

# OVERSEAS DIRECT INVESTMENT (ODI)

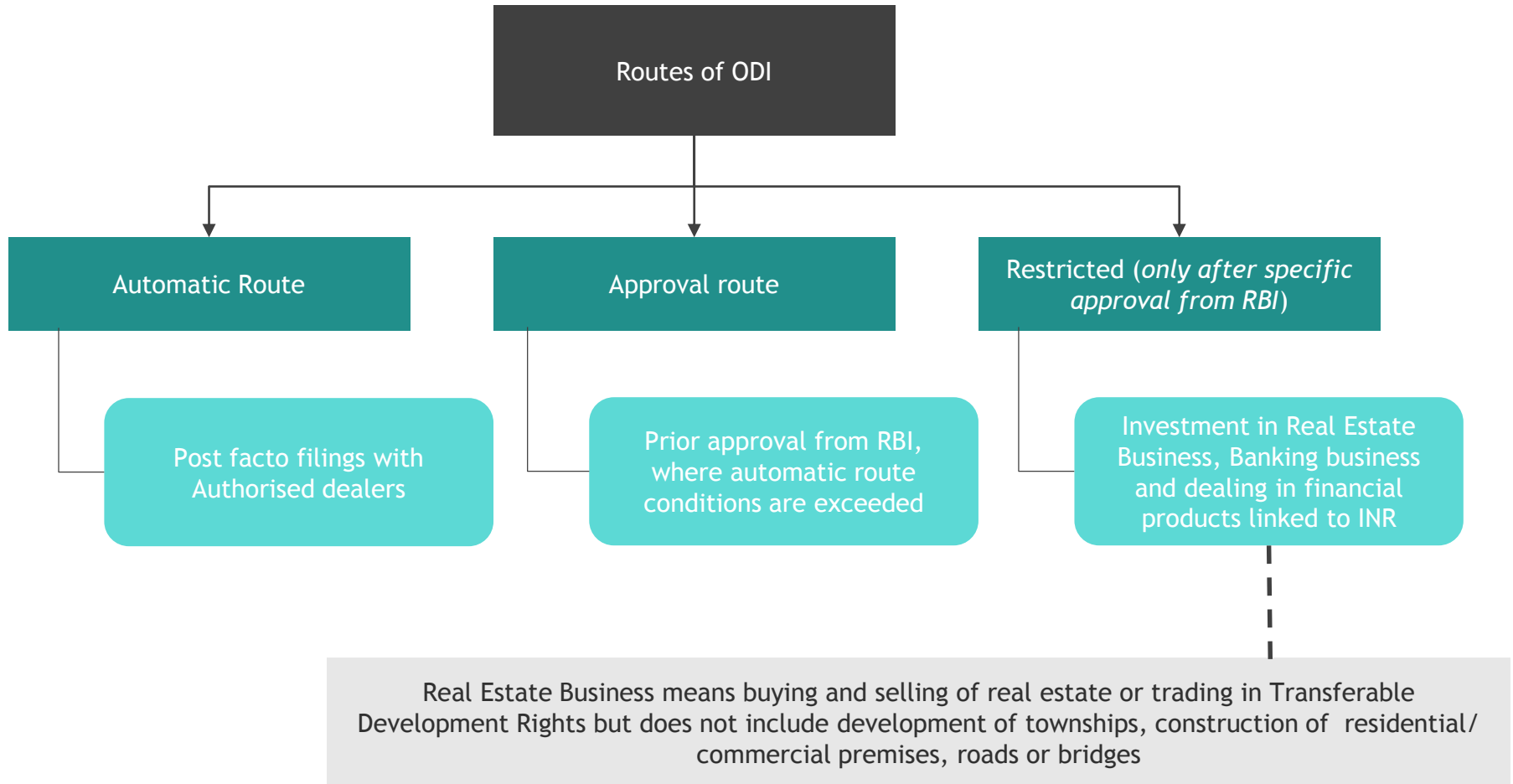
17 February 2018  
ICSI WIRC Training





# ODI OVERVIEW

# ROUTES OF ODI



# WHEN IS ODI TRIGGERED ?

Acquiring or divesting shares of a foreign entity

Giving a loan to a foreign entity

Extending guarantees on behalf of foreign entities

Getting SBLC issued from banks in India for foreign entities

Incorporating a company in foreign jurisdiction

Receiving shares in lieu of receiving payments towards services rendered or goods exported

Investing in overseas listed companies

Pledge of shares of JV /WOS

Creating a charge on domestic assets



# IMPORTANT DEFINITIONS/ CONCEPTS

# IMPORTANT DEFINITIONS / CONCEPTS (1/6)

What is covered under “Direct investment outside India”

- Investment by way of contribution to the capital
- Subscription to Memorandum of Association of a foreign entity
- Purchase of existing shares of a foreign entity by market purchase or private placement or through stock exchange **but does not include portfolio investment**

Q: How does one determine that an investment is a Portfolio Investment ?  
Let's say Indian party take 1 % Stake in foreign company -is it ODI ?

# IMPORTANT DEFINITIONS / CONCEPTS (2/6)

Who is an eligible “Indian Party” under this regulation ?

- Company incorporated in India
- Partnership firm registered under the Indian Partnership Act, 1932
- Limited Liability Partnerships registered under registered under the Limited Liability Partnership Act, 2008 (6 of 2009),
- Body created under an Act of Parliament
- Any other entity in India as may be notified by the RBI (AIF, Mutual funds, etc.)

Q: What about unregistered partnership firms and sole proprietorship firms?

Q: What if Indian party is on Reserve Bank’s Exporters’ caution list / list of defaulters to the banking system circulated by the Reserve Bank / Credit Information Bureau (India) Ltd. (CIBIL) / or any other credit information company or under investigation by any investigation / enforcement agency or regulatory body?

Q: What if Group company is under investigation or violation ?

# IMPORTANT DEFINITIONS / CONCEPTS (3/6)

What is a “Wholly owned subsidiary” (“WOS”) under this regulation ?

Foreign entity formed, registered or incorporated in accordance with the laws and regulations of the host country whose entire capital is held by an Indian party

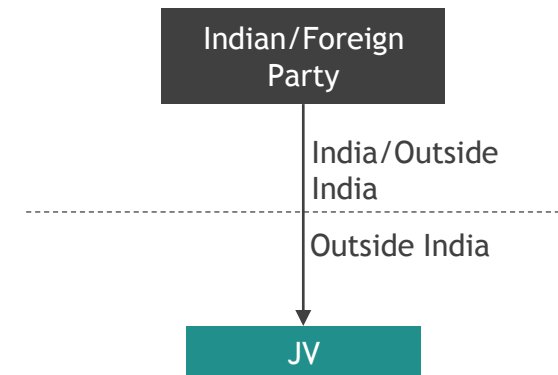
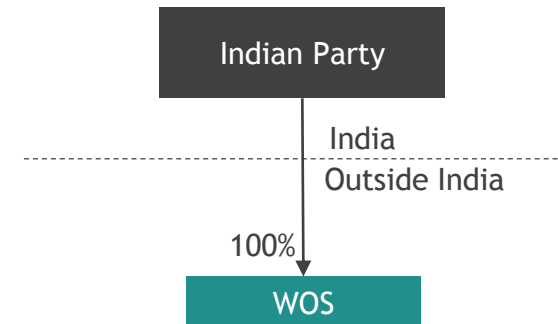
What is a “Joint Venture” under this regulation ?

Foreign entity formed, registered or incorporated in accordance with the laws and regulations of the host country in which the Indian party makes a direct investment

Q: Whether foreign entity can be a company or LLP or unregistered firm?

Q: Whether a foreign company need to have limited liability ?

Q: Is there any prescribed percentage of holding ?  
What if there are two Indian parties making co-investment in same JV?





# IMPORTANT DEFINITIONS / CONCEPTS (4/6)

What is the meaning of “Net Worth” ?

Net Worth means paid up capital and free reserves of Indian party

Q: What is free reserves?

Q: Does it include Securities Premium?

Q: Can Net worth of Holding company or  
Subsidiary in India be used ?

# IMPORTANT DEFINITIONS / CONCEPTS (5/6)

## What is the Permitted limit ?

- Total **Financial Commitment** of the Indian Party in all its overseas JVs / WOSs not to exceed 400% of its Net Worth as per its last audited balance sheet
- FC exceeding USD 1 billion (or its equivalent) in a financial year requires prior approval from RBI, even if within 400% limit

Q: What if Indian party is a newly formed entity?

# IMPORTANT DEFINITIONS / CONCEPTS (6/6)

## What is included in the meaning of “Financial Commitment” ?

1. Financial commitment is the amount of investment that an Indian party makes in foreign entity
2. FC includes
  - 100% of the amount of equity shares and/ or Compulsorily Convertible Preference Shares (CCPS);
  - 100% of the amount of other preference shares;
  - 100% of the amount of loan;
  - 100% of the amount of guarantee (other than performance guarantee) issued by the Indian Party;
  - 100% of the amount of bank guarantee issued by a resident bank on behalf of JV or WOS of the Indian Party provided the bank guarantee is backed by a counter guarantee/ collateral by the Indian Party.
  - 50% of the amount of performance guarantee issued by the Indian Party

Q: What about Compulsory convertible debentures?

Q: Can pure investment via only LOAN is permitted?



# METHOD OF FUNDING

# METHOD OF FUNDING FOR ODI

drawal of foreign exchange from an AD bank in India

capitalisation of exports

swap of shares

proceeds of External Commercial Borrowings (ECBs) / Foreign Currency Convertible Bonds (FCCBs)

in exchange of ADRs/GDRs

by giving corporate guarantees and performance guarantee

balances held in EEFC account of the Indian Party and

proceeds of foreign currency funds raised through ADR / GDR issues.

400% Net worth criteria not applicable on this

# FUNDING VIA CAPITALISATION OF EXPORTS

## Automatic Route

General permission is given for capitalisation of payments due from the foreign entity towards exports, fees, royalties or any other dues from the foreign entity for supply of technical know-how, consultancy, managerial and other services

## Approval Route

- Capitalisation of export proceeds remaining unrealized beyond the prescribed period of realization -(9 months SEZs, EOU and other specified ones and 15 months for export to warehouse)
- Indian software exporters can receive 25 per cent of value of their exports to an overseas software start-up company in the form of shares without entering into Joint Venture Agreements

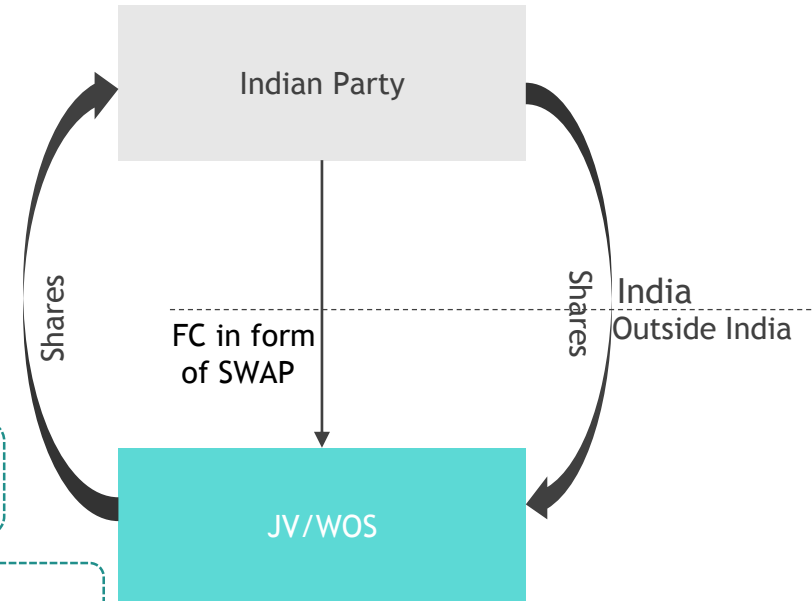
# FUNDING VIA SWAP OF SHARES

Valuation from Category 1 Merchant Banker registered with SEBI or investment banker registered with appropriate regulatory authority outside India is mandatory (irrespective of the amount involved)

Q: What is considered as SWAP of Shares under Automatic route ?

Q: What if the swap entails FDI under restricted route ?

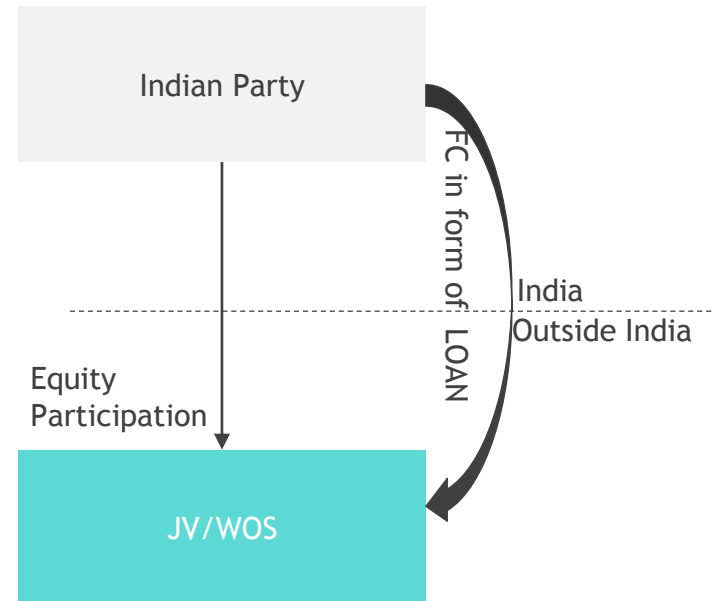
Q: Can there be a secondary swap ?



# FUNDING BY WAY OF LOANS

The Indian Party may extend loan / guarantee only to an overseas JV / WOS in which it has equity participation

Proposals from the Indian Party for undertaking financial commitment without equity contribution in JV / WOS may be considered by the Reserve Bank under the approval route

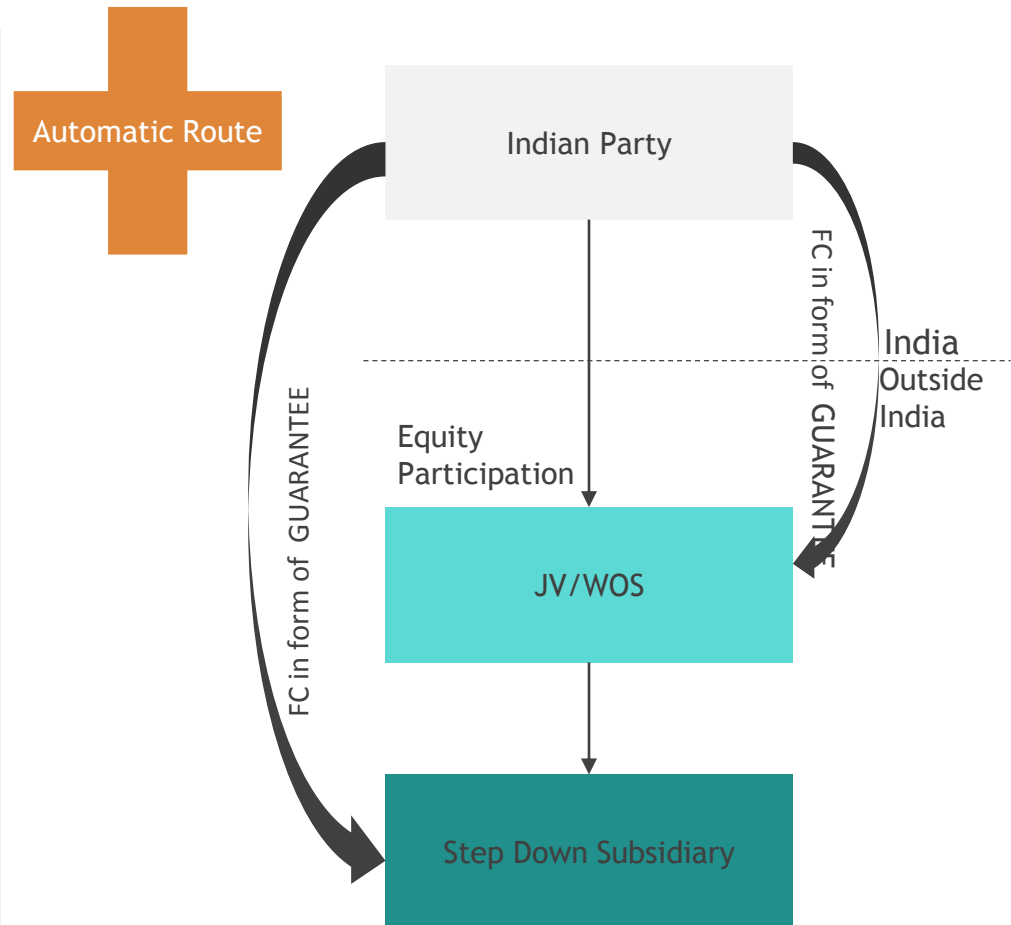


AD banks may forward the proposals from their constituents after ensuring that the laws of the host country permit incorporation of a company without equity participation by the Indian Party



# FUNDING BY GIVING GUARANTEES (1/2)

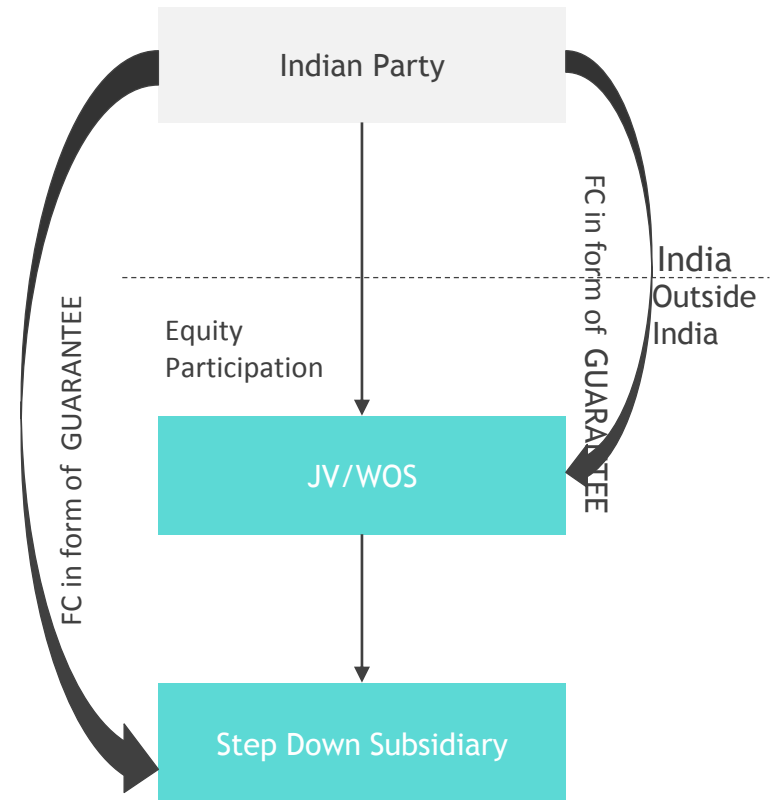
- ▶ Corporate guarantee as well as personal guarantee can be given
- Q: Who can give personal guarantees?
- ▶ No Guarantee should be "open-ended" i.e. the amount and period of the guarantee should be specified upfront
  - ▶ Indian Party can issue guarantee only to JV / WOS in which it has equity participation
  - ▶ Indian Party can also issue corporate guarantee to first level step down operating subsidiary set up by a JV / WOS
- Q: Are guarantees to be reported?
- ▶ Authorised dealer in India may also give a Bank guarantee/ issue SBLC to a joint venture company or a wholly-owned subsidiary of a company in India in connection with its business abroad



# FUNDING BY GIVING GUARANTEES (2/2)

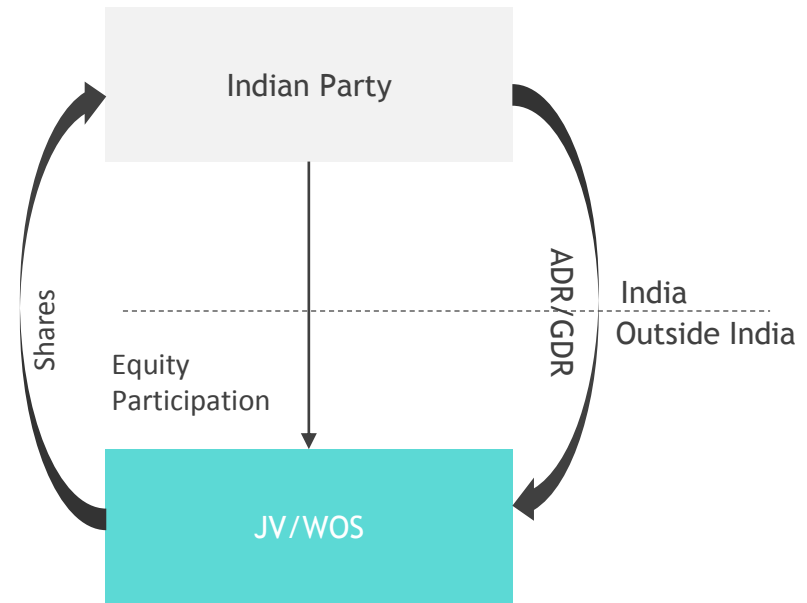
## Approval Route

- ▶ Proposals from the Indian Party for undertaking financial commitment **without equity contribution** in JV / WOS may be considered by the Reserve Bank under the approval route
- ▶ **Corporate guarantee given by Indian party to second and subsequent level of SDS**
- ▶ Other forms of guarantee given by Indian Party to its first and subsequent level of SDS
- ▶ Specific RBI approval required for creating charge on immovable property / pledge of shares on the Indian Parent / Group companies in favor of non-resident entity
- ▶ Where performance guarantees are given and if the outflow on invocation of performance guarantee results in breach of the limit of FC, prior RBI approval is required before executing the remittance



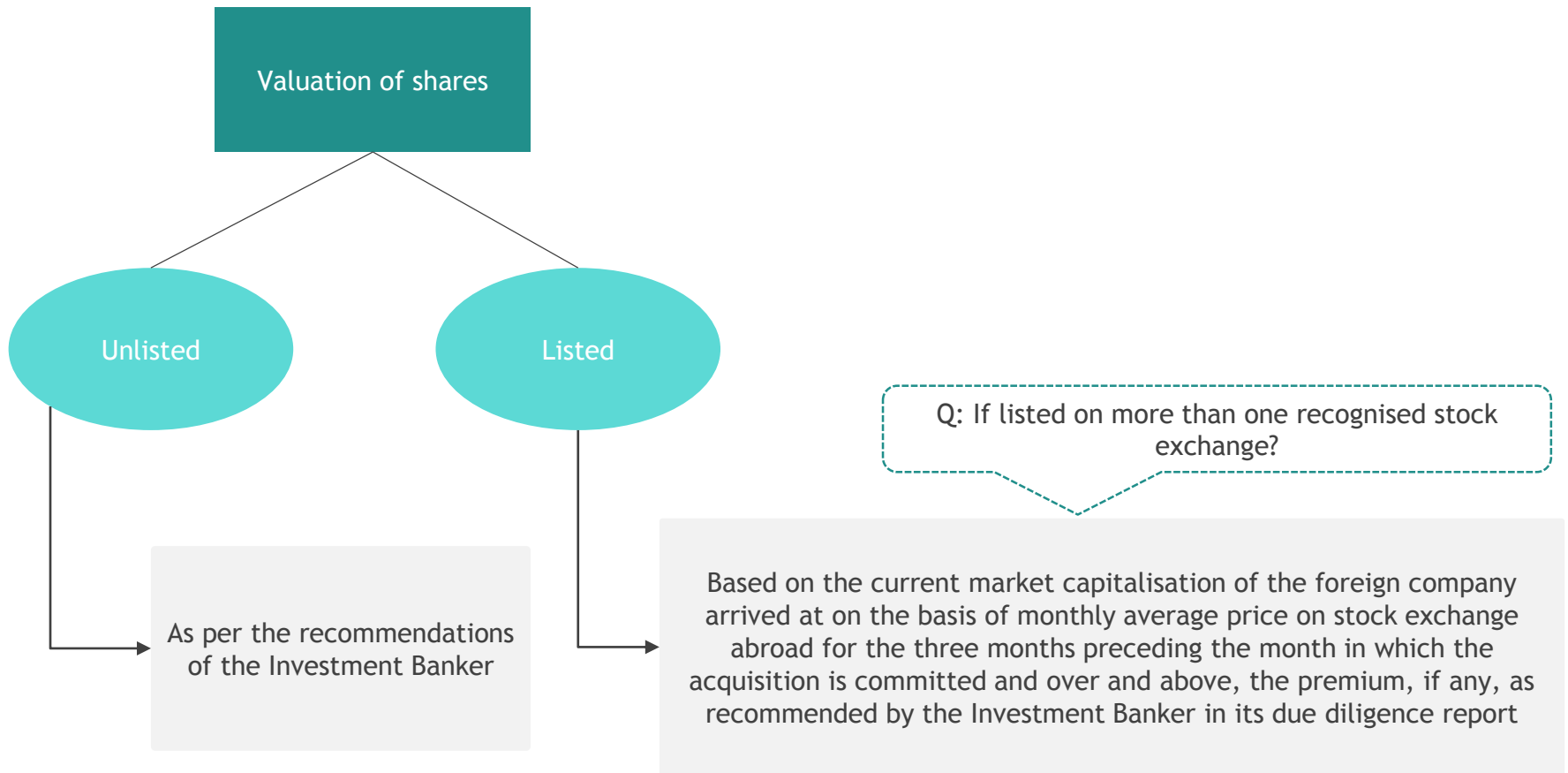
# FUNDING VIA SWAP OF ADR / GDR (1/2)

- ▶ Indian Party to acquire shares of foreign entity in exchange of its ADR / GDR
- ▶ ADRs/GDRs to be issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and the guidelines issued thereunder from time to time by the Government of India
- ▶ ADRs/GDRs are listed on any stock exchange outside India
- ▶ ADR /GDR area backed by underlying fresh equity shares issued by the Indian Party
- ▶ The total holding in the Indian entity by persons resident outside India in the expanded capital base, after the new ADR and/or GDR issue, does not exceed the sectoral cap prescribed under the relevant regulations for such investment under FDI

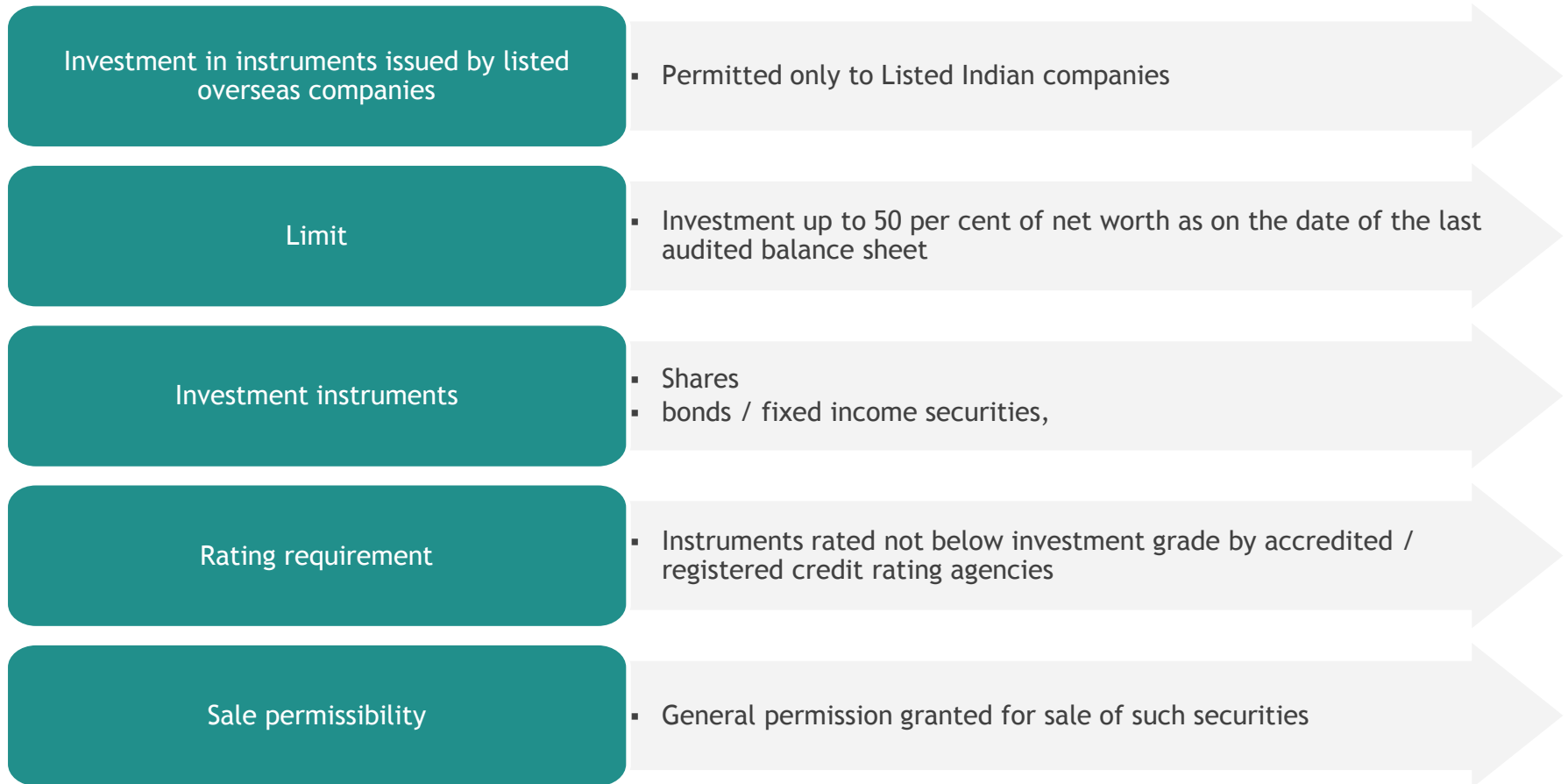


# FUNDING VIA SWAP OF ADR / GDR (2/2)

## Valuation of Shares of the Foreign Company



# ADDITIONAL ODI ROUTE ONLY FOR LISTED COMPANIES



# FUNDING THROUGH SPV AND VALUATION REQUIREMENTS

## Funding through SPV

- ▶ Funding through SPV is permitted via automatic route if;
  - the Indian Party is not appearing in the Reserve Bank's caution list or;
  - is not under investigation by the Directorate of Enforcement or;
  - Is not included in the list of defaulters to the banking system circulated by the Reserve Bank/any other Credit Information company as approved by the Reserve Bank

Q: Can there be more than two SDS ?

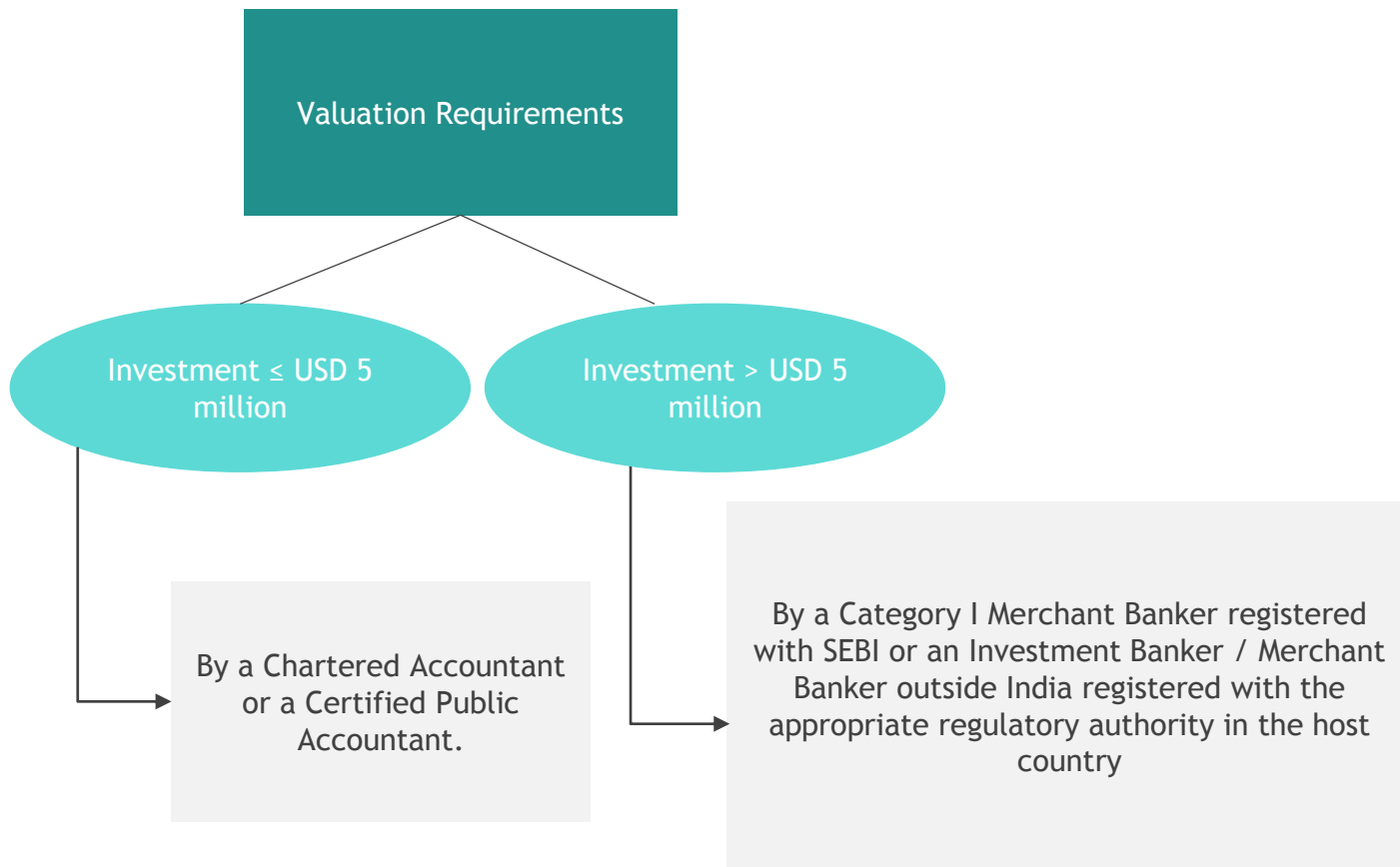
Q: What if an existing foreign entity is acquired, which has layers of entities below it ?

Q: What if an existing foreign entity is acquired and that foreign entity has an Indian company / Investment ?

Q: What about post acquisition changes ?

# FUNDING THROUGH SPV AND VALUATION REQUIREMENTS

## Mandatory valuation requirements

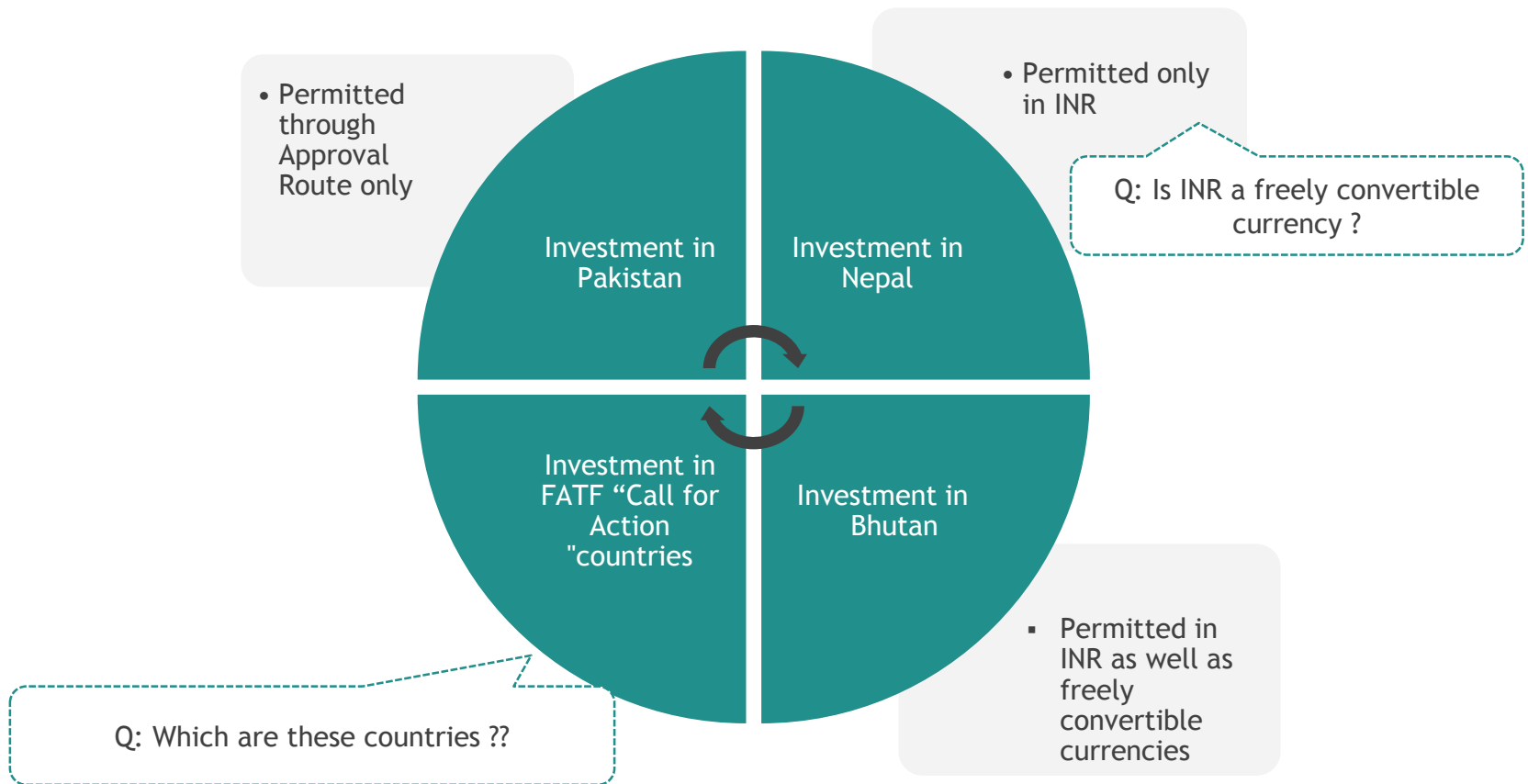




# JURISDICTION SPECIFIC CONDITIONS



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TRANSFER BY WAY OF SALE OF SHARES / WRITING OFF  
OF INVESTMENT OR FINANCIAL COMMITMENT MADE IN A  
FOREIGN JV / WOS

# TRANSFER BY WAY OF SALE OF SHARES OF A JV / WOS

## Process



# TRANSFER BY WAY OF SALE OF SHARES OF A JV / WOS

## Eligibility and Conditions

### Eligible Purchasers

- Indian party meeting Indian FEMA requirements
- Person resident outside India

### Conditions

- Approval of RBI is **NOT** required
- Sale shall not involve a write off
- If JV / WOS is listed, then sale shall be effected through a stock exchange
- If JV / WOS is not listed, then the share price shall not less than the value certified by a CA / CPA based on the latest audited financial statements of the JV / WOS
- Indian Party shall not have any outstanding dues by way of dividend, technical know-how fees, royalty, consultancy, commission or other entitlements and / or export proceeds from the JV or WOS
- Overseas concern has been in operation for at least one full year and APR together with the audited accounts for that year has been submitted to the RBI;
- Indian Party is not under investigation by CBI / DoE/ SEBI / IRDA or any other regulatory authority in India

# TRANSFER BY WAY OF WRITING OFF OF INVESTMENT OR FINANCIAL COMMITMENT MADE IN A FOREIGN JV / WOS

## Conditions

### Conditions

- Eligible purchasers and conditions mentioned in previous slide shall also be applicable in this case
- The foreign JV / WOS is listed in the ORSE
- The Indian Party is listed on a stock exchange in India and has a net worth of not less than Rs.100 crore
- If the Indian Party is a listed company with net worth of less than Rs.100 crore, then the investment / financial commitment in an overseas JV/WOS shall not exceed USD 10 million
- If the Indian Party is an unlisted company and the investment / financial commitment in the overseas venture shall not exceed USD 10 million

# TRANSFER BY WAY OF SALE OF SHARES / WRITING OFF OF INVESTMENT OR FINANCIAL COMMITMENT MADE IN A FOREIGN JV / WOS

## Reporting Requirements

- Overseas Purchaser shall submit Annual Performance Report (“APR”) along with the audited accounts of at least previous one year of operation
- The Indian Party shall submit the details of such transfer through its designated AD - Category - 1 bank within 30 days from the date of such transfer
- Filing form ODI as indicated below:

S. No.	Type of post investment change	Relevant Section of Form ODI – Part I to be submitted individually
1.	Change in the details of IP/ RI viz Change in the name, Address, contact details, status.	Section A
2.	Investigation details of the IP / RI	Section A
3.	Change in the Networth of the IP	Section A
4.	Change in capital structure of the JV/ WOS	Section B
5.	Change in status of JV/ WOS from operating entity to SPV or vice versa	Section B
6.	Change in the details of JV/ WOS such as name address etc.	Section B
7.	Reporting of setup/ incorporation/ investment / disinvestment of SDS	Section B
8.	Conversion of loan into equity and vice versa	Section C
9.	Rollover/ change in amount / validity date of the guarantee already reported to the Reserve Bank	Section C



# SECTOR SPECIFIC CONDITIONS

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## Unincorporated/ incorporated entities overseas in oil sector

- Investment allowed under Automatic Route
- Requires approval from competent authority
- Investment by Navaratna PSUs, ONGC Videsh Ltd (OVL) and Oil India Ltd (OIL) permitted without any limit
- Other Indian companies permitted to invest in unincorporated entities overseas in the oil sector up to the limit prescribed. Prior approval of RBI is required if the investment exceeds prescribed limit

## Construction and maintenance of submarine cable systems

- Investment by way of consortium between in Indian Parties and other international operators allowed under Automatic Route
- Prior license required from the Department of Telecommunication, Ministry of Telecommunication & Information Technology, Government of India, for remittances

## Financial Services sector

- Indian Party should be registered with the regulatory authority in India for conducting the financial sector activities
- Should have net profit from such financial sector activities during the previous 3 financial years
- Should have approval from regulatory authorities in India and host country for venturing into financial sector
- Should fulfill the prudential norms relating to capital adequacy as prescribed
- Also applicable to Step down JV/WOS making investment in financial services sector and Regulated entities in financial sector making investments in any activity overseas

Q: Is financial sector defined ?

## Real Estate and Banking Sector

- Prior Approval of RBI is required
- Real estate business includes trading in Transferable Development Rights (“TDR”) but excludes development of township, construction of residential / commercial premises, roads or bridges

*There are no sector specific conditions for Agricultural sector according to the recent Master Circular*





# INVESTOR SPECIFIC CONDITIONS

# INVESTOR SPECIFIC CONDITIONS

## Resident Individual

### Maximum Limit

- As prescribed in Liberalised Remittance Scheme (“LRS”) - USD 250,000 per financial year

### Acquisition under automatic route

- Acquisition of foreign securities by way of gift from non resident#
- Acquisition of shares under cashless Employees Stock Option Programme (“ESOP”) issued by foreign company (*does not involve any remittance from India*)#
- Acquisition of shares by way of inheritance from non-resident person#
- Purchase of equity shares by way of ESOP offered by foreign company to employees/director of its office/branch/subsidiary in India#
- Acquisition\* of foreign securities in lieu of part/full consideration of professional services rendered to the foreign company (issuing company)
- Qualification\* shares for becoming a director of a company outside India to the extent prescribed as per the law of the host country where such foreign company is located
- Subscribing to the rights shares by virtue of holding equity shares of the foreign (issuing) company
- Purchase\*\* of shares of a foreign JV/WOS of the Indian Promoter Company (“IPC”) by the employees/directors of such IPC which is involved in the field of software###
- Purchase\*\* of foreign securities of foreign JV/WOS of Indian company under ADR/GDR linked stock option schemes by the employees (including working directors) of such Indian Company

\* Such acquisition/qualification of shares does not exceed the limit prescribed in LRS for Resident Individuals

\*\* Such purchase of shares does not exceed the ceiling limit stipulated by RBI from time to time

# Sale of such securities is permitted provided the proceeds of such sale are repatriated not later than 90 days

##The shares so acquired shall not exceed 5% of the paid up share capital of the foreign JV/WOS of such IPC ; and after allotment, The percentage of shares held by (IPC

+ employees) >= shares held by IPC before such allotment



# INVESTOR SPECIFIC CONDITIONS

## Resident Individual

### Eligible Instruments

- Equity shares
- Compulsorily convertible preference shares

### General Permission to purchase securities abroad\*

- Out of Resident Foreign Currency (“RFC”) Account
- Acquisition of shares in the form of bonus share
- Out of foreign currency resources outside India, if not permanent resident

*\* General permission is not applicable for sale or transfer of such shares*

# INVESTOR SPECIFIC CONDITIONS - OTHERS

Investor	Quantum of Investment	Mode of Investment	Other conditions
Indian Mutual Funds (“IMF”) registered with SEBI	USD 7 billion cumulative of investments made all such IMFs in India	<ul style="list-style-type: none"> <li>▪ ADRs / GDRs of the Indian and foreign companies</li> <li>▪ Equity shares of Overseas Companies*</li> <li>▪ Initial and follow on public offerings for listing at ORSE</li> <li>▪ Foreign debt securities in the countries with fully convertible currencies, short- term as well as long-term debt instruments**</li> <li>▪ Money market instruments**</li> <li>▪ Repos in the form of investment (excluding borrowing of funds by mutual funds) **</li> <li>▪ Government securities**</li> <li>▪ Derivatives*</li> <li>▪ Short term deposits with banks**</li> <li>▪ Units / securities issued by Overseas Mutual Funds or Unit Trusts registered with overseas regulators and investing in aforesaid securities, Real Estate Investment Trusts (REITS)*, or unlisted overseas securities (not exceeding 10% of their net assets).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Online reporting on a monthly basis by the AD banks in the format as prescribed by the RBI from time to time</li> <li>▪ A limited number of qualified IMFs, are permitted to invest cumulatively up to USD 1 billion in overseas Exchange Traded Funds as may be permitted by SEBI.</li> </ul>

*\*Listed on Overseas Recognised Stock Exchange (“RSE”)*

*\*\*Rating not below investment grade by accredited/registered credit agencies*

# INVESTOR SPECIFIC CONDITIONS (CONTD...)

Investor	Quantum of Investment	Mode of Investment	Other conditions
Venture Capital Fund (“VCF”) / Alternate Investment Fund (“AIF”)	USD 500 million in aggregate of investments made all such VCFs and AIFs in India	<ul style="list-style-type: none"> <li>Equity shares Off-shore Venture Capital Undertakings (“OVCU”)</li> <li>Equity linked instruments of OVCU</li> </ul>	<ul style="list-style-type: none"> <li>Requires SEBI Approval in some cases</li> <li>May be reported in the online application</li> </ul>
Registered Partnership firm (“RPF”)	As applicable to Indian Party	As applicable to Indian Party	<ul style="list-style-type: none"> <li>Individual partners can hold shares pursuant to such investment on behalf of such RPF where:</li> <li>Entire funding is done by such RPF</li> <li>The host country regulations and operational requirements warrants such holding</li> </ul>
Proprietorship Concerns / Unregistered Partnership Firm*	Should not exceed the lower of below mentioned amounts: <ul style="list-style-type: none"> <li>10% of Average exports of last 3 years</li> <li><b>OR</b></li> <li>30% of Net owned funds</li> </ul>	-	<ul style="list-style-type: none"> <li>Classified as ‘Status Holder’ as per the Foreign Trade Policy</li> <li>Export outstanding shall not exceed 10% of the export realisation of previous 3 years and consistently high export performance</li> </ul>

*\*AD bank is satisfied that the trust is KYC compliant and is engaged in a bonafied activity , not under adverse notice of any Regulatory / Enforcement agency and has obtained special license / permission required for any specific activity from Ministry of Home Affairs / Government of India / any other relevant local authorities*

# INVESTOR SPECIFIC CONDITIONS (CONTD...)

Investor	Quantum of Investment	Mode of Investment	Other conditions
Society*	As applicable to Indian Party	As applicable to Indian Party	<ul style="list-style-type: none"> <li>Engaged in manufacturing / educational / hospital sector</li> <li>The ODI allowed only in foreign JV/WOS which are engaged in manufacturing / educational / hospital sector</li> <li>Registered under Societies Regulation Act, 1860</li> <li>The Memorandum of Association, rules and regulations permits such investment</li> <li>Approval from the governing body / council / managing committee / executive committee</li> </ul>
Trust*	As applicable to Indian Party	As applicable to Indian Party	<ul style="list-style-type: none"> <li>Engaged in manufacturing / educational / hospital sector</li> <li>The ODI allowed only in foreign JV/WOS which are engaged in manufacturing / educational / hospital sector</li> <li>Registered under Indian Trust Act, 1882</li> <li>The Trust deed shall permit such investment</li> <li>Approval from all the trustees</li> <li>Existence for a period of at least 3 years</li> </ul>

*\*AD bank is satisfied that the trust is KYC compliant and is engaged in a bonafied activity , not under adverse notice of any Regulatory / Enforcement agency and has obtained special license / permission required for any specific activity from Ministry of Home Affairs / Government of India / any other relevant local authorities*



# PROCESS SNAPSHOT

# AUTHORISED DEALER

Transaction with foreign entity to be done only through  
Authorised dealer (“AD”)

- All investments made outside India should be made through AD
- All transactions in respect of a particular JV/WOS should be routed only through one branch of an AD
- Different branches of the same AD or branches of other ADs can be designated as AD for separate JVs/WOSs

Q: Can I have multiple Authorised dealer branches for multiple JVs/WOSs?



# PROCESS

Where ODI is under automatic route

Internally verify that the investment is covered under Automatic route

Approach Authorised Dealer Category I - Bank with FORM ODI and prescribed details along with following supporting documents:

- Board Resolution,
- Statutory Auditors certificate
- Valuation report

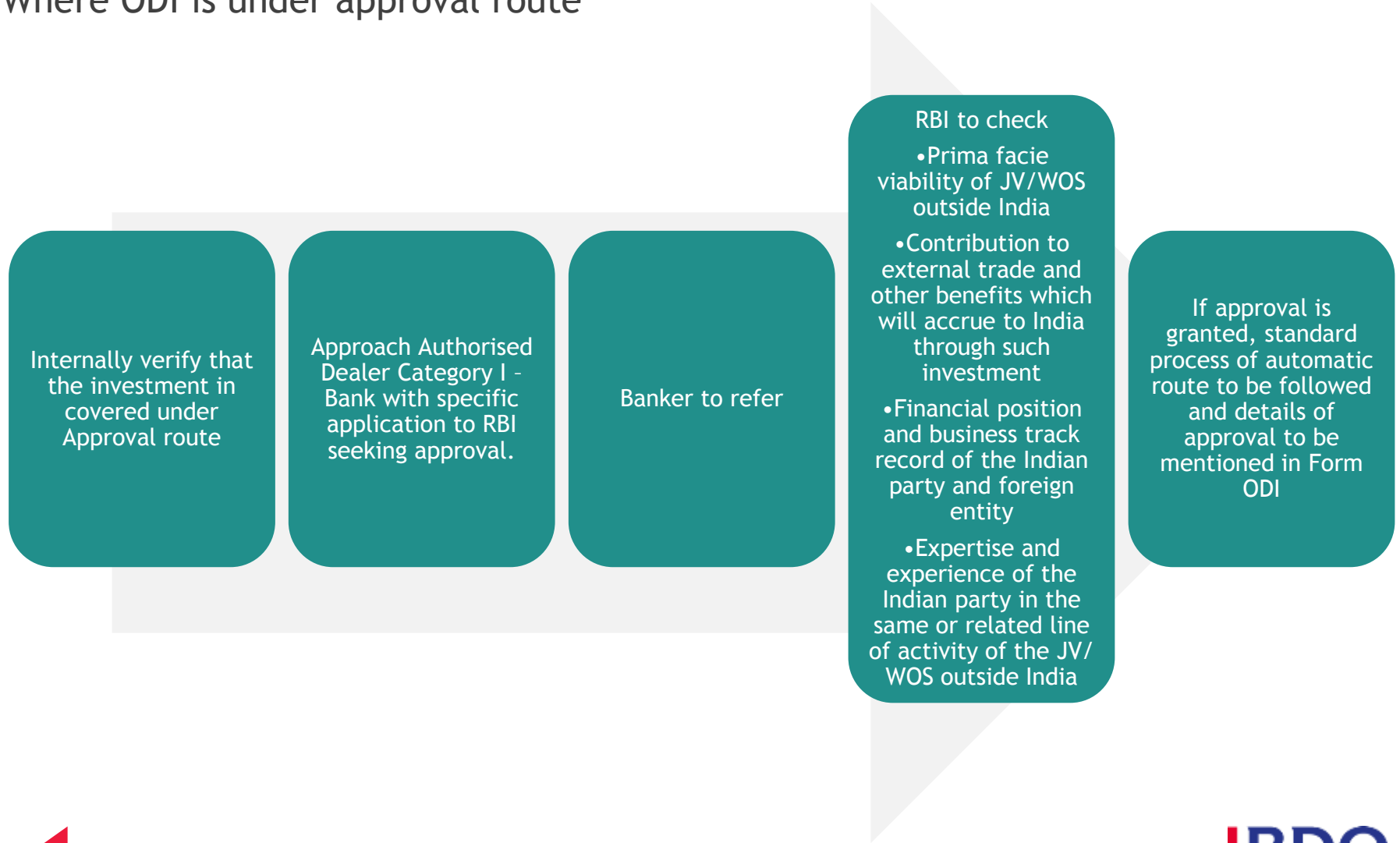
AD I bank to check documents and then effect remittance outside India

Indian party to receive shares / documents supporting the investment within 6 months

Any post investment changes in JV / WOS (diversify its activities / set up step down subsidiary / alter the shareholding pattern in the overseas entity) need to be reported within 30 days and change to be reported in APR - Part II of ODI

# PROCESS

Where ODI is under approval route





## KEY COMPLIANCES

# KEY COMPLIANCES

## Making investment

- File form ODI with AD banker
- If under Approval route, RBI approval to be attached
- Receive share certificate or any other document evidencing investment with 6 months from the date of effecting remittance or the date on which the amount to be capitalised became due to the IP or the date on which the amount due was allowed to be capitalised

## In case of write off / restructuring / disinvestment

- Report to RBI within 30 days of write off / restructuring
- Use form ODI Part III

## Every year -File Annual Performance Report (Part II of Form ODI)

- 31st December every year
- In case of resident Individuals -Self certification may be accepted
- In any other case - should be certified by Statutory Auditor or CA
- In case, the host country does not mandatorily require auditing of the books of accounts of JV / WOS, APR may be submitted by the IP based on the un-audited annual accounts of the JV / WOS subject to conditions as may be specified

Q: What if the audited annual accounts are not available?

# KEY COMPLIANCES

## Winding up / voluntary liquidation / merger/ amalgamation

- Intimate to RBI within 30 days -by filing Part III to Form ODI

## Post Investment changes by JV / WOS

- Report within 30 days of any key decision taken (e.g.: diversification of business activities / set up step down subsidiary / alter the shareholding pattern)

## Repatriation

- All dues receivable from foreign entity like dividend, royalty, technical fees, etc within 60 days of its falling due, or such further period as the RBI may permit

## Every year -File annual return on Foreign Liabilities and Assets (FLA)

- 15 July every year

# COMPLIANCE DATE CHART

TRANSACTIONS	NUMBER OF DAYS
Post Investment Changes	Report to RBI via AD bank within 30 days from the date of approval for such transaction
Write-off/ Restructuring	
Repatriation of dues receivable from foreign entity (dividends, royalty, technical fees, etc.)	To be repatriated within 60 days of its falling due or such further period as the Reserve Bank may permit
Repatriation of funds from Foreign Currency account (FCA)	To be repatriated to India within 30 days from the date of credit
Details of disinvestment	Submit to AD bank within 30 days of such disinvestment
Sale proceeds of disinvestment	Repatriated in India within 90 days
Purchase of securities by RI by way of gift, ESOP, inheritance	Proceeds by sale of such securities to be repatriated within 90 days of receipt
Filing of APR	31st December
Filing of FLA	15 <sup>th</sup> July



# THANK YOU

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# ANNEXURE

Abbreviation	Full Form
AD	Authorised Dealer
ADR	American Depository Receipts
APR	Annual Performance Report
CCPs	Compulsorily Convertible Preference Shares
ECB	External Commercial Borrowing
EEFC	Exchange Earners Foreign Currency
FCCBs	Foreign Currency Convertible Bonds
GDR	Global Depository Receipts
JV	Joint Venture
MOA	Memorandum of Association
ODI	Overseas Direct Investment
RBI	Reserve Bank of India
RFC	Resident Foreign Currency
SEBI	Securities Exchange Board of India
WOS	Wholly Owned Subsidiary





# ANNEXURE

## Checklist

All transactions relating to investment in JV / WOS to be routed through one branch of AD ODI is divided into following:

Part I -Application for allotment of Unique Identification Number (UIN) and reporting of

Remittances / Transactions:

Section A -Details of the Indian Party

Section B -Capital Structure and other details of JV/ WOS/ SDS.

Section C -Details of Transaction/ Remittance/ Financial Commitment

Section D -Declaration by the Indian party

Section E -Certificate by the statutory auditors of the Indian party

Part II -Annual Performance Report (APR)

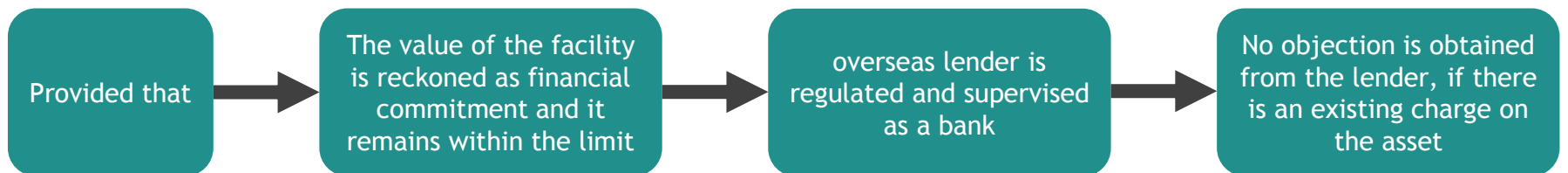
Part III -Report on Disinvestment by way of

- a) Closure / Voluntary Liquidation / Winding up/ Merger/ Amalgamation of overseas JV / WOS;
- b) Sale/ Transfer of the shares of the overseas JV/ WOS to another eligible resident or non-resident;
- c) Closure / Voluntary Liquidation / Winding up/ Merger/ Amalgamation of Indian Party; and
- d) Buy back of shares by the overseas JV/ WOS of the Indian Party

# ANNEXURE

## Permissible creation of charges

<ul style="list-style-type: none"><li>Security for availing fund based or non-fund based facility for Joint Venture or Wholly Owned Subsidiary or Step Down Subsidiary outside India</li></ul>	<ul style="list-style-type: none"><li>Indian Party may create charge on its assets in favor of an overseas lender</li></ul>	<ul style="list-style-type: none"><li>By way of mortgage, pledge, hypothecation or otherwise</li><li>Including the assets of its group company, sister concern or associate company in India, promoter or director</li></ul>
Security for availing fund based or non-fund based facility for itself or its Joint Venture or its Wholly Owned Subsidiary or its Step Down Subsidiary outside India	An Indian Party may create charge on the assets of its overseas Joint Venture or Wholly Owned Subsidiary or Step Down Subsidiary in favor of an AD bank in India	<ul style="list-style-type: none"><li>By way of mortgage, pledge, hypothecation or otherwise</li></ul>



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