



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th Floor, Amar Building
Sir P M Road
Mumbai - 400 001

Present

J.K. Pandey
Chief General Manager

Date: May 30, 2017
CA No 4249 / 2016

In the matter of

Coastal Corporation Limited
15-1-37/3, Nowroji Road
Maharanipeta, Visakhapatnam-530002

(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 December 09, 2016 (received in the Reserve Bank on December 19, 2016) 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 (i) delay in filing Form ODI and making overseas remittance without obtaining UIN. The above amounts to the contravention of Regulation 6(2)(vi) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified vide Notification No. FEMA 120/2004-RB



dated July 7, 2004 as amended from time to time (hereinafter referred to as Notification No. FEMA 120/2004-RB).

2. The relevant facts are as under: The applicant was incorporated as Coastal Corporation Limited on May 30, 1981 (CIN: L63040AP1981PLC003047). The applicant is engaged in the business of producing and exporting high quality aquaculture seafood products. A Wholly Owned Subsidiary (WOS) of the applicant company, namely, Seacrest Seafoods Inc., was incorporated in USA on November 04, 2015.

The applicant company made the following Overseas Direct Investments in the WOS:

S.No.	Date of investment	Amount of investment (USD)	Amount of investment (INR)	Purpose of remittance
1	19.11.2015	70000	4637500	Investment in WOS
2	29.12.2015	30000	2001900	Investment in WOS
3	19.01.2016	75000	5088750	Investment in WOS
	Total	175000	1,17,28,150	

The above-mentioned investments were made without obtaining the UIN. The Form ODI for the above investments was filed with delay, thus contravening Regulation 6(2)(vi) of Notification No. FEMA 120/2004-RB. The UIN was allotted on 15.07.2016.

3. In terms of Regulation 6 (2) (vi) of Notification No.FEMA.120/2004-RB dated July 07, 2004 as amended from time to time, an Indian party is permitted to make Overseas Direct Investment in certain cases, provided "The Indian Party submits Part I of Form ODI, duly completed, to the designated branch of an authorized dealer".

4. The applicant was given an opportunity for personal hearing vide letter No. FE.CO.CEFA/11281/15.20.67/2016-17 dated May 12, 2017 for further submission in person and/or producing documents, if any, in support of the



application. The personal hearing was held on May 25, 2017 during which Ms. Swaroopa Meruva, Company Secretary, represented the applicants. The representative of the applicant submitted that the applicant had inadvertently failed to comply with the FEMA regulations due to ignorance and requested that a lenient view may be taken in the matter. The application is, therefore, being considered on the basis of the averments made in the application, the documents produced and submissions made during the personal hearing.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing. It was observed that the applicant has contravened the provisions of Regulation 6(2)(vi) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time. The amount of contravention is Rs. 1,17,28,150/- and the period of contravention ranges from six months to eight 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. 1,08,641/- (Rupees one lakh eight thousand six hundred and forty one 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 6(2)(vi) of Notification No.FEMA.120/2004-RB dated July 7, 2004, as amended from time to time, on payment of a sum of Rs. 1,08,641/- (Rupees one lakh eight thousand six hundred and forty one 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 thirtieth day of May, 2017

Sd/-

(J.K. Pandey)
Chief General Manager