



In the
Reserve Bank of India
Foreign Exchange Department
Fort Glacis, No.16, Rajaji Salai
Chennai 600 001

Present

R Karthikeyan
Assistant General Manager

Date: January 10, 2020
C.A.960/2019

In the matter of

M/s. Pearson India Education Services Pvt Ltd.
THE HIVE, 3rd floor, No.44
Pillaiyar koil street, Jawaharlal Nehru Road
Anna Nagar
Chennai - 600 040

(Applicant)

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

Order

The applicant has filed a compounding application dated September 13, 2019 (received at Reserve Bank on September 19, 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 is delay in



M/s. Pearson India Education Services Pvt Ltd -C.A.960/2019

reporting the downstream investment made by an Indian entity or an investment vehicle in another Indian entity (which is considered as indirect foreign investment for the investee Indian entity in terms of these regulations), to Secretariat for Industrial Assistance (SIA), DIPP in terms of Regulation 13.1(11) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 notified vide Notification No. FEMA 20(R)/2017-RB dated November 07, 2017 and as amended from time to time (hereinafter referred to as Notification No. FEMA 20(R)/2017-RB).

2. The relevant facts of the case are as follows: The applicant company was incorporated on August 08, 2005 under the provisions of the Companies Act, 1956 (Registration No. U72200TN2005PTC057128) and is engaged in the business of educational support services.

3. The applicant company acquired two shares of ₹2000.00 each of Pearson India Support Services Pvt Ltd., which is a subsidiary of Pearson Education South Asia Pte Ltd., Singapore on March 18, 2019 and filed Form DI with Reserve Bank. Further, SIA, DIPP was intimated of the downstream investment on August 21, 2019 as detailed in the table below.

Sl. No.	Date of downstream investment	Amount (₹)	Date of reporting to DIPP
1	18.03.2019	4000.00	21.08.2019

There was a delay of four months four days approximately in reporting of downstream investment to DIPP beyond the stipulated time. Whereas in terms of Regulation 13.1(11) of Notification No. FEMA 20(R)/2017-RB, an Indian company making downstream investment in another Indian company which is considered as indirect foreign investment for the investee company in terms of these Regulations, shall notify the Secretariat for Industrial Assistance, DIPP and file Form DI within 30 days of such investment.

4. The applicant has filed a compounding application dated September 13, 2019 wherein it has been declared in the compounding application that the particulars given by the



M/s. Pearson India Education Services Pvt Ltd -C.A.960/2019

applicant in the application are true and correct to the best of their knowledge and belief. It has been declared in the declaration 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. Accordingly, the above contravention which is being compounded in this Order is 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. The applicant was given an opportunity for personal hearing vide Reserve Bank's mail dated January 07, 2020 for further submission in person and/or producing additional documents, if any, in support of the application. The applicant vide return mail has informed that they are not appearing for the personal hearing scheduled on January 09, 2020. 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 made in this context by the applicant.

6. I have given my careful consideration to the documents on record and submission made by the applicant in the compounding application. Accordingly, I hold that the applicant has contravened the following FEMA provision issued in terms of:

- a) Regulation 13.1(11) of Notification No. FEMA 20(R)/2017-RB due to delay in reporting the downstream investment made by an Indian entity to Secretariat for Industrial Assistance (SIA), DIPP. The contravention relates to an amount of ₹4000.00 with the duration of contravention being four months four days approximately.

7. 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



M/s. Pearson India Education Services Pvt Ltd -C.A.960/2019

case as stated in the foregoing paragraphs, I consider that an amount of **₹70/-** (Rupees seventy only) will meet the ends of justice.

8. Accordingly, I compound the admitted contravention namely, the contravention of Regulation 13.1(11) of 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 of **₹70/-** (Rupees seventy only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, Fort Glacis, No.16, Rajaji Salai, Chennai - 600 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Chennai 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 tenth day of January, 2020.

Sd/-
R Karthikeyan
Assistant General Manager