53,33,200	25.10.2016	16.11.2016
13		26,64,100	25.10.2016	16.11.2016
14		6,30,985	08.08.2017	#13.08.2019
15		6,30,985		
16		6,29,717	21.08.2017	
17	Organo Synthesis Technologies	9,49,867	28.08.2017	
18	Ltd	6,31,010	06.09.2017	
19		6,29,021	13.09.2017	
20		6,38,966	22.09.2017	
21		6,40,930	16.10.2017	
22		6,44,411	18.10.2017	
23		6,43,616*	07.11.2017	
24		1,90,154*	21.11.2017	
	<b>Total</b>	<b>3,17,33,593</b>		

\* Late Submission Fee was paid to regularize the contravention of Paragraph 13.1(1) of FEMA 20(R) dated November 7, 2017.

# Delay calculated up to August 31, 2018, as the reporting of inward remittances has been discontinued w.e.f. September 01, 2018.

The applicant reported receipt of remittances towards share subscription amounting to ₹ 3,17,33,593/- to the Regional Office of Reserve Bank of India out of which remittances amounting to ₹ 1,23,42,394/- were reported with delays ranging from 2 days to 1 year 11 months 9 days approximately as indicated above. 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



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procedure not later than 30 days from the date of receipt of the amount of consideration.

b) The applicant had allotted equity shares and filed form FC-GPRs as indicated below:

S No	Name of investor	Date of allotment of shares	No. of Shares allotted	Amount for which shares allotted (INR)	Date of reporting
1	Organo Synthesis Technologies Ltd	27.01.2017	17,28,778	1,72,87,780	30.07.2019
2	Ravipati Global Pte Ltd		7,58,615	75,86,150	
3	Organo Synthesis Technologies Ltd	25.09.2017	4,74,055	47,40,550	13.08.2019
4	Organo Synthesis Technologies Ltd	05.12.2017	2,11,911	21,19,110*	18.07.2019
	<b>Total</b>			<b>3,17,33,590</b>	

\* Late Submission Fee was paid to regularize the contravention of Paragraph 13.1(2) of FEMA 20(R) dated November 7, 2017.

The applicant filed form FC-GPRs amounting to ₹ 3,17,33,590/- as indicated above out of which allotment of shares amounting to ₹ 2,96,14,480/- were reported with delays ranging from 1 year 9 months 19 days to 2 years 5 months 4 days approximately beyond the prescribed time period. Whereas in terms of Paragraph 9(1)(B) of Schedule 1 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.

c) The applicant had received inward remittances & allotted equity shares as indicated below:



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SI No	Name of Remitter	Amount (INR)	Date of Receipt	Date of allotment
1	Organo Synthesis Technologies Ltd	6,67,437	21.07.2016	27.01.2017
		9,99,779	27.07.2016	
		9,95,218	01.08.2016	
		9,95,218	10.08.2016	
		9,98,807	23.08.2016	
		6,64,073	01.09.2016	
		6,63,700	15.09.2016	
		39,86,558	30.09.2016	
		6,61,236	07.10.2016	
		39,91,654	18.10.2016	
		26,64,100	25.10.2016	
2	Ravipati Global Pte Ltd	22,52,951	09.05.2016	27.01.2017
		53,33,200	25.10.2016	
3	Organo Synthesis Technologies Ltd	6,30,985	08.08.2017	25.09.2017
		6,30,985	08.08.2017	
		6,29,717	21.08.2017	
		9,49,867	28.08.2017	
		6,31,010	06.09.2017	
		6,29,021	13.09.2017	
		6,38,966	22.09.2017	
4	Organo Synthesis Technologies Ltd	6,40,930	16.10.2017	05.12.2017
		6,44,411	18.10.2017	
		6,43,616	07.11.2017	



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		1,90,154	21.11.2017	
	<b>Total</b>	<b>3,17,33,593</b>		

The applicant had allotted equity shares amounting to ₹ 39, 20,167/- with delays ranging from 4 days to 2 months 22 days approximately beyond the prescribed time period. Whereas in terms of Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB, an Indian company shall issue shares or convertible debentures in accordance with these Regulations as per the prescribed procedure not later than 180 days from the date of receipt of the amount of consideration.

d) The applicant has delayed in filing FLA Return (Foreign Liabilities and Assets) as shown below. Here the period of contravention ranges from 5 months 24 days to 1 year 5 months 24 days approximately.

SI No	Particulars	Financial year	Due date of filing	Date of actual filing
1	FLA Return	2016-17	15.07.2017	08.01.2019
2	FLA Return	2017-18	15.07.2018	08.01.2019

Whereas in terms of Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB dated May 03, 2000 as then applicable and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 as amended from time to time, "All Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year shall submit to the Reserve Bank of India, on or before the 15th day of July of each year, [a report titled 'Annual Return on Foreign Liabilities and Assets' (FLA) as specified by the Reserve Bank from time to time].

3. (a) The applicant was given an opportunity for personal hearing vide Reserve Bank's letter No. HY.FE.FID/ 1055 /14.66.003/2018-19 dated November 05, 2019 for further submission in person and/or producing documents, if any, in support of the application.



(b) The applicant vide e-mail dated November 06, 2019 stated that they are foregoing appearing for the personal hearing and requested that the compounding application may be disposed of on the basis of merits in terms of the facts and documents made therein along with the compounding application. The application for compounding is, therefore, being considered on the basis of the averments made in the application.

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 1 to Notification No. FEMA 20/2000-RB for delay in reporting the receipt of consideration towards issue of shares amounting to ₹ 1,23,42,394/- and the period of contravention ranges from 2 days to 1 year 11 months 9 days approximately.

(b) Paragraph 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB for delay in submission of form FC-GPR to Reserve Bank of India after issue of shares to persons resident outside India and the contravention relates to an amount of ₹ 2,96,14,480/- and the period of contravention ranges from 1 year 9 months 19 days to 2 years 5 months 4 days approximately.

(c) Paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB read with A.P (DIR Series) Circular No. 20 dated December 14, 2007 for delay in allotment of shares to the foreign investor and the period of contravention ranges from 4 days to 2 months 22 days approximately.

(d) Paragraph 9(2) of Schedule I to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB for delay in filing of Annual Return on Foreign Liabilities and Assets to the Reserve Bank of India for two financial years viz, 2016-17 and 2017-18 with delays ranging from 5 months 24 days to 1 year 5 months 24 days approximately.



5. It has been declared in the compounding application dated September 11, 2019, that the particulars given by the applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration dated September 11, 2019 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 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 under 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.

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. 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 **₹ 2,32,716/- (Rupees Two Lakh Thirty Two Thousand Seven Hundred Sixteen Only)** will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions, namely, the contraventions of Paragraph 9(1)(A), Paragraph 9(1)(B), Paragraph 8, Paragraph 9(2) of Schedule 1 to Notification No. FEMA 20/2000-RB and Regulation 13.1(3) of Schedule I to Notification No. FEMA 20(R)/2017-RB by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount **₹ 2,32,716/- (Rupees Two Lakh Thirty Two Thousand Seven Hundred Sixteen Only)** which shall be deposited by the applicant with the Reserve





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Bank of India, Foreign Exchange Department, 1st Floor, Saifabad, Hyderabad - 500004 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Hyderabad 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 15<sup>th</sup> day of November 2019.

Sd/-

(Subrata Das)  
Regional Director (Andhra Pradesh and Telangana) and  
Chief General Manager (Hyderabad)