

FEMA Compliances : Inbound and Outbound Investments

01 December, 2018

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Inbound Investments

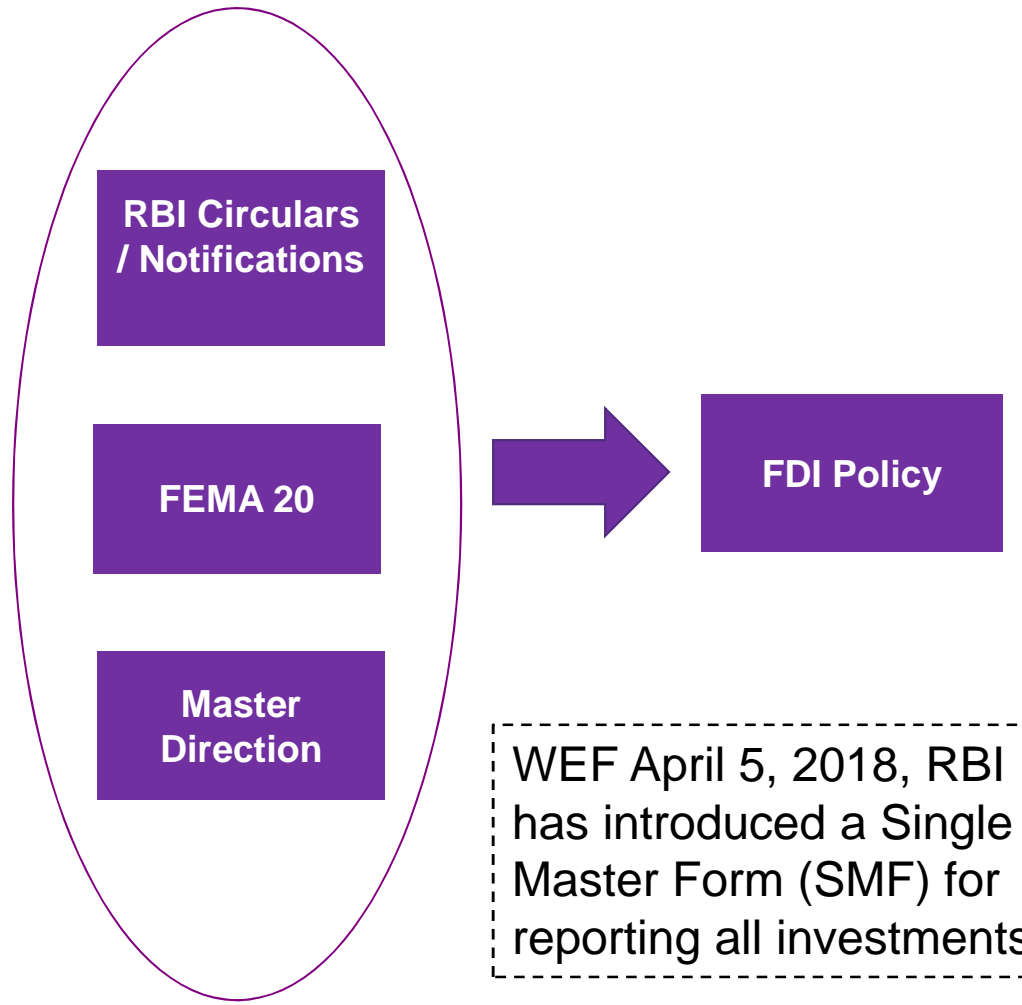
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Inbound Investments

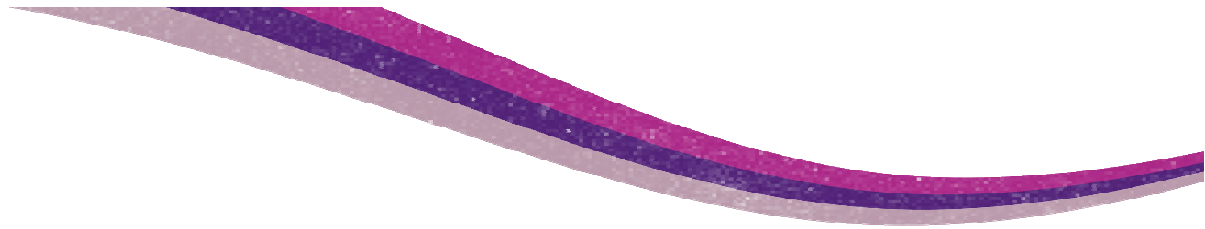
FDI Policy Legal Framework and Regulators



- Department of Industrial Policy & Promotion (DIPP) - Foreign Investment Facilitation Portal (FIFP)
- Administered by Reserve Bank of India (RBI)
- Separate windows for:
 - FDI in Companies
 - FDI in LLP's
 - FPI investments
 - NRI – Non Repatriable investments
 - FVCI investments

Inbound Investments

FDI Policy overview



Permitted

100% FDI permitted without approvals in most sectors

Approval required for Licensed Industries

- Hazardous Chemicals
- Defence Equipment

Restricted

<u>Some Sectors</u>	<u>FDI Cap</u>
• Private Banking	74%
• Civil Aviation	49%
• Insurance	49%
• Multi Brand Retail	51%
• Print Media	26%
• Cable Networks	49%/ 74%
• Defence sector	49%
• Scheduled/ Regional Air transport service	49%

Prohibited

- Agriculture (some exceptions)
- Gambling, Betting, Lottery (including technology collaborations) and Chit funds
- Real estate (except construction development)
- Tobacco products

Govt. sector only

- Railway Operations
- Atomic Energy

• FIPB abolished – DIPP to refer applications to related Ministry through online Foreign Investment Facilitation Portal (FIFP)

Inbound Investments

Eligible Investors

- Person registered outside India
- Entity Incorporated Outside India

Regulated / Restricted Investors

- Person or entity of Pakistan / Bangladesh
 - prior Ministry of Home Affairs (MHA) and DIPP approval
- NRIs / Citizens of Nepal and Bhutan
 - investment in free foreign exchange through normal banking channels
- Non-resident / NRI / PIO investment on repatriation basis in capital of Sole Proprietorship / Partnership
 - RBI approval
 - Prohibited sectors : agricultural /plantation, real estate, print media

Inbound Investments

Equity Shares

- Fully paid shares for cash
- Pricing guidelines
 - Listed – As per SEBI guidelines
 - Unlisted - not less than fair value of shares - any internationally accepted pricing methodology
- Partly paid up shares
 - Pricing to be determined upfront
 - 25% (including share premium) to be received upfront
 - Balance to be received within 12 months
- DIPP approval required to capitalize imported capital goods (within 180 days of shipment) / machinery/ pre-operative/ pre-incorporation expenses

Buy back option on Equity shares/ CCPs /CCDs permitted

- Minimum lock-in period of one year or as applicable under FDI regulations;
- Exit - Without assured return on such buy back
 - listed company - At the prevailing market price at recognised stock exchanges;
 - Unlisted company - Price as per any internationally accepted pricing methodology on arm's length basis

Inbound Investments

Preference Shares / Debentures

- Fully and mandatorily convertible preference shares / debentures
 - Required to be fully paid-up
 - The price/ conversion formula to be determined upfront at the time of issue
 - Pricing not to be lower than fair market value determined at the time of issue
- Non-convertible/ optionally convertible/ partially convertible preference shares / debentures treated as ECB

ESOPs / Sweat Equity

- Issued to employees/directors of company/holding co/ joint venture/ WOS who are resident outside India
- Subject to sectoral cap
- Where employee is a citizen of Bangladesh/Pakistan – prior approval of Government
- Furnish Return as per Form - ESOP - to the RBI Regional Office within 30 days from the date of issue of ESOP

Inbound Investments

Convertible Notes

- Available only for "Startup Companies" as defined under Companies Act, 2013
 - ✓ Instrument to be treated as debt
 - ✓ to be re-paid or converted into equity shares within 5 years
 - ✓ Conversion pricing as per agreement between parties
- All Non-Resident entities/individuals (other than Pakistan or Bangladesh) eligible to purchase
- Min subscription is Rs.25 lakhs or more in a single tranche
- Startup cos engaged in sectors falling in approval route to obtain Govt approval for issuing CNs
- NRIs eligible to purchase CNs under Non-repatriation route

Inbound Investments

Transfer of Shares

Resident to Non-Resident

- General permission, except Sectors falling under approval route
- Stock market purchases NOT permissible under automatic route (except when such person is already in control)
- RBI approval required if transfer by way of gift
- Pricing norms – Minimum of Internationally accepted valuation methodology / SEBI guidelines for IPO/book-building, open offer, delisting, etc.

Non-Resident to Resident

- General permission
- Pricing norms – Maximum of Internationally accepted valuation methodology / price as per SEBI guidelines

NR to NR

- No approval required
- No pricing norms
- FC – TRS required to be filed if transfer from NRI to NR

Deferred Consideration

- Covers both R to NR and NR to R
- up to 25% of the transaction value
- paid in 18 months; or settled through an escrow account within 18 months; or indemnified by seller for 18 months from the date of transfer agreement
- Subject to pricing guidelines

Inbound Investments

Conversion of ECB, other entitlements

General Permission available for –

- Conversion of ECB into equity/ preference shares provided:
 - Post conversion Foreign equity is within sectoral caps
 - Pricing guidelines complied
 - Compliance with other statutes/ regulations
- Issue of shares against lump sum fee/ royalty subject to pricing guidelines and compliance with applicable tax laws

Govt Approval Route for Issue of shares against –

- Import of capital goods (excl second hand machinery)
- Pre-operative / pre incorporation expenses

Inbound Investments

Reporting requirements prior to April 5, 2018

Form	Details	Time limit
FC-GPR	<ul style="list-style-type: none"> Issue of any capital instrument in and Indian Company (equity, CCPS, CCD); to a person resident outside India 	30 days from date of issue of capital instruments
FC-TRS	<ul style="list-style-type: none"> Transfer of capital instruments in an Indian company between non-residents and residents / NRI 	60 days from transfer of capital instruments or receipt/remittance of funds whichever is earlier
CN	<ul style="list-style-type: none"> Issue or transfer of convertible notes 	30 days from date of issue or transfer
ESOP	<ul style="list-style-type: none"> An Indian company issuing ESOP to persons resident outside India ; Have to be its, JV, WOS or holding company employees / directors 	30 days from date of issue of employees' stock options
DRR	<ul style="list-style-type: none"> Issue or transfer of depository receipts (ADR/ GDR) 	30 days from date of issue or transfer
DI	<ul style="list-style-type: none"> Downstream investment (indirect foreign investment) in an Indian company or LLP 	30 days from date of making downstream investment
InVi	<ul style="list-style-type: none"> Investment by a person resident outside India in an Investment vehicle 	30 days from date of investment

Inbound Investments

Single Master Form Reporting

- The SMF would be filed online on the Foreign Investment Reporting and Management System (FIRMS) portal (firms.rbi.org.in)
- The reporting entity should register in the above portal and record the details of the entity in the Entity Master Form (EMF)
- Contents of EMF:
 - Corporate Identity Number
 - Name of company/ LLP
 - Date of incorporation
 - Permanent Account Number
 - Registration number provided by RBI in case the entity has received FDI previously
 - Address of registered office and contact details
 - Details of Business Activity with NIC Code (as per 2008 format)
 - Particulars of FDI and FPI received by the company (to be updated as and when there is change in the foreign investment received)
- Once the EMF is successful created, the reporting entity can comply with its reporting requirement

Inbound Investments

Single Master Form Reporting

- The reporting entity should select the appropriate form from a drop down list on the SMF workspace in the FIRMS portal in order to file the same online. The contents of each form are discussed in the subsequent slides.



Search Returns

Return Type*
---Select---
---Select---
Form FC-GPR
Form FC-TRS
Form LLP-I
Form LLP-II
Form ESOP
Form CN
Form DRR
Form DI
Form InVi

From Date

To Date

Return Reference Number:

Inbound Investments

FC-GPR Contents

▲ Particulars Of Issue/Allotment to Each Investor

Particulars of issue (Capital instrument as issued to that foreign investor)

Type Of Capital Instrument *	Number of Instruments *
<input type="text" value="-Select-"/>	<input type="text"/>
Conversion Ratio (Number of equity shares per CCPS/CCDs) *	Number of Equity Shares on fully diluted basis *
<input type="text"/> : <input type="text"/>	<input type="text"/>
Issue Price per instrument *	Amount Of Consideration *
<input type="text"/>	<input type="text"/>
Face Value *	Premium *
<input type="text"/>	<input type="text"/>

[+ Add Issue Particular](#)

Type Of Capital Instrument	Number of Instruments	Conversion Ratio(Applicable in case of CCPS/CCD/Share Warrants)	Number of Equity Shares on fully diluted basis	Face Value	Premium	Issue Price per instrument	Amount of Consideration	Edit/Update
No records found.								

ISSUE DETAILS

- Date of issue
- Nature of issue – preferential allotment or private placement or rights issue or bonus issue or subscription to MoA etc.
- Amount of issue
- Particulars of capital instruments – type of capital instruments issued, number, face value, premium, amount of consideration
- In respect of partly paid shares:
 - Total amount of consideration
 - Amount received in first tranche and date of receipt
 - Amount received in nth tranche and date of receipt
- Fair value of shares

Inbound Investments FC-GPR Contents

Number of investors *

Details of the foreign investor / collaborator (Details of foreign residence to be given. Indian address if any should not be given)

[+ Add Investor](#)

▲ General Details

General Details of Investor(s)

Name *

Address *

Town/City

State

Pincode / Zipcode

Country Of Residence *

Constitution / Nature of the investing Entity *

DETAILS OF FOREIGN INVESTORS

- Name, address, country and constitution of the investing entity
- Percentage shareholding on a fully diluted basis
- Name and address of AD banker through whom the inflow is received

Inbound Investments

FC-TRS Contents

FCTRS Form

Common Details | **Particulars of Transfer** | Share Holding Pattern

Type Of Capital Instrument *

Number of Instruments *

Number of equity shares on Fully diluted basis *

Face Value *

Total Amount Consideration *

Conversion Ratio *

 :

Transfer Price Per Instrument *

Type	Number of Instruments	Face Value	Number of equity shares on Fully diluted basis	Transfer Price Per Instrument	Total Amount Consideration
No records found.					

Fair value of the capital instrument at the time of transfer (INR)

Transfer Agreement / Valuation Certificate

- Date of transfer
- Nature of transfer – offer for sale in an IPO, swap of capital instruments, sale on a stock exchange, buyback
- Amount of issue
- Type of transfer:
 - outflow: non-resident to resident
 - inflow: resident to non-resident
- Name, address, country, residential status and constitution of buyer/ seller
- Particulars of transfer – type of capital instruments transferred, number, face value, transfer price, amount of consideration
- Mode of payment:
 - Payment of full consideration, or
 - Payment on deferred basis, or
 - Escrow arrangement
 - Indemnity arrangement
- Fair value of shares

Inbound Investments

Form CN Contents

- Transaction type:
 - Issue
 - Transfer
- Details of issue:
 - Date of issue
 - Total amount of inflow
 - Number of foreign investors
- Name, address, country, and constitution of the investing entity
- Name and address of the AD banker through whom the inflow is received
- Date of remittance
- Mode of payment:
 - Remittance through banking channels, or
 - NRE/ FCNR account
 - Others (please specify)
- Repayment details:
 - Whether amount is being repaid to the original foreign investor (Yes/ No)
 - Name, address, country and constitution of the foreign investor to whom the amount is repaid
 - Date of repayment
 - Amount repaid
- Particulars of conversion
 - Date of conversion
 - Amount converted
- Details of transfer of convertible notes
 - Date of transfer
 - Type of transfer:
 - ✓ outflow: non-resident to resident
 - ✓ inflow: resident to non-resident
- Name, address, country, residential status and constitution of buyer/ seller
- Name and address of AD banker facilitating the transfer

Inbound Investments

Form DRR Contents

- Name and address of the Domestic Custodian
- Name and address of the Global Custodian
- Issue details:
 - Date of issue
 - Country
 - Number of DRs issued
 - Underlying securities – equity shares/ CCDs/ CCPS/ share warrants/ debt/ units
 - Conversion ratio
 - Amount raised
 - Issue expenses
 - Amount repatriated in India
 - Amount kept abroad
- Details of sponsor including name and address
- Whether DR is listed/ traded on an international exchange (Yes/ No). If yes:
 - Name of stock exchange
 - Date of commencement of trading

Form ESOP Contents

- Particulars of issue:
 - Date of issue
 - Number of ESOPs issued
 - Maturity date
 - Pre-determined issue price
- Relevant extracts of scheme under which the ESOPs are issued – as attachment

Form DI Contents

- Investor type: Company/ LLP/ Investment vehicle
- Amount (in Rupees) of investment
- Types of instruments: shares/ CCDs/ CCPS/ warrants/ partly paid up shares
- Number of shares on a fully diluted basis
- Fair Value of share

Inbound Investments

Form InVi Contents

- Name of the investment vehicle
- Type of investment vehicle:
 - Real estate investment trust
 - Infrastructure investment trust
 - Alternate investment funds – category I
 - Alternate investment funds – category II
 - Alternate investment funds – category III
 - Others – please specify
- Investor name and country
- Investor type: individual, company, FPI, NRI, FVCI, other (please specify)
- Date of remittance
- Amount of remittance
- Date of issue of units
- Number of units allotted
- Shareholding pattern – pre-transaction and post transaction

Inbound Investments

FDI in LLPs

100% FDI allowed subject to following conditions :

- Sectors currently eligible for 100% FDI under automatic route
- Sectors with FDI Linked performance conditions (NBFCs/ Construction Development Projects etc.), agricultural/ plantation activity, print media, real estate business not permitted
- Indian LLPs engaged in sectors with 100% FDI under automatic route permitted to make downstream investment (w.e.f 3rd March 2017)
- Indian Company with 100% FDI under automatic route permitted to convert into LLP (w.e.f 3rd March 2017)
- FII/ FVCI/QFI/ a citizen/entity of Pakistan & Bangladesh not eligible to invest
- LLPs with FDI not permitted to raise ECB

Inbound Investments

FDI in LLPs – RBI notification on operational guidelines

- Reinvestment of earnings permitted
- Investment subject to pricing guidelines- internationally accepted/adopted as per market practice valuation norm
- All LLPs having fresh FDIs in a FY to file return in Form FLA with RBI on or before 15th July every year

Form	Details	Time limit
LLP-I	FDI in LLP through capital contribution and profit shares	30 days from the date of receipt of the amount of consideration
LLP-II	The disinvestment/transfer of capital contribution or profit share between a resident and a non-resident	60 days from the date of receipt of funds

Inbound Investments

Form LLP-I Contents

LLP-I Form

Common Details
Share Holding Pattern

General details

Name * Address *

Constitution/Nature * Person Resident outside India other than NRI/OCI

Remittance Details

Name of the AD Bank through whom the remittance is received * Address *

PIN Code State *

Mode of payment: *

Remittance through banking channel Debit to NRE/FCNR Others(Please Specify)

Whether the change in the shareholding pattern due to this transaction being reported has already been accounted in the pre transaction shareholding pattern: *

NO YES

Remittance Date	Amount remitted (in Rupees) *	Value of capital contribution *
<input type="text" value="26/06/2018"/> <input type="button" value="📅"/>	<input type="text" value="100"/>	<input type="text" value="1000"/>
Paid Up Capital	Total Value of capital contribution for all investors *	Fair Value *
<input type="text" value="100"/>	<input type="text" value="1000.000"/>	<input type="text" value="100"/>

Remarks

- Name, address, country, residential status and constitution of the investing entity
- Name and address of AD banker through whom inflow is received
- Mode of payment:
 - Remittance through banking channels, or
 - NRE/ FCNR

Inbound Investments

Form LLP-II Contents

LLP-II Form

Transfer Details
Buyer/Seller Details
Particulars of Transfer
Share Holding Pattern

Transfer Details

Whether the change in the shareholding pattern due to this transaction being reported has already been accounted in the pre-transaction shareholding pattern: *

NO YES

Value of Capital contribution in Rs * Fair price in Rs *

Remittance Details

Name of the AD Bank * Address *

Mode of payment: *

Remittance through banking channel NRE/FCNR/Esrow A/c Others (please specify)

Remittance Date Amount remitted (in Rs) *

NRE Remittance Date NRE Amount remitted (in Rs) *

Other Mode of Payment * Other Remittance Date

Transfer Details
Buyer/Seller Details
Particulars of Transfer
Share Holding Pattern

- Date of transfer
- Date of receipt of remittance
- Type of transfer of capital contribution/ profit shares:
 - outflow: non-resident to resident
 - inflow: resident to non-resident
- Name, address, country, residential status and constitution of buyer/ seller
- Transaction details:
 - Date of transaction
 - % of capital contribution/ profit shares transferred
 - Fair value
 - Negotiated price
 - Amount of consideration
- Mode of payment:
 - Remittance through banking channels, or
 - NRE/ FCNR account

Particulars	Pre-Transaction	Post-Transaction
Value of equity shares (on fully diluted basis) other than Foreign Portfolio Investment and indirect foreign investment or Value of Capital contribution/profit shares	14000	
Foreign Portfolio Investment	0	
Indirect foreign investment- Value of equity shares (on fully diluted basis)	0	
Total	14000.00	
Percentage	14.00	

Inbound Investments

Annual Return on Foreign Liabilities and Assets (FLA return)

Investment in India under Foreign Direct Investment (FDI) scheme (10% or more Equity Participation)

[Please furnish here the outstanding investments made under the FDI Scheme in India by Non-resident Direct investors, who were individually holding 10 per cent or more ordinary/equity & preference shares of your company on the reference date]

Name of non – resident company/ Individual	Type of Capital	Country of non – resident investor	Equity & Participating Preference Share Capital holding as per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
				Previous March	Latest March
	1.0 Equity Capital (= 1.1 - 1.2)				
	1.1 Liabilities to Direct Investor				
	1.2 Claims on Direct Investor (Reverse investment)				
	2.0 Other Capital (= 2.1-2.2) #				
	2.1 Liabilities to Direct Investor				
	2.2 Claims on Direct Investor				

- Due date : 15th July
- FLA is required to be submitted directly by all Indian companies which have received FDI and/or made overseas investments in the previous year(s) including the current year
- If the company's accounts are not audited before the due date of submission, i.e. July 15, then the FLA should be submitted based on unaudited (provisional) account. Once the accounts gets audited the company should submit revised FLA return based on audited accounts before 30th September

Annual Return on Foreign Liabilities and Assets (FLA return)

Investment in India under Foreign Direct Investment (FDI) scheme (Less than 10% Equity Holding)

[Please furnish here the outstanding investments made under the FDI Scheme in India by Non-resident Direct investors, who were individually holding less than 10 per cent ordinary/equity and participating preference shares of your company on the reference date].

Country-wise consolidated information should be provided below:

Type of Capital	Country of non – resident investor	Equity & Participating Preference Share Capital holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
			Previous March	Latest March
1.0 Equity Capital (= 1.1 - 1.2)				
1.1 Liabilities to Direct Investor				
1.2 Claims on Direct Investor (Reverse investment)				
2.0 Other Capital (= 2.1-2.2) #				
2.1 Liabilities to Direct Investor				
2.2 Claims on Direct Investor				

Block 2C: Portfolio Investment in India

Please furnish here the outstanding investments by non-resident investors, other than those made under Foreign Direct Investment Scheme in India (i.e. other than those reported in Block-2A & Block-2B).

Portfolio Investment	Equity & Participating Preference Share Capital holding per cent as at the end of latest year %	Amount in Rs lakh as at the end of	
		Previous March	Latest March
1.0 Equity Securities (at Market Value)			
2.0 Debt Securities (= 2.1+2.2)			
2.1 Money Market Instruments (Original Maturity up to 1 year)			
2.2 Bonds and Other instruments (original maturity more than 1 year)			

Block-4A: Direct Investment Abroad (10% or more equity holding)

Please furnish here the **market value** of outstanding investments in DIE, made by your company under the ODI Scheme, in each of which your company hold 10% or more equity shares on the reference date.

Name of the non – resident Direct Investment Enterprise (DIE)	Type of Capital	Country of non-resident DIE	Equity holding as at the end of latest year (%)	Amount in Rs lakh as at the end of	
				Previous March	Latest March
	1.0 Equity Capital (=1.1-1.2)				
	1.1 Claims on Direct Investment Enterprise				
	1.2 Liabilities to Direct Investment Enterprise (Reverse Investment)				
	2.0 Other Capital (=2.1-2.2) #				
	2.1 Claims of Direct Investment Enterprise				
	2.2 Liabilities to Direct Investment Enterprise				

- The FLA return is excel based. The Excel form should be sent through the official email id of an authorized person (CFO, Director, Company Secretary etc.) to RBI with cc to AD banker
- Acknowledgement of RBI will be sent to both email ids (sender and that mentioned in Contact Details)

Inbound Investments

Annual Return on Foreign Liabilities and Assets (FLA return)

Block-4B: Direct Investment Abroad (Less than 10% equity holding)

Please furnish here the **market value** of outstanding investments in DIE, made by your company under the ODI Scheme, in each of which your company hold less than 10 % equity shares on the reference date.

Type of Capital	Country of non-resident DIE	Equity holding as at the end of latest year (%)	Amount in Rs lakh as at the end of	
			Previous March	Latest March
1.0 Equity Capital (=1.1-1.2)				
1.1 Claims on Direct Investment Enterprise				
1.2 Liabilities to Direct Investment Enterprise (Reverse investment)				
2.0 Other Capital (=2.1-2.2) #				
2.1 Claims on Direct Investment Enterprise				
2.2 Liabilities to Direct Investment Enterprise				

Block-5: Portfolio Investment Abroad

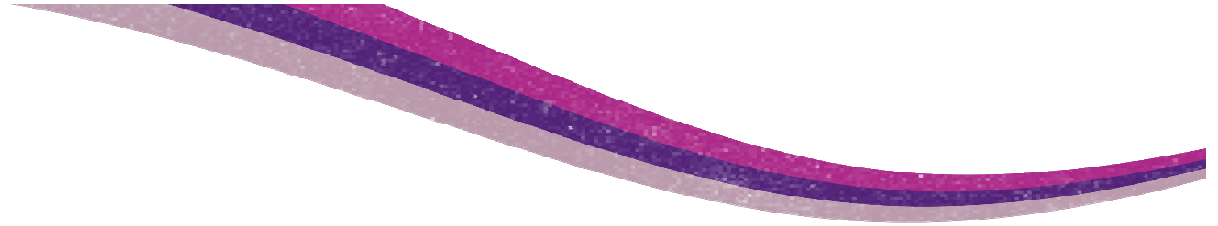
Please furnish here the **market value** of outstanding investments in non-resident enterprises, **other than those made under ODI scheme reported in Block-4.**

Portfolio Investment	Country of non-resident enterprise	Amount in Rs lakh as at the end of	
		Previous March	Latest March
1.0 Equity Securities (at Market Value)			
2.0 Debt Securities (=2.1+2.2)			
2.1 Money Market Instruments (original maturity upto 1 year)			
2.2 Bonds and Other instruments (original maturity more than 1 year)			

Block 6: Other Investment (i.e., position with foreign unrelated parties)

This is a residual category that includes all financial outstanding liability and claims not considered as direct investment or portfolio investment.

Other Investment	Outstanding liabilities with foreign unrelated party		Outstanding claims on foreign unrelated party	
	Amount in Rs lakh as at the end of			
	Previous March	Latest March	Previous March	Latest March
6.1 Trade Credit				
6.2 Loans				
6.3 Currency & Deposits				
6.4 Other receivable and payable accounts				



EXTERNAL COMMERCIAL BORROWINGS

Inbound Investments - ECB

Overview

- Accessibility under two routes - automatic and approval;

ECB	Track I	Track II	Track III
Term Type	Medium	long	Medium
Denomination	Foreign Currency		Indian Rupee
Min Average Maturity	3 - 5 years	10 years	3 – 5 years

- In a FY, can be raised under automatic route upto -
 - USD 750 million - Infrastructure and manufacturing sectors, NBFC-IFCs, NBFC-AFCs, Holding Companies and Core Investment Companies;
 - USD 200 million - Software development sector;
 - USD 100 million - Micro finance activities
 - USD 500 million - Remaining entities
- Debt Equity ratio (DE) norms for ECB/ FCCB more than USD 5 million if automatic route : 4:1; If approval route : upto 7:1

Inbound Investments - ECB

Eligible Borrowers

Track I	Track II	Track III
<ul style="list-style-type: none"> • Companies in manufacturing and software development sectors • Shipping and airlines companies • Small Industries Development Bank of India (SIDBI) • Units in Special Economic Zones • Exim Bank (only under the approval route) • Companies in infrastructure sector, NBFC-IFCs, NBFC-AFCs, Holding Companies and Core Investment Companies (CICs) 	<ul style="list-style-type: none"> • All entities listed under Track I • Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) as per SEBI framework 	<ul style="list-style-type: none"> • All entities listed under Track I & Track II • NBFCs under RBI framework • NBFCs-MFIs, Not for Profit companies, Societies, trusts and cooperatives, NGOs which are engaged in micro finance activities • Companies engaged in miscellaneous services - R&D, training (other than educational institutes), companies supporting infrastructure, companies providing logistics services • Developers of SEZs, National Manufacturing and Investment Zones (NMIZs)

Inbound Investments - ECB

Maturity period and Interest cap

Particulars	Track I	Track II	Track III
Maturity Period	<ul style="list-style-type: none"> • ≤ USD 50 million (earlier USD 20 million): 3 years • > USD 50 million: 5 years • 5 years for eligible borrowers* irrespective of the amount of borrowing • 5 years for FCCBs/ FCEBs irrespective of the amount of borrowing 	10 years - irrespective of amount	Exactly as Track I
Interest rate Cap (Average Maturity)	<ul style="list-style-type: none"> • 3 - 5 years: 300 bps + 6 month LIBOR • > 5 years: 450 bps + 6 month LIBOR 	<ul style="list-style-type: none"> • Max spread of 500 bps p.a (over applicable benchmark) 	As per market conditions

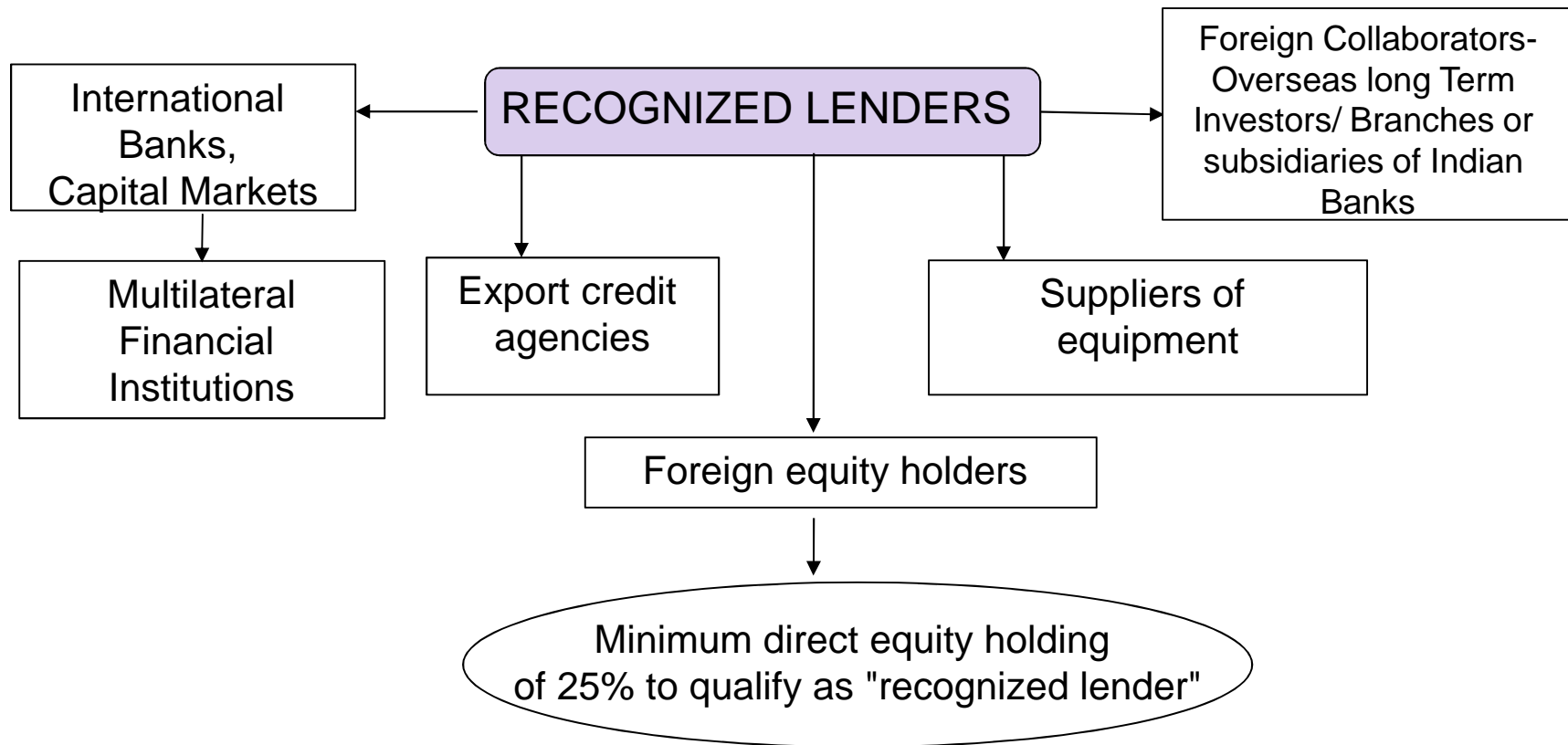
* Infrastructure and manufacturing sectors, NBFC-IFCs, NBFC-AFCs, Holding Companies and Core Investment Companies

Inbound Investments - ECB

Permitted End Use

Track I	Track II	Track III
<p>Under Automatic Route:</p> <ul style="list-style-type: none"> • Capital Expenditure or for general corporate purpose • SIDBI - on-lending to the borrowers in the Micro, Small and Medium Enterprises, • Units of SEZs - only for their own requirements • Shipping and airlines companies - only for import of vessels and aircrafts respectively • NBFC-IFCs and NBFCs-AFCs - only for financing infrastructure • Holding Companies and CICs - only for on-lending to infrastructure Special Purpose Vehicles (SPVs). <p>Under Approval route:</p> <ul style="list-style-type: none"> • Import of second hand goods as per DGFT) guidelines & On-lending by EXIM Bank 	<p>Can be used for all purpose excluding:</p> <ul style="list-style-type: none"> • Real estate activities; • Investing in capital market; • Using the proceeds for equity investment domestically; • On-lending to other entities with any of the above objectives • Purchase of land 	<ul style="list-style-type: none"> • For NBFCs : <ul style="list-style-type: none"> • On-lending to infrastructure Sector; • Providing capital goods/ equipment to domestic entities by way of lease / hire purchase; • Developers of SEZs/ NMIZs- only for providing infrastructure facilities within SEZ/ NMIZ • Micro finance sector: on lending to self-help groups or for micro credit or for bonafide micro finance activity including capacity building • Other eligible entities - Can be used for all purpose excluding Same as in TRACK II

Recognized Lenders



Inbound Investments - ECB

Rupee Denominated Bonds

- Rupee denominated bonds can be issued by Indian entities in foreign markets;
- Requires prior approval of RBI
- Interest and principal made in Rupees (attractive for foreign investors due to higher interest arbitrage);
- Guidelines on masala bonds designed within the overarching principles of ECB
- Eligible borrowers, Cap amount per annum and end-use restrictions based on ECB guidelines
- Other points:
 - ✓ Min Org Maturity – upto USD 50 million - 3 yrs; >USD 50 million – 5 yrs
 - ✓ All in cost ceiling - 300 basis points above Govt securities rates

Related Party (as per IND-AS 24) cannot subscribe/ invest/ purchase these bonds

Inbound Investments - ECB

Startups (separate window)

- Entity should be recognized by Central Government as "start up"
- Maturity: Min Avg maturity 3 years
- Permissible limit: Borrowings upto USD 3 million per FY either in INR or convertible foreign currency or combination of both
- No end use restrictions
- All-in-cost: As per agreed terms between Borrower and Lender
- Conversion into Equity: freely permitted subject to FDI sectoral guidelines
- Security: Choice left to borrowing entity
- Other restrictions: Recognized Lenders must be a FATF member. Overseas branches of Indian Banks not permitted as recognized lenders

Inbound Investments - ECB

Application for approval route : Form ECB 1

PART-A- GENERAL INFORMATION ABOUT THE BORROWER

1. Name of the applicant
(BLOCK LETTERS)
Address

2. Status of the applicant
i) Private Sector
ii) Public Sector

(b) Nature of ECB [Please put (x) in the appropriate box]

- (i) Suppliers' Credit
- (ii) Buyers' Credit
- (iii) Syndicated Loan
- (iv) Export Credit
- (v) Loan from foreign collaborator/equity holder (with details of amount, percentage equity holding in the paid-up equity capital of the borrower company)
- (vi) Floating Rate Notes
- (vii) Fixed Rate Bonds
- (viii) Line of Credit
- (ix) Commercial Bank Loan
- (x) Others (please specify)

(c) Terms and conditions of the ECB

- (i) Rate of interest :
- (ii) Up-front fee :
- (iii) Management fee :
- (iv) Other charges, if any (Please specify) :
- (v) All-in-cost :
- (vi) Commitment fee :
- (vii) Rate of penal interest :
- (viii) Period of ECB :
- (ix) Details of call/put option, if any. :
- (x) Grace / moratorium period :
- (xi) Repayment terms (half yearly/annually/bullet) :
- (xii) Average maturity :

2. Details of the lender

Name and address of the lender/supplier

3. Nature of security to be provided, if any.

Inbound Investments - ECB

Application for approval route : Form ECB 1

PART C – INFORMATION ABOUT DRAW DOWN AND REPAYMENTS

Proposed Schedule								
Draw-down			Repayment of Principal			Interest Payment		
Month	Year	Amount	Month	Year	Amount	Month	Year	Amount

PART D – ADDITIONAL INFORMATION

1. Information about the project

- i) Name & location of the project :
- ii) Total cost of the project : Rs. USD
- iii) Total ECB as a % of project cost :
- iv) Nature of the project :
- v) Whether Appraised by financial institution/bank :
- vi) Infrastructure Sector :
- a) Power
 - b) Telecommunication
 - c) Railways
 - d) Roads including bridges
 - e) Ports
 - f) Industrial parks
 - g) Urban infrastructure - Water supply, Sanitation and sewerage.

PART E – CERTIFICATIONS

1. By the applicant

We hereby certify that -

- (i) the particulars given above are true and correct to the best of our knowledge and belief.
- (ii) the ECB to be raised will be utilised for permitted purposes

Place _____

Date _____ Stamp

(Signature of Authorised Official of the applicant)

Name: _____

Designation _____

Phone No. _____

Fax _____

E-mail _____

2. By the authorised dealer –

We hereby certify that –

- (i) the applicant is our customer.
- (ii) we have scrutinised the application and the original letter of offer from the lender/supplier and documents relating to proposed borrowing and found the same to be in order.

(Signature of Authorised Official)

Inbound Investments - ECB

ECB – Initial Reporting – Form 83

Agreement Details (To be filled by borrowers of External Commercial Borrowings)													
ECB under (Tick one) >>		Approval Route			Automatic Route								
In case of Approval Route													
No. and Date of RBI-FED approval: <i>(attach copy of approval letter)</i>													
Loan Key Number (allotted by RBI)													
Earlier Loan Registration No. <i>(Applicable only for Revised Form-83)</i>													

Part C: Loan Details													
Loan Agreement Date (YYYY/MM/DD)													
Effective Date of the Loan													
Last Date of Disbursement													
Maturity Date (Last payment date)													
Grace Period (if in agreement)		Years				Months							
Currency Name						Currency Code (SWIFT)							
1.													
2.													
3.													
Amount (in Foreign Currency)													
1.													
2.													
3.													
Equivalent Amount (in US Dollars) <i>(as on date of this form)</i>													
Proposed Bifurcation of the amount <i>(in loan currency)</i>		Foreign Currency Expenditure				Rupee Expenditure							
Hedging details (Tick one)		Currency Swap		Interest Rate Swap		Others		Unhedged					
In case options are provided in the loan agreement (tick in the appropriate box)													
Call Option		___ per cent of Debt		Can be executed after date									
Put Option		___ per cent of Debt		Can be executed after date									
Name and address of the Guarantor (in Block letters)													
Contact Official's Name:													
Designation :													
Phone No.: Fax No.: E-mail id:													
Guarantee Status Code (as per Box 1):													
Borrowing Purpose Code (as per Box 2): <i>(In case of multiple purpose, give break up of amount to be utilised under each purpose as Annex)</i>													
Project Details:													

Type of ECB (Tick in appropriate box)													
1. Buyers' Credit				2. Commercial Loan / Syndicated Loan <i>(attach sheet for percentage distribution among lenders)</i>									
3. Suppliers' Credit				4. Export Credit from Bilateral Sources									
5. Line of Credit				6. Securitised Instruments (Bonds, CP, FRN, etc.)									
7. Financial Lease				8. FCCB, FCEB, Non-Convertible Preference Shares, Optionally Convertible Preference Shares, Partially Convertible Preference Shares									
9. Refinancing of old ECBs		LRN of the old ECB:		Approval No.		Date of Approval:							
		Amount refinanced:		Reason:									
10. Others (Specify)													
Interest Payment Schedule													
First Payment Date										No. of payments per year			
Fixed Rate													
Floating Rate		Base with currency		Margin		Cap Rate		Floor Rate					
Drawdown Schedule													
Tranche No.		Date* (YYYY-MM-DD)		Currency		Amount		If more than one equal installment#					
								Total No. of draws		No. of draws in a calendar year			
* 1. In case of import of goods or services, date of import is to be furnished against date of drawdown. 2. In case of financial lease, date of acquisition (import) of the goods is to be mentioned as date of drawdown. 3. In case securitised instruments, date of issue has to be shown as date of drawdown. 4. In case of more than one equal drawdown transactions are shown in a row, the first date of transaction should be mentioned. # If drawdown is in unequal installments, details should be given in Annex.													
Principal Repayment Schedule													
Date (YYYY-MM-DD)		Currency		Amount		If more than one equal installments #							
						Total No. of payments		No. of payments in a calendar year					
# If repayment is in unequal instalments, details should be given in Annex.													

Non Resident – Acquisition of Immovable property

Form IPI

1		Full name and address of the acquirer who has acquired the immovable property		
2	(a)	Description of immovable property	(a)	
	(b)	Details of its exact location stating the name of the state, town and municipal/survey number, etc	(b)	
3	(a)	Purpose for which the immovable property has been acquired	(a)	
	(b)	Number and date of Reserve Bank's permission , if any	(b)	
4		Date of acquisition of the immovable property		
5	(a)	How the immovable property was acquired i.e. whether by way of purchase or lease	(a)	
	(b)	Name , citizenship and address of the seller/lessor	(b)	
	(c)	Amount of purchase price and sources of funds	(c)	

- A resident outside India who has established a branch in India may acquire immovable property in India
- Non-resident should file a declaration in India in respect of the immovable property acquired in duplicate to the Foreign Exchange Department – Foreign Investment Division

I/ We hereby declare that-

(a) the particulars given above are true and correct to the best of my/our knowledge and belief;

(b) no portion of the said property has been leased /rented to, or is otherwise being allowed to be used by, any other party.

Encls:

Stamp

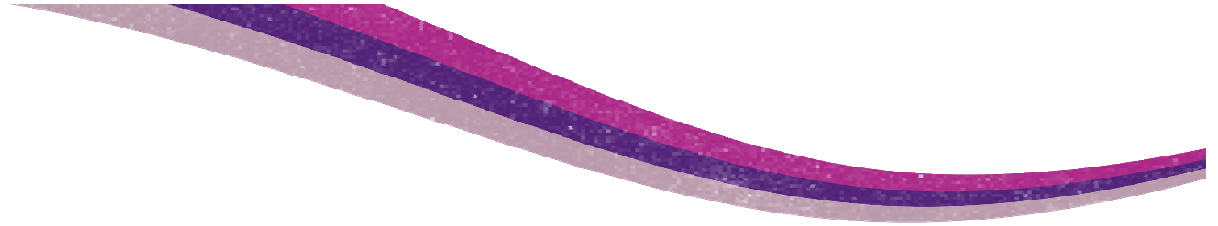
(Signature of Authorised official)

Place: -----

Date:-----

Name:-----

Designation:-----



OUTBOUND INVESTMENTS

Index

Outbound Investments

- ODI Policy Legal Framework
- Compliances for ODI

Liberalized Remittance Scheme

- Overview
- Permissible and impermissible activities under LRS
- Compliances for LRS

Outbound Investments

What is ODI

Regulation 2(e) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000, defines

Direct Investment outside India as

- Investment by way of contribution to the capital (equity + CCPS) or subscription to the Memorandum of Association of a foreign entity,
- or
- by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchange,
 - but does not include portfolio investment

ODI Overview

Automatic Route

- No prior approval of Reserve Bank of India
- Eligible entities:
 - Company
 - Body created under an Act of Parliament
 - Registered partnership firm
 - Limited Liability Partnership (LLP)
- Fulfillment of specific conditions

Approval Route

- Investment by all other entities
 - Proprietorship, Unregistered partnership firm, Trust, Society
- Investment in certain sectors
 - Real estate business
 - Banking business

Outbound Investments

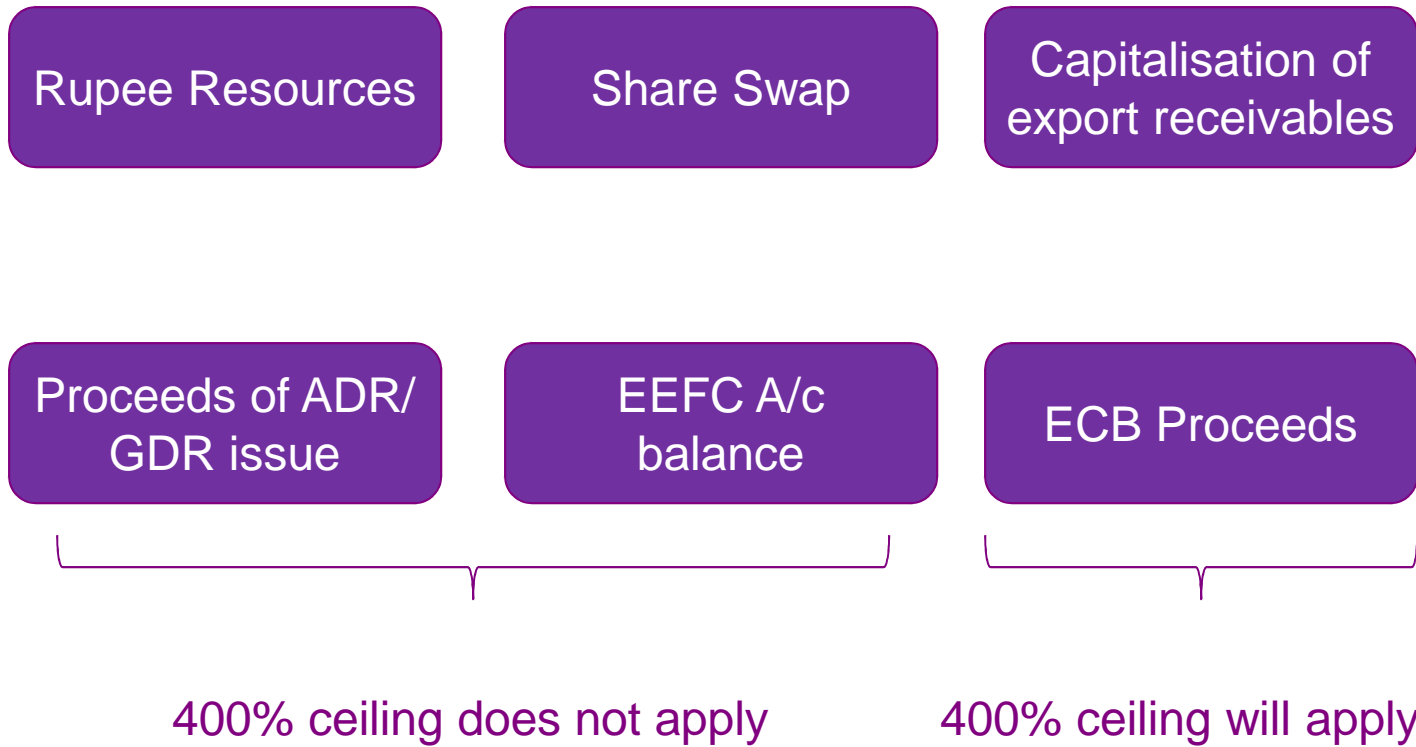
Automatic Route for ODI

- Automatic approval for “Financial Commitment” upto 400% of Net Worth as on date of last audited Balance Sheet
- Computation of 400% to include:
 - Contribution to capital
 - Loans
 - 100% guarantees issued to or on behalf of F Co (50% for performance guarantees)
- Investment to be in bona fide business activity (no ODI in real estate and banking)
- Investee company not on RBI’s caution list/list of defaulters to the banking system or under investigation by any investigation/enforcement agency or regulatory body
- Investor company has submitted up to date returns (APR) for all its existing ODI’s

Investment through SPV also permitted

Outbound Investments

Permissible of Sources of Funding



Valuation Norms

Valuation Norms:

- Investment > USD 5 mn : Category I Merchant Banker / registered investment banker from foreign country
- All other cases - Any CA / CPA
- In case of share swap : Category I Merchant Banker / registered investment banker from foreign country

Outbound Investments

Procedure for Investment

Automatic Route

- Submit Form ODI online through the AD (amended Form vide AP DIR 62 dt Apr 13, 2016). No direct access to corporates
- Online filing done by AD

Approval Route

- Submit application in Form ODI with the RBI through AD

Information / Documents Required

- Past 3 year financial particulars
- JV partner information
- Statutory auditor certificate
- Valuation certificate
- Copy of board resolution

RBI allots a Unique Identification No. for each JV/ WOS

Outbound Investments

Contents of Form ODI

Section A: Details of Indian Party (IP) / Resident Individual (RI)				
I.	Code of Reporting AD bank			
II.	Investment under	Automatic Route	Approval Route	
III.	Particulars of the IP / RI			
	i. Name of IP/ RI			
	ii. PAN Number			
	iii. Group to which the IP belongs			
	iv. Activity code of IP		(1987 NIC code at 3-digit level)	
	v. Address of IP/ RI			
	vi. City			
	vii. State			
	viii. Pin			
	ix. Networth in INR		As on date	
	x. Contact Person			
	xi. Designation of the contact person			
	xii. Telephone Number			
	xiii. Mobile Number			
	xiv. Fax			
	xv. E-mail ID			
IV.	Status of IP/ RI: (Please tick appropriate category):			
	i. Public Ltd. Company		vi. Unregistered Partnership	
	ii. Private Ltd. Company		vii. Proprietorship	
	iii. Public Sector Undertaking		viii. Trust	
	iv. Individual		ix. Society	
	v. Registered Partnership		x. Others (please specify)	
V.	Financial particulars of the IP for the last 3 years (If the IP is engaged in the financial sector or falls under the category of Proprietorship, Unregistered Partnership)			
	i. Particulars (Actual Amt. in Rs.)	Year 1 [31-3-]	Year 2 [31-3 -]	Year 3 [31-3-]
	ii. Foreign exchange earnings (excluding equity exports to JV/WOS)			
	iii. Net profit			
	iv. Paid-up Capital			
	v. Net worth of (a) Indian Party (b) Group Company@			
	@ to be furnished in terms of explanation to Regulation 6 (3) of Notification No. FEMA 120/ RB-2004 dated July 7, 2004 as amended			
VI.	Particulars of existing JV and WOS already in operation or under implementation, of the IP/ RI: (Attach separate sheet if required)			
	Name of IP / RI	Unique Identification Number (UIN) allotted by Reserve Bank	Name of the designated AD bank	
i.				

- Form ODI comprises of three parts
- Contents of **Part I** of Form ODI are as under:
 - Section A – Details of the Indian Party/ Resident Individual
 - ✓ name, address, contact details, PAN, constitution
 - ✓ financial particulars for last 3 years including foreign currency earnings, net profit, paid up capital, net worth
 - ✓ name of the designated AD banker

Outbound Investments

Contents of Form ODI

Section B: Capital Structure and other details of the JV / WOS / Step Down Subsidiary (SDS)				
Code of Reporting AD bank				
Indicate 13 digit Unique Identification Number issued by the Reserve Bank (if applicable)				
VI Particulars of JV/WOS				
i. Name of JV/WOS:				
ii. Address of JV/WOS:				
iii. Name of the country				
iv. e-mail id of the JV/ WOS				
v. Accounting year followed by the JV/WOS				
vi. Activity code of the JV/WOS as per NIC 1987				
vii. Estimated cost/ Fair Value of overseas acquisition				
viii. Financial commitment w.r.t above JV/WOS		Equity	Loan	Guarantee
xi. Financial Commitment w.r.t. all JV/ WOS				
VII Whether JV/WOS is SPV (Y/N)? <input type="checkbox"/> If Y, Please furnish the details				
i. Purpose of SPV				
ii. Full value of the overseas acquisition				
iii. Direct / Indirect infusion by SPV				
iv. Funds raised overseas with guarantee/ counter guarantee issued by the IP				
v. Funds raised overseas without guarantee/ counter guarantee of the IP				
vi. Funds contributed in the form of equity/ preference equity/ shareholder's loans by foreign investors				
vii. Securitisation				
viii. Any other mode (please specify)				
ix. Total				
VIII Proposed/ Updated Capital Structure:				
i.	Indian Party (ies)/ RI	% stake	ii. Foreign partner(s)	% stake
(1)			(1)	
(2)			(2)	
(3)			(3)	
IX Furnish the details of investment/ disinvestment of Step down subsidiary (SDS) of JV/ WOS in the prescribed format (attach separate sheet if the number of SDS is more than one)				
i. Name, Level and Country of SDS				
ii. Name, Level and Country of parent SDS				
iii. Name of the Parent of the SDS				
iv. Investment type:		WOS	JV	
v. Type of Step Down Subsidiary		SPV	Operating	Operating Cum SPV
vi. Activity code as per NIC 1987				
vii. Investment Amount and Date of investment (if any):				
viii. % stake held by the parent in the SDS				

- Section B – Capital structure and other details of JV/ WOS/ SDS
 - ✓ name, address, contact details
 - ✓ activity code as per NIC
 - ✓ estimated cost/ fair value of acquisition
 - ✓ financial commitment w.r.t the JV/ WOS in terms equity, loan and guarantee
 - ✓ whether JV/ WOS is a SPV?
 - ✓ proposed/ updated capital structure of the Indian party/ Resident Individual
 - ✓ details of investment/ disinvestment in a SDS

Outbound Investments

Contents of Form ODI

Section C: Details of Transaction/ Remittance/ Financial Commitment of Indian Party/ Resident Individual															
Code of Reporting AD bank															
Indicate 13 digit Unique Identification Number issued by Reserve Bank (if applicable)															
<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>															
X	Name of the IP/ RI														
XI	Purpose of investment (Please tick appropriate category) (It can be either [a], [b] [c] or [d])														
[a]	Purpose of investment in New Project @														
[b]	Purpose of Supplementary Investment in existing project @														
i.	Participation in JV														
ii.	Contribution in WOS														
iii.	Full acquisition of the foreign concern														
iv.	Partial acquisition of a foreign concern														
v.	Investment in unincorporated entity														
vi.	Others														
[c]	Conversion of loan into equity and vice versa \$														
[d]	Rollover/ change in amount and date of a guarantee already reported to Reserve Bank \$\$														
XII	Details of Current Remittances/ Transaction Effected (Select a suitable method of investment and give the other details as mentioned in "Note" and the table below):														
i.	Method of Investment														
ii.	Category of Investment														
iii.	Other Details \$, \$\$														
iv.	Amount of Remittance / other financial commitment. **														

- Section C – Transaction details/ Financial commitments
 - ✓ purpose of investment in new project
 - ✓ purpose of supplemental investment in existing project
 - ✓ conversion of loan in equity and vice versa
 - ✓ rollover/ change in amount and date of guarantee
 - ✓ amount of remittance / other financial commitment
 - ✓ confirmation by the AD banker that the remittance is by the extant regulations either under the automatic route or approval route

Outbound Investments

Contents of Form ODI

Section D : Declaration by the Indian Party / Resident Individual			
(a) Whether the Indian Party / Resident Individual, are under investigation/s by any investigative/enforcement agency or regulatory body. If yes, the brief details thereof, including present stage of investigation/ adjudication / manner of disposal of the case.			
(b) Whether the promoter Indian Party (ies) is (are) presently on Exporters' Caution List of the Reserve Bank for non-realization of export proceeds or on the list of defaulters to the Banking System circulated by Reserve Bank. If so, status of the Indian Party (ies):			
(c) Any other information relevant to this proposal, including any special benefits / incentives available in the host country for setting up / acquiring the proposed concern.			
(d) Wherever applicable, the Share Certificate and Annual Performance Report as required in terms of Regulation 15 (i) and 15(iii) of the Notification No. FEMA 120 / RB - 2004 dated July 07, 2004, as amended from time to time, in respect of all the existing JV / WOS of the Indian Party has been submitted.			
(e) All the receivables have been repatriated as required in terms of Regulation 15 (ii) of the Notification No. FEMA Notification <i>ibid</i> in respect of all the existing JV / WOS of the Indian Party/ Resident Individual.			
(f) If the Activity of the Step Down Subsidiary is related to the financial services it is certified that we have complied with Regulation 7(2) of Notification No. FEMA 120 dated July 07, 2004 as amended.			
I/ We hereby certify that the information furnished above are true and correct.			
Signature of the authorized official of the IP / RI		Stamp/Seal	
Name & Designation of the Authorized Official			
Place:		Date:	
Telephone No.		Fax No.:	

- Section D – Declaration by the Indian party/ Resident Individual that it is not prohibited from making the ODI as per the extant regulations

Outbound Investments

Contents of Form ODI

Section E : Certificate by the Statutory Auditors of the Indian Party			
It is certified that the terms and conditions contained in Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time (Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004) have been complied with by the Indian Party _____ (Name of the Indian Party) in respect of the investment under report. In particular, it is certified that:			
i. the investment is not in real estate oriented or banking business, and			
ii. the remittance / transaction amount towards the investment together with earlier financial commitment is within the limit stipulated by the Reserve Bank from time to time. This has been verified with reference to the net worth (Amt in INR _____/Amt in equivalent FCY _____) of the Indian Party _____ (Name of the Indian Party) as on the date of last audited balance sheet, i.e. (date _____) and the total financial commitment (Amt in FCY _____) vis a vis net worth arrived at ____%.			
iii. The Financial commitment of the Indian Party is within the 1 Billion limit for this financial year in terms of A.P. (DIR Series) Circular No.1 dated July 03, 2014.			
iv. has complied with the valuation norms prescribed for the investment towards equity and the valuation for the investment in _____(no of shares) is arrived at _____(amount in FCY).			
v. has complied with the ECB guidelines #.			
vi. that the Indian Party (a) has made net profits during the preceding three years, (b) has fulfilled the prudential norms of capital adequacy as prescribed by the regulatory authority concerned; (c) has been registered with the appropriate regulatory authority in India and (d) has obtained approval for the investment in financial services sector activities from the regulatory authorities concerned in India and abroad*.			
Further, certified that, wherever applicable, the Annual Performance Report, as required in terms of Regulation 15(iii) of the Notification <i>ibid</i> , in respect of all its JV / WOS (UIN to be mentioned in the table below) of the Indian Party have been submitted. (attach a separate sheet if required)			
UIN 1:	UIN 2:	UIN 3:	
UIN 4:	UIN 5:	UIN 6:	
Note: *Applicable only in cases where the investment proposed is in the financial services sector (e.g. insurance, mutual fund, asset management, etc.).			
# Applicable where investment is funded through ECB/FCCB balances.			
Signature of the Statutory Auditors of the Indian Party			Stamp/Seal
Name of the firm and registration number			
Place:	Date:		

- Section E – Statutory auditor certification to the effect that the ODI is in accordance with extant regulations and in particular that
- ✓ the investment is not in real estate oriented or banking business
 - ✓ financial commitment is within the stipulated limit
 - ✓ the prescribed valuation norms have been complied with
 - ✓ Indian party has made adequate profits, fulfils the prudential capital adequacy norms, and is registered with the appropriate regulatory authority

Outbound Investments

Contents of Form ODI

ANNUAL PERFORMANCE REPORT (APR)				
Note: all amounts should be in actuals and NOT in thousands. All the figures should be in a single foreign currency except for Non-Equity Exports Realized i.e. item V (iii).				
I.	APR for the period	From date	To Date	
II.	Unique Identification Number (UIN)			
III.	Capital structure as on the last day of the accounting year of JV/ WOS			
		Amount	% share	
i)	Indian			
ii)	Foreign			
IV.	Operational details of the JV/ WOS for the last two years			
		Previous Year	Current Year	
i)	Net Profit / (Loss)			
ii)	Dividend			
iii)	Net worth			
V.	Repatriation from the JV / WOS			
		Current Year	Since commencement of business	
(i)	Dividend			
(ii)	Repayment of Loan			
(iii)	Non-Equity Exports Realised (in INR)			
(iv)	Royalties			
(v)	Technical Know-how Fees			
(vi)	Consultancy Fees			
(vii)	Others (Please specify)			
(viii)	Profit			
(ix)	Retained Earnings			
VI.	Furnish the details of investment in either Wholly owned or a Joint Venture Step down subsidiary (SDS) of JV/ WOS in the prescribed format (attach separate sheet if the number of SDS is more than one)			
(i)	Name, Level and Country name of SDS			
(ii)	Name, Level and Country name of the parent of SDS			
(iii)	Investment Amount in FCY and Date of investment (if any)	Currency: Amount:	Date:	
(iv)	Investment type	WO SDS	JV SDS	
(v)	Type of Step Down Subsidiary	SPV/ Holding company	Operating	Operating Cum SPV
(vi)	Activity code as per 1987			
(vii)	% stake held in SDS			
(viii)	Is the activity of SDS into financial services (tick)	Yes	No	

Contents of Part II of Form ODI – Annual Performance Report (APR)

- the period of the APR
- UIN
- capital structure on the last day of the accounting year of the JV/ WOS
- net profit, dividend and net worth of the JV/ WOS for the past 2 years
- repatriation from the JV/ WOS of the following (amounts for the current year and since the commencement of business):
 - ✓ dividend, loan repayment,
 - ✓ non-equity exports, royalties, technical know-how fees, consultancy fees
 - ✓ profit, retained earnings
- details of investment in SDS of the JV/ WOS:
 - ✓ name, level and country of SDS
 - ✓ investment amount and date
 - ✓ type of SDS: SPV/ operating/ operating cum SPV
 - ✓ activity code as per NIC
 - ✓ whether SDS is into financial services

Outbound Investments

Contents of Form ODI

Form ODI - PART III			
Reporting of Disinvestment by way of Sale or Transfer of Shares / Closure / Voluntary Liquidation /Winding Up/ Merger /Amalgamation of JV / WOS			
Note : All amounts should be in a single foreign currency and in actuals.			
Unique Identification Number allotted by the Reserve Bank			
S. No.	Name, AD Code and Address of the AD bank:		
I	Date of submission of and period to which last APR relates		
II	Disinvestment route(tick)	Approval Route	Automatic Route
III	Disinvestment Type (tick)	Full disinvestment	Partial Disinvestment
IV	Date of Disinvestment		
V	PAN No and name of the disinvesting IP / RI		
VI	% Stake held at the time of disinvestment	% stake disinvested in case of partial disinvestment	
VII	Method of disinvestment	Details to be furnished as Annex to the Form ODI PartIII	Tick
	i. Sale or transfer of shares to another IP/ Individual, Merger / Liquidation of IP	Furnish the details of the entity buying the stake and also whether the entity purchasing the stake is an existing foreign partner/ Indian Partner in the JV / WOS or a foreign party / IP buying stake in the concerned JV / WOS for the first time.	
	ii. Closure/ Voluntary Liquidation of the JV/ WOS	Details of the JV/ WOS	
	iii. Buy back by the JV/ WOS	Details of the JV/ WOS	
	iv. Merger of two or more JV/ WOS of the same IP or different IP	Furnish details of merging JV/ WOS and the surviving JV/ WOS such as Name, UIN of the JV/ WOS and the name of the IP concerned of both the JV/ WOS. Also furnish details of SDS of those JV/ WOS which shall merge.	
	v. Merger of the JV/ WOS with the Step down subsidiaries of the same IP or another IP	Furnish UIN of the merging JV/ WOS, the name of the IP holding indirect stake in SDS, name of the SDS, Level of SDS, name and country of immediate parent of SDS	
	vi. Merger of JV/ WOS with an Independent Foreign Company not having any relation with the IP/ RI	Furnish the detail of the foreign company such as name and address	

Contents of **Part III** of Form ODI – Disinvestment reporting

- the period for which the last APR relates
- disinvestment under automatic or approval route
- full or partial disinvestment
- PAN of the disinvesting Indian party or resident individual
- % of the disinvestment
- Method of disinvestment:
 - ✓ sale or transfer of shares
 - ✓ voluntary liquidation of JV/ WOS
 - ✓ buyback
 - ✓ merger of two of more JVs/WOSs of the same or different Indian party

Outbound Investments

Contents of Form ODI

VIII Summary of the Overseas Direct Investment (Cumulative amount)			
i. Equity	Loan	Guarantees Issued	Guarantee Invoked
IX Date wise details of remittances/ transaction (attach separate sheet if necessary)			
i. Date of Remittance/ Transaction	Method of Investment	Category of Investment	Amount
X Fair Value of the total disinvestment as per the valuation report			
XI Whether there is write off? If yes please provide the amount of write off			
i. Equity	Loan	Others (please specify)	
XII Amount Repatriated on disinvestment (attach separate sheet if necessary)			
i. Date of Repatriation	Equity	Loan	Others
XIII Amount repatriated since reporting of the last APR except the disinvestment proceeds			
i. Equity	Loan	Others (Please Specify)	

Contents of **Part III** of Form ODI – Disinvestment reporting (continued)

- break up of the ODI – equity, loan, guarantee issued, guarantee invoked
- date wise details of remittances
- name, address and code of the AD banker
- fair value of total disinvestment as per valuation report
- amount repatriated on disinvestment
- amount other than disinvestment proceeds repatriated since the reporting of last APR

Post Investment Obligation

- Receive share certificate / other documentary evidence within 6 months
- Further remittances permitted only after issuance of UIN
 - AP DIR 131 dt May 31, 2012 – UIN intimated through an auto generated email
- Repatriate to India all dues receivable from foreign entity within 60 days
- Submit APR to RBI by December 31 [AP DIR 61 dt April 13, 2016]
- No prior approval required for WOS / JV to
 - diversify activities
 - set up a step down subsidiary
 - alter shareholding pattern in overseas entity
- Post facto filing with RBI within 30 days any subsequent changes in ODI
- Write-off of capital/receivables permitted upto 25% of equity investment in JV/WOS
 - Auto route for listed Indian Cos
 - Approval route for unlisted Indian Cos

Outbound Investments

Exit from JV/ WOS

Allowed under automatic route if :

- No outstanding dues from JV / WOS
- Sale after > 1 full year of operations
- Write off in cases of -
 - JV / WOS listed overseas
 - Listed ICo with net worth of \geq Rs. 100 crore
 - Unlisted ICo / Listed ICo with net worth < Rs. 100 crore if ODI < USD 10 million
- No defaults / investigation in India
- Sale proceeds to be repatriated within 90 days
- Sale of listed shares effected through overseas stock exchange
- Unlisted shares – as per valuation by CA/CPA

Outbound Investments

ODI by Individuals

Automatic route for -

- ESOP – cashless or otherwise
- Acquiring foreign securities by way of gift / inheritance
- LRS window upto USD 250,000 per FY
- Qualification shares for becoming director of FCo
- Getting shares as consideration for professional services rendered to FCo (within LRS ceiling)

Outbound Investments

Liberalized Remittance Scheme (LRS)

- Limited to USD 250,000 per person per FY. No step down subsidiary is allowed
- Remittance of dividend and divestment is to be done within 60 days
- PAN a pre-requisite
- All remittances under this window to be made through one AD
- Remittance not allowed -
 - To Mauritius, Bhutan, Pakistan, Nepal and countries specified as non-cooperative by the FATF
 - Prohibited remittances (lottery, gaming, etc.)

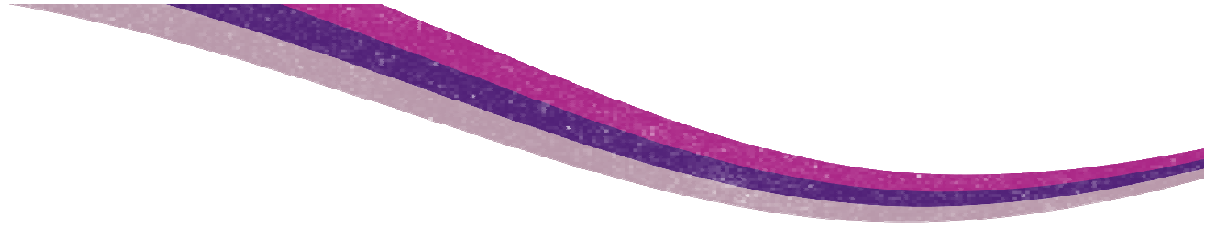
Liberalized Remittance Scheme (LRS)

Permissible Transactions	Impermissible Transactions
Permitted current and/ or capital account transactions	Schedule 1: Prohibited/ Restricted transactions and Schedule 2: Remittances requiring Central Government approval
Acquisition of immovable property overseas and listed/ unlisted shares of overseas companies	Direct/ Indirect remittances to specific countries including Bhutan, Nepal, Mauritius, Pakistan and non co-operative countries/ territories notified by FATF
Opening of bank accounts outside India	Bank credit facility not allowed for remittances under LRS. Credit facility not allowed on security of such deposits
Investment in units of Mutual Funds, Venture Capital Funds, debt securities, promissory notes etc.	
Acquisition of shares under ESOP Scheme	
Acquisition/ Establishment of JV/ WoS outside India subject to specific conditions	
Remittance towards gifts/ donations, objects of art	

Liberalized Remittance Scheme (LRS)

AD bankers use these purpose codes while reporting transactions under LRS:

Sr. No.	Items under LRS	Corresponding FETERS purpose codes, if transaction is identified under LRS
1	Opening of foreign currency account abroad with a bank under LRS	S0023
2	Purchase of immovable property	S0005
3	Investment in equity, debt, JV, WoS, ESOPs, IDRs	S0001, S0002, S0003, S0004, S0021, S0022
4	Gift	S1302
5	Donations	S1303
6	Travel (business, pilgrimage, medical treatment, education, employment, personal)	S0301, S0303, S0304, S0305 & S0306
7	Maintenance of close relatives	S1301
8	Medical Treatment	S1108
9	Studies abroad	S1107
10	Emigration	S1307
11	'Others' such as loan to NRI close relatives and health insurance	S0011, S0603



Thank You

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