



**RBI/2005-06/01**

**Master Circular No. /01/2005-06**

**July 1, 2005**

To

All Banks Authorised to Deal in Foreign Exchange

**Madam/Sir,**

**Master Circular - Direct Investment by Residents in Joint Venture (JV)/  
Wholly Owned Subsidiary(WOS) abroad**

Direct investments by residents in Joint Venture (JV) and Wholly Owned Subsidiary (WOS) abroad are being allowed, in terms of clause (a) of sub-section (3) of section 6 of the Foreign Exchange Management Act 1999, (42 of 1999) read with Notification No. GSR 757 (E) dated November 19, 2004 and FEMA Notification 120/RB-2004 dated July 7, 2004 as amended from time to time.

2. This Master Circular consolidates the existing instructions issued till date on the subject of "**Direct Investment by Residents in Joint Venture (JV)/Wholly Owned Subsidiary (WOS) abroad**" at one place. The list of underlying circulars/notifications is furnished in Appendix.

3.. As recommended by the Committee on Procedures and Performance Audit on Public Services (CPPAPS) (Chairman : Shri S. S. Tarapore) set up by the Reserve Bank, this Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2006 and be replaced by an updated Master Circular on the subject.

Yours faithfully,

**Vinay Baijal**  
**General Manager-in-Charge**



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## **PART – I**

### **Section A - General**

#### **A.1 Introduction**

Overseas investments in Joint Ventures (JV) and Wholly Owned Subsidiaries (WOS) have been recognised as important avenues for promoting global business by Indian entrepreneurs in terms of foreign exchange earnings like dividend, royalty, technical know-how fee and other entitlements on such investments. They are also a major source of increased exports of plant and machinery and goods from India. Joint ventures have also been perceived as a medium of economic co-operation between India and other countries. Transfer of technology and skill, sharing of results of R&D, access to wider global market, promotion of brand image, generation of employment and utilisation of raw materials available in India and in the host country are other significant benefits arising out of such overseas investments.

In keeping with the spirit of liberalisation, which has become the hallmark of economic policy in general, and Foreign Exchange regulations in particular, the Reserve Bank has been progressively relaxing its rules and simplifying the procedures both for current account as well as capital account transactions.

#### **A.2 Statutory basis**

Section 6 of the Foreign Exchange Management Act provides powers to the Reserve Bank to specify, in consultation with the Central Government the classes of permissible Capital Account transactions and limits upto which exchange is admissible for such transactions. Section 6(3) of the aforesaid Act provides powers to the Reserve Bank to prohibit, restrict or regulate various transactions referred to in the sub-clauses of that sub-section, by making Regulations.

In exercise of the above powers, the Reserve Bank has in super session of earlier Notification No.FEMA19/RB-2000 dated 3rd May 2000 and amendments thereto,



issued Foreign Exchange Management (Transfer or issue of any Foreign Security) Regulations, 2004 vide Notification No. FEMA 120/RB-2004 dated July 7, 2004 (as amended vide Notification No. FEMA 132/2005-RB dated 31st March 2005 (hereinafter referred to as 'the Notification'). The Notification seeks to regulate acquisition and transfer of a foreign security by a person resident in India i.e. investment by Indian entities in overseas joint ventures and wholly owned subsidiaries as also investment by a person resident in India in shares and securities issued outside India.

### **A.3 Prohibitions**

Indian parties are prohibited from making investment in a foreign entity engaged in real estate business or banking business.

### **A.4 General Permission**

- (i) In terms of Regulation 4 of the Notification, general permission has been granted to residents for purchase/acquisition of securities and sale of shares/securities so acquired -
  - (a) out of funds held in RFC account; and
  - (b) as bonus shares on existing holding of foreign currency shares.
  - (c) out of their foreign currency resources outside India.



## **Section B - Direct Investment outside India**

### **B.1 Automatic Route**

In terms of Regulation 6 of the Notification, an Indian party has been permitted to make investment in an overseas joint venture/wholly owned subsidiary by submitting form ODA, duly completed, to a designated branch of an authorised dealer, upto 200% of the net worth of the Indian party as on the date of the last audited balance sheet. This ceiling will not be applicable where the investment is made out of balances held in Exchange Earners Foreign Currency account of the Indian party or out of funds raised through ADRs/GDRs. Such investments in Nepal and Bhutan are permitted only in Indian rupees. However, the automatic route facility is not available for investment in Pakistan.

The above ceiling will include contribution to the capital of the overseas JV/WOS, loan granted to the JV/WOS, and 50% of guarantees issued to or on behalf of the JV/WOS. Such investments are subject to the following conditions:

- a) The Indian party may only extend loan /guarantee to an overseas concern in which it has equity participation.
- b) The Indian party should not be on the Reserve Bank's Exporters caution list/list of defaulters to the banking system circulated by the Reserve Bank/CIBIL or under investigation by any investigation/enforcement agency or regulatory body.
- c) All transactions relating to a joint venture/wholly owned subsidiary should be routed through one branch of an authorised dealer to be designated by the Indian party.
- d) In case of partial /full acquisition of an existing foreign company, where the investment is more than USD 5.00 mn, valuation of the shares of the company shall be made by a Category I Merchant Banker registered with SEBI or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority in the host country; and, in all other cases by a Chartered Accountant or a Certified Public Accountant. However, in cases of investment by way of swap of shares, in all cases irrespective of the amount, valuation of the shares will have to be by a Category I Merchant Banker registered with SEBI or an Investment



Banker outside India registered with the appropriate regulatory authority in the host country. Approval of FIPB will also be a precondition.

In case of investment in overseas JV/WOS abroad by a Partnership firm, where entire funding for such investment is done by the firm, it will be in order for individual partners to hold shares for and on behalf of the firm in the overseas JV/WOS if the host country regulations or operational requirements warrant such holdings.

## **B.2 Method of Funding**

Investment in an overseas JV/WOS may be funded out of one or more of the following sources: -

- i) drawal of foreign exchange from an authorised dealer in India.
- ii) capitalisation of exports.
- iii) swap of shares (valuation as mentioned in para B.1 (d) above)
- iv) utilisation of proceeds of ECBs/FCCBs.
- v) balances held in EEFC account of the Indian party.
- vi) utilisation of proceeds of foreign currency funds raised through ADR/GDR issues.

In respect of (v) and (vi) above, the ceiling of 200% of networth will not apply. However in respect of investments in the financial sector, they will be subject to compliance of Regulation 7 of the Notification *ibid*, irrespective of method of funding.

## **B.3 Capitalisation of exports and other dues**

- a) Indian parties are also permitted to capitalise the payments due from the foreign entity towards exports made to it, fees, royalties or any other entitlements due from the foreign entity for supplying technical know-how, consultancy, managerial and other services within the ceilings applicable. Export proceeds remaining unrealised beyond a period of six months from the date of export will require the prior approval of the Reserve Bank before capitalisation.
- b) Indian software exporters are permitted to receive 25 per cent of the value of their exports to an overseas software company in the form of shares without



entering into Joint Venture Agreements, with the approval of the Reserve Bank.

#### **B.4 Investment under swap or exchange of shares arrangement**

In terms of Regulation 8 of the Notification, Indian parties engaged in any activity who have already made an ADR/GDR issue, may acquire shares of foreign companies engaged in the same core activity in exchange of ADRs/GDRs issued to the latter 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 Central Government, subject to compliance with the following conditions:

- a. ADRs/GDRs are listed on any stock exchange outside India;
- b. such investment by the Indian Party does not exceed the higher of the following amounts, namely:-
  - i. amount equivalent of US\$100 mn; or
  - ii. amount equivalent to 10 times the export earnings of the Indian Party during the preceding financial year as reflected in its audited financial statements (whichever is higher). For the purpose of reckoning the limit, the investments already made under Regulation 6 in the same financial year are to be included.
- c. the ADR and/or GDR issue for the purpose of acquisition is backed by underlying fresh equity shares issued by the Indian Party;
- d. 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;
- e. valuation of the shares of the foreign company, shall be
  - i as per the recommendations of the Investment Banker if the shares are not listed on any stock exchange; or
  - ii. based on the current market capitalization of the foreign company arrived at on the basis of monthly average price on any stock exchange abroad for the three months preceding the month in which the acquisition is committed and over and above, the premium, if any, as



recommended by the Investment Banker in its due diligence report in other cases.

The Indian party is required to report such acquisition in form ODG to the Reserve Bank within a period of 30 days from the date of the transaction.

## **B. 5 Investment in Equity of Companies Registered Overseas / Rated Debt Instruments**

### **(i) Corporates**

Listed Indian companies are permitted to invest abroad in companies, (a) listed on a recognized stock exchange and (b) which has the share holding of at least 10 per cent in an Indian company listed on a recognized stock exchange in India (as on 1st January of the year of the investment). They are also permitted to invest in rated bonds / fixed income securities of such companies. Such investments shall not exceed 25 per cent of the Indian company's net worth as on the date of latest audited balance sheet.

### **(ii) Individuals**

Resident individuals are permitted to invest in equity and in rated bonds/fixed income securities of overseas companies indicated at (i) above without any monetary limit.

### **(iii) Investment by Mutual Funds**

Mutual Funds are permitted to invest in ADRs/GDRs of the Indian companies, rated debt instruments and also invest in equity of overseas companies indicated at (i) above within an overall cap USD 1 billion. Accordingly, Mutual Funds desirous of availing of this facility may approach SEBI for necessary permission in the matter.

General permission is available to the above categories of investors for sale of securities so acquired.

## **B.6 Approval of the Reserve Bank**

In all other cases of direct investment abroad the prior approval of the Reserve Bank would be required. For this purpose, applications together with necessary documents should be made in





- a) Form ODB if the investment is for acquiring shares of foreign company engaged in the same core activity in exchange of ADR/GDRs issued to the latter in excess of USD 100 mn or ten times the export earnings (whichever is higher)/for acquisition of shares of a company outside India, in lieu of fees due to it for professional services rendered to the said company.
- b) Form ODI in all other cases.

Reserve Bank, would inter alia, take into account the following factors while considering such applications:

- a) Prima facie viability of the Joint Venture/Wholly Owned Subsidiary outside India;
- b) Contribution to external trade and other benefits which will accrue to India through such investment;
- c) Financial position and business track record of the Indian Party and the foreign entity;
- d) Expertise and experience of the Indian Party in the same or related line of activity of the Joint Venture or Wholly Owned Subsidiary outside India.

### **B.7 Investment in the Financial Services Sector**

In terms of Regulation 7 of the Notification, an Indian party seeking to make investment in an entity engaged in the financial sector should also fulfill the following additional conditions:

- (i) be registered with the appropriate regulatory authority in India for conducting the financial sector activities;
- (ii) have earned net profit during the preceding three financial years from the financial services activities;
- (iii) have obtained approval for investment in financial sector activities abroad from concerned regulatory authorities in India and abroad; and
- (iv) have fulfilled the prudential norms relating to capital adequacy as prescribed by the concerned regulatory authority in India

### **B.8 Post investment changes/additional investment in existing JV/WOS**

A JV/WOS set up by the Indian party as per the Regulations may diversify its activities / set up step down subsidiary/alter the shareholding pattern in the



overseas entity subject to the Indian party reporting to the Reserve Bank, the details of such decisions taken by the JV/WOS within 30 days of the approval of those decisions by the competent authority concerned of such JV/WOS in terms of local laws of the host country, and, include the same in the Annual Performance Report required to be forwarded annually to the Reserve Bank.

### **B.9 Acquisition of a foreign company through bidding or tender procedure**

An Indian party may remit earnest money deposit or issue a bid bond guarantee for acquisition of a foreign company through bidding and tender procedure and also make subsequent remittances through an authorised dealer in accordance with the provisions of Regulation 14 of the Notification.

### **B.10 Obligations of Indian Party**

An Indian party which has made direct investment abroad is under obligation to (a) receive shares certificate or any other document as an evidence of investment, (b) repatriate to India the dues receivable from foreign entity and (c) submit the documents/Annual Performance Report to the Reserve Bank, in accordance with the provisions specified in Regulation 15 of the Notification.

### **B.11 Transfer by way of sale of shares of a JV/WOS**

An Indian party may transfer by way of sale to another Indian party, which complies with the provisions of Regulation 6 of the FEMA Notification 120/RB-2004 dated July 7, 2004 or to a person resident outside India, any share or security held by it in a joint venture or wholly owned subsidiary outside India subject to the conditions and reporting requirements indicated in Part II of this circular.

Indian listed companies are however, permitted to disinvest in a JV/WOS abroad even in cases where such disinvestment may result in a "write-off" of the capital invested to the extent of 10% of their previous year's export realisation.

An Indian party, which does not satisfy the conditions laid down, and proposals which seek "write off" of the investment, (i.e. where the sale proceeds are less



than the amount of the original investments) shall have to apply to the Reserve Bank for prior permission.

### **B.12 Pledge of Shares**

An Indian party may pledge the shares of JV/WOS to an authorised dealer or a financial institution in India for availing of any credit facility for itself or for the JV/WOS abroad in terms of Regulation 18 of the Notification.

### **B.13 Hedging of Overseas Direct Investments**

Resident entities having overseas direct investments are permitted to hedge the exchange risk arising out of such investments. Authorised Dealers may enter into forward/option contracts with residents who wish to hedge their overseas direct investments (in equity and loan), subject to verification of such exposure and provided further that the contracts are completed by delivery or rolled over on the due date.

If a hedge becomes naked in part or full owing to shrinking of the market value of the overseas direct investment, the hedge may continue to the original maturity. Rollovers on the due date are permitted upto the extent of market value as on that date.

## ***SECTION C - Investment in Foreign Securities other than by way of Direct Investment***

### **C.1 Permission for purchase/acquisition of foreign securities in certain cases**

General permission has been granted to a person resident in India who is an individual -

- a) to acquire foreign securities as a gift from any person resident outside India; or
- b) to acquire shares under Cashless Employees Stock Option Scheme issued by a company outside India, provided it does not involve any remittance from India, or
- c) to acquire shares by way of inheritance from a person whether resident in or outside India;



- d) to purchase equity shares offered by a foreign company under its ESOP Schemes if he is an employee, or, a director of an Indian office or branch of a foreign company, or, of a subsidiary in India of a foreign company, or, an Indian company in which foreign equity holding, either direct or through a holding company/Special Purpose Vehicles (SPV), is not less than 51 per cent. Authorised dealers are permitted to allow remittances for purchase of shares by eligible persons under this provision.
- e) In all other cases, not covered by general or special permission, approval of the Reserve Bank is required to be obtained before acquisition of a foreign security.

### **C.2 Transfer of a foreign security by a person resident in India**

The shares acquired by persons resident in India in accordance with the provisions of Foreign Exchange Management Act, 1999 or Rules or Regulations made thereunder are allowed to be pledged for obtaining credit facilities in India from an authorised dealer.

### **C.3 General permission in certain cases**

Residents are permitted to acquire foreign securities, if it represents –

- a) qualification shares  
for becoming a director of a company outside India provided it does not exceed 1% of the paid up capital of the overseas company and the consideration for the acquisition does not exceed USD 20,000/- in a calendar year.
- b) rights shares  
provided that the right shares are being issued by virtue of holding shares in accordance with the provisions of law for the time being in force.
- c) purchase of shares  
of a JV/WOS abroad of the Indian promoter company by the employees/directors of Indian promoter company which is engaged in the



field of software where the consideration for purchase does not exceed US 10,000 or its equivalent per employee in a block of five calendar years; the shares so acquired do not exceed 5% of the paid-up capital of the Joint Venture or Wholly Owned Subsidiary outside India; and after allotment of such shares, the percentage of shares held by the Indian promoter company, together with shares allotted to its employees is not less than the percentage of shares held by the Indian promoter company prior to such allotment.

d) purchase of foreign securities under ADR/GDR linked stock option schemes by resident employees of Indian companies in the knowledge based sectors, including working directors provided purchase consideration does not exceed US\$ 50,000 or its equivalent in a block of five calendar years.

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## PART II

### **Operational Instructions to Authorised Dealers**

#### **1 Designated branches**

Authorised dealers are required to designate select branches at different centers to undertake foreign exchange transactions in connection with overseas direct investment under Regulation 6 of the Notification.

#### **Investments under Regulation 6**

Authorised dealers may allow investments upto the permissible limits on receipt of application in form ODA together with form A-2, duly filled in, from the Indian party/parties making investments in a JV/WOS abroad subject to their complying with the conditions specified in Regulation 6 of Notification FEMA No.120/RB-2004 dated July 7, 2004. Investment in financial services should however comply with additional norms stipulated at Regulation 7 *ibid*. While forwarding report of remittance in respect of investment in Financial Sector, authorised dealers may certify that approval from Regulatory authorities in India and abroad have been obtained. Before allowing the remittance authorised dealers are required to ensure that the necessary documents, as prescribed in form ODA, have been submitted. **Form ODA and other documents should not be submitted to the Reserve Bank.**

#### **2 General procedural instructions**

(i) Immediately after effecting the remittance, the authorised dealers are required to forward a report on remittance in the revised form ODR, in duplicate (format enclosed) to the Chief General Manager, Foreign Exchange Department, Overseas Investment Division, 3<sup>rd</sup> floor, Amar Building., Mumbai - 400 001. Authorised Dealers may ensure that the remittances on account of investments by Partnership firm are reported with the superscription "Remittance by partnership firm". In cases where the investment is being made jointly by more than one Indian party, form ODA is required to be signed jointly by all the investing parties and submitted to the designated branch of the Authorised Dealer. Authorised



dealer should forward to the Reserve Bank a consolidated form ODR indicating details of each party. The same procedure should be followed where the investment is made out of the proceeds of ADR/GDR issues of Indian party in terms of Regulation 6(5) of the Notification.

(ii) Clause (v) of sub-regulation (2) of Regulation 6 provides that all transactions relating to investment in a JV/WOS are to be routed through only one designated branch of an authorised dealer designated by the Indian party. For proper follow-up, the authorised dealers are required to maintain party-wise record in respect of each JV/WOS separately.

(iii) Authorised Dealers should allow remittance towards loan to the JV/WOS and/or issue guarantee to/on behalf of the JV/WOS abroad only after ensuring that the Indian party has a equity stake in the JV/WOS.

### **3 Investments under Regulation 11**

In terms of Regulation 11, Indian parties are permitted to make direct investment in JV/WOS abroad by way of capitalisation of exports or other dues/entitlements like royalties, technical know-how fees, consultancy fees, etc. In such cases also, the Indian party is required to submit details of the capitalisation in form ODA to the designated branch of authorised dealer. Such investments by way of capitalisation are also to be reckoned while computing the cap of 200 per cent prescribed in terms of Regulation 6. Further, in cases where the export proceeds are being capitalised in accordance with the provisions of Regulation 11, the authorised dealers are required to obtain a custom certified copy of the invoice as required under Regulation 12(2) and forward it to the Reserve Bank together with revised form ODR. Capitalisation of export proceeds or other entitlements, which are overdue, would require prior approval of the Reserve Bank for which the Indian parties should file an application in form ODI to the Reserve Bank for consideration.



#### **4 Allotment of Unique Identification Number**

On receipt of the form ODR from the authorised dealer, the Reserve Bank will allot an unique identification number to each JV or WOS abroad, which is required to be quoted in all the future correspondence by the Authorised Dealer or the Indian party with the Reserve Bank. Authorised Dealers may allow additional investment in an existing overseas concern set up by an Indian party, in terms of Regulation 6 only after the Reserve Bank has allotted necessary identification number to the overseas project.

#### **5 Investment by way of share swap**

In the case of investment by way of share swap, Authorised Dealers are additionally required to submit to the Reserve Bank the details of transactions such as number of shares received/allotted, premium paid/received, brokerage paid/received etc., and also confirmation to the effect that the inward leg of transaction has been approved by FIPB and the valuation has been done as per laid-down procedure and that the overseas company's shares are issued/transferred in the name of the Indian investing company. Authorised Dealers may also obtain from the applicants an undertaking to the effect that future sale/transfer of shares so acquired by Non-Residents in the Indian company shall be in accordance with the provisions of Notification No. FEMA 20/2000-RB dated May 3, 2000 as amended from time to time.

#### **6 Investments under Regulation 9**

In terms of Regulation 9, in certain cases investment in JV/WOS requires prior approval of the Reserve Bank. Authorised Dealers may allow remittances under these specific approvals granted by Reserve Bank and report the same to the Chief General Manager, Foreign Exchange Department, Central Office, Overseas Investment Division, Amar Building, 3<sup>rd</sup> floor, Mumbai 400 001 in the form ODR.





## **7 Purchase of foreign securities under ADR/GDR linked Stock Option Scheme**

Authorised Dealer may make remittances upto US \$ 50,000 or its equivalent in a block of five calendar years, without prior approval of Reserve Bank of India, for purchase of foreign securities under the ADR/GDR linked ESOPs, after satisfying that the issuing company has followed the relevant guidelines of SEBI/Government.

## **8 Remittance towards Earnest Money Deposit or Issue of Bid Bond Guarantee**

(i) In terms of Regulation 14 of the Notification Authorised Dealers may, on being approached by an Indian party which is eligible for investment under Regulation 6, allow remittance towards Earnest Money Deposit (EMD) to the extent eligible after obtaining Form A2 duly filled in or may issue bid bond guarantee on their behalf for participation in bidding or tender procedure for acquisition of a company incorporated outside India. On winning the bid, Authorised Dealers may remit the acquisition value after obtaining Form A2 duly filled in and report such remittance (including the amount initially remitted towards EMD) to the Chief General Manager, Foreign Exchange Department, Central Office, Overseas Investment Division, Amar Building, 3<sup>rd</sup> floor, Mumbai 400 001 in form ODR. Authorised Dealers while permitting remittance towards EMD should advise the Indian party that in case they are not successful in the bid, they should ensure that the amount remitted is repatriated in accordance with Foreign Exchange Management (Realisation, Repatriation & Surrender of Foreign Exchange) Regulations, 2000 (cf. Notification No. FEMA 9/2000-RB dated 3<sup>rd</sup> May 2000).

(ii) In cases where an Indian party, after being successful in the bid/tender decides not to proceed further with the investment, Authorised Dealers should submit details of remittance allowed towards EMD/invoked bid bond guarantee in form ODR to the Chief General Manager, Foreign Exchange Department, Central Office, Overseas Investment Division, Amar Building, 3<sup>rd</sup> floor, Mumbai 400 001.



(iii) In case the Indian party is successful in the bid, but the terms and conditions of acquisition of a company outside India are not in conformity with the provisions of Regulations in Part 1, or different from those for which Approval under sub-regulation (3) was obtained, the Indian party should obtain approval from the Reserve Bank by submitting form ODI.

## **9 Transfer by way of sales of shares of a JV/WOS outside India**

**I** Terms and conditions governing transfer by way of sale of shares of a JV/WOS outside India:

(i) the sale should not result in any write off of the investment made (i.e. sale proceeds should not be less than the original investment).

(ii) the sale is to be effected through a stock exchange where the shares of the overseas joint venture or wholly owned subsidiary are listed;

(iii) if the shares are not listed on the stock exchange, and the disinvestment is by private arrangement, the sale price of the share is not less than the value certified by a Chartered Accountant/Certified Public Accountant/Category I Merchant Bank registered with SEBI;

(iv) the Indian promoter does 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 joint venture or wholly owned subsidiary;

(v) the overseas concern has been in operation for at least one full year and the annual performance report together with the audited accounts for that year has been submitted to the Reserve Bank;

(vi) the Indian party is not under investigation by CBI/ED/SEBI/IRDA or any other regulatory authority in India;

Sale proceeds of shares/securities shall be repatriated to India immediately on receipt thereof and in any case not later than 90 days from the date of sale of the shares/securities.

**II.** Authorised Dealers may obtain following documents in order to process an application for disinvestment from an Indian party having JV/WOS abroad (these



documents should be retained with the Authorised Dealer and not forwarded to RBI.)

- (i) Latest Annual Performance Report on the working of the JV/WOS including financial statements.
- (ii) Certified true copy of the Board Resolution approving the disinvestment and indicating the amount of disinvestment approved.
- (iii) Letter of offer from the purchaser.
- (iv) Consent letter from the partners in case of disinvestment of share in a JV abroad.
- (v) Valuation certificate.
- (vi) Certificate from a Chartered Accountant certifying that no dues are outstanding to the Indian party or indicating the details of dues, if any, from the JV/WOS to the Indian party.

**III.** Authorised Dealers will forward only a report regarding disinvestment to the Regional Office of the Reserve Bank, which inter alia, should indicate the following:-

- (i) Identification Number.
- (ii) Name of Indian company.
- (iii) Name of the country and amount of investment approved.
- (iv) Amount of disinvestment.
- (v) Date of repatriation of the disinvestment proceeds.
- (vi) Certificate that all documents as above have been obtained.





**ODA**

**DIRECT INVESTMENT IN JOINT VENTURE(JV)/WHOLLY OWNED  
SUBSIDIARY (WOS) ABROAD UNDER AUTOMATIC ROUTE**

To

(Name and address of the authorised dealer)	<b>For use by RBI only</b>										
	<b>Date of receipt</b>						<b>Inward No</b>				
	<b>Identification No</b>										

[All amounts in Foreign Currency (FC) and Indian Rupees (INR), should be in thousands only]

**I. GENERAL**

Nature and category of the investment [Please tick( )the appropriate box] :			
<b>A. Fresh Proposal</b>		<b>B. Supplementary Proposal</b>	
(i)Participation in JV abroad		(a)(i)Enhancement of equity in existing JV/ WOS abroad	
(ii)Contribution in WOS		(ii) Grant/enhancement of loan in existing JV/WOS	
(iii)Full/partial* take over of an existing foreign concern		(iii) Extension/enhancement of guarantee	
(iv)Acquisition of a company overseas through bidding or tender procedure		(iv)Others (Please specify)	

(\*Strike out whichever is not applicable)

**II - PARTICULARS OF INDIAN PARTY**

(a)Name and Address of the Indian party Tel. No. Fax No. Email ID	

(b)Date of incorporation	(c) Status*
--------------------------	-------------



\*(a)Public Ltd.Company (1), (b) Private Limited Company (2)  
(c)Public Sector Undertaking (3), (d) Others (4) (Please specify)

(d)Name of the Industrial House/ Group to which the Indian party belongs		
(e)(i)Existing line of activity of the Indian party (Please tick the appropriate box)		(ii)Brief particulars of the products manufactured/goods traded/services rendered
Manufacturing		
Trading		
Financial Services		
Non-Financial Services		
Others (please specify)		

(f)Years of experience in the existing line of activity

(g)Financial details for the last three years

(Amount in INR)

Financial Year ending	Domestic sales/turn-over	Foreign exchange earnings from exports (excluding equity exports to existing JV/WOS)	Foreign exchange earnings (other than exports)	Net profit/ (Loss)	Paid-up capital	Net worth
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(h) Particulars of EEFC Account

(Amount in FCY)

Account No.	Balance as on	Name of the Bank/Branch

(i)Particulars of ADR/GDR funds raised (applicable only where the proposed investment is funded fully/partly out of ADR/GDR funds)  
(Amount in FCY)

(i) Date of issue		(iv)Amount utilised so far	
(ii) Amount issued		(v)Out of (ii) above, amount utilised for overseas investments	



(iii) Issue Price		(vi) Balance available (Please indicate where the funds have been parked)	
(j) Details of ECB/ FCCB (applicable only where the proposed investment is funded fully/partly out of ECB/FCCB funds) (Amount in FCY)			
Registration No.			
Details of Share Swap Transaction (applicable only where the proposed investment is funded fully/partly out of ECB/FCCB funds) (Amount in FCY)			
Name Of the Indian Co.		Name of the Foreign Co.	
No. of Shares Allotted		No. of Shares Received	
Value per Share		Value per Share	
Premium Received		Premium Paid	

### III - PARTICULARS OF THE FOREIGN PARTNER / CONCERN

(a) Date of incorporation:								
	D	D	M	M	Y	Y	Y	Y
(b) Name / Address of the foreign partner/concern								
Tel. No								
Fax No.								
Email ID								
(c) Years of experience in the proposed field of collaboration:								
(d) Financial details during the last three years :								

(Amount in FCY)

Accounting year ending	Sales/ turnover	Net fixed assets	Net Profits/ (loss)	Paid-up capital	Net worth	Dividend (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)



<b>IV. Particulars of JV/WOS</b>	<u>(ii) Brief particulars of the products manufactured/goods traded/services rendered</u>
<u>(i) Line of activity of the proposed JV/WOS</u> (Please tick the appropriate box)	
(a) Manufacturing	
(b) Trading	
(c) Financial Services	
(d) Non-financial services	
(e) Others (Please specify)	
(iii) Location (country) of the proposed JV/WOS:	
(iv) Time-frame for project implementation of the project:	
(v) Accounting year followed in host country:	

<b>V. Financial Package</b>		<u>(Amount in FCY)</u>	
(a) Estimated cost of the project -			
of which			
(i) Cost of capital equipment			
(ii) Cost of land			
(iii) Cost of civil works			
(iv) Cost of misc. fixed assets			
(v) Preliminary & pre-operative expenses			
(vi) Contingencies			
(vii) Others ( Please specify )			
Total*			
(b) Equity share capital of the JV/WOS			
(i) By the Indian party	% to total equity	(ii) By foreign collaborator	% to total equity

\*Where the investment is for partial/full takeover of an existing foreign concern, the total cost of acquisition may be furnished. A certificate from a chartered Accountant about reasonableness of the acquisition price should be enclosed.

<u>(c) Debt Finance</u>			<u>(Amount</u>
<u>in FCY)</u>			
	<u>Amount</u>	<u>Period</u>	<u>Rate of Interest</u>



	TL*	WC**	TL	WC	TL	WC
(i) By Indian Party						
(ii) By the Foreign Partner						
(iii) By banks/FIs in India						
(iv) By banks/FIs abroad						
Total						

\* TL = Term Loan                      \*\* WC = Working Capital

[V(a) should tally with the sum of equity and term loan as given at (b) and (c) above

(Amount in FCY)

(d)Guarantees/other contingent liabilities	Amount	Period	Remittance towards invoked guarantee
(i) By Indian Party			
(ii) By Foreign Partner			
(iii) By banks/FIs in India			
(iv) By banks abroad			

<b>VI. Method of Contribution by Indian Party</b>	(Amount in FCY)
(i) Foreign Exchange from the Market	
(ii) Out of EEFC Balances	
(iii) Out of ADR/ GDR Proceeds	
(iv)Capitalisation of Export proceeds	
(v) Capitalisation of other dues (please specify)	
(vi) Swap of Shares	
(vii) Out of ECB/ FCCB balances	

<b>VII.Profitability Projections of the overseas JV/WOS</b>	(Amount in FCY)					
	Years of operation					
	1	2	3	4	5	Total
(a)Gross sales/turnover						
(b)Net Profit(Loss)						
(c)Dividend						
(d)Net worth						





VIII. Projected repatriable entitlements, if any						(Amount in FCY)
Years of operation						
	1	2.	3	4	5	TOTAL
(a) Dividend						
(b) Others (Please specify)						
<b>TOTAL</b>						

IX. Projected non-equity exports						(Amount in INR)
Years of Operation						
	1	2	3	4	5	TOTAL
FOB Value						

**DECLARATION**

We hereby certify that (i) the information furnished above are true and correct, (ii) all the legal and other formalities in India and the host country for the above investment have been/will be complied with, (iii) the amount of investment by way of equity/loan and 50% of the guarantee, either out of market purchase of foreign exchange or the balances held in the EEFC account, utilisation of ADR/GDR proceeds, capitalisation of exports/other entitlements, swap of shares, utilisation of ECB/ FCCB proceeds is as per extant regulations and (iv) no investigations by Directorate of Enforcement are pending against us and (v) our name is not in the Exporters' Caution List of the Reserve Bank. /list of defaulters to the Banking system circulated by the RBI, or under investigation by the Enforcement Directorate/ SEBI/IRDA etc.

Place: \_\_\_\_\_

\_\_\_\_\_  
(Signature of authorised official)

Date : \_\_\_\_\_

Stamp/Seal

Name:-----

Designation-----

List of enclosures :

- |    |    |
|----|----|
| 1. | 4. |
| 2. | 5. |
| 3. | 6. |



### **Certificate by the Statutory Auditors of the Indian party**

It is certified that the terms and conditions contained in FEMA Notification 19/RB-2000 dated May 3, 2000 as amended from time to time (Foreign Exchange Management (Transfer & Issue of Foreign Securities) Regulations, 2000) have been complied with by the Indian party in respect of the investment under report. In particular, it is further certified that- (i) the investment is not in real estate oriented or banking business, and (ii)\* the amount of foreign exchange proposed to be purchased for remittance towards the investment together with remittances already made and exports and other dues capitalised/ swap of shares/ investment from ECB/FCCB balances for investment abroad under the Automatic Route is/will be within 100 % of the net worth of the Indian party as on the date of last audited balance sheet, (iii)\*\* that the Indian party has (a) has made net profits during preceding three years, (b) has fulfilled the prudential norms of capital adequacy as prescribed by the concerned regulatory authority; (c) has been registered with the appropriate regulatory authority in India and (d) has obtained approval for investment in financial sector activities abroad from the concerned regulatory authorities in India and abroad (vi)\*\*\* proceeds of ADR/GDR being used for the investment is within 100 % of the amount raised abroad by way of ADR/GDR issues (vii) @ has complied with the valuation norms prescribed for investment by way of swap of shares (viii)# has complied with the ECB guidelines

\*Applicable if investment in part or full is funded out of purchase of foreign exchange from market and/or capitalisation of exports & other dues.

\*\*Applicable only in cases where the investment is in the financial services sector (e.g. insurance, mutual fund , asset management, etc.)

\*\*\*Applicable where investment is funded, in part or full, out of ADR/GDR proceeds.

@ Applicable where investment is funded, by way of swap of shares

# Applicable where investment is funded through ECB/FCCB balances



## Instructions for filling up the Form ODA

1. This form, in duplicate, should be submitted to the authorised dealer for the purpose of making remittance.
2. The form should be complete in all respects and accompanied by
  - (i) certificate from the statutory auditors in the format given in the form and
  - (ii) certified copy of the resolution of the Board of Directors indicating the amount of investment approved by the Board.

In respect of supplementary proposals involving additional equity, loan or guarantee, the particulars furnished in form **ODA** submitted earlier in respect of the same JV/WOS need not be insisted upon; however, revised particulars of the repatriable entitlements etc., to the extent applicable, may only be obtained.

3. Where there is more than one Indian party making investment in the same JV/WOS overseas, form ODA should be obtained by all the Indian parties jointly along with a certificate(s) from other ADs, if remittances are effected by the latter.

4. In case where the Indian party is successful in the bid for overseas acquisitions for which it has already made remittance towards Earnest Money Deposit or issued bid bond guarantee, under a bidding or tender procedure, while effecting the final remittance towards such acquisition, a report in the form ODA may be obtained.

◆◆◆◆◆◆◆◆◆◆



## ODB

### Application for issue of ADRs/GDRs on back to back basis for overseas acquisitions

- i) Name and address of the Indian Company :
- ii) Status of Indian Company [public limited : company, private limited company, public sector undertaking or others (please specify)]
- iii) Name of the Industrial Group/House to : which the applicant company belongs
- iv) Date of incorporation :
- v) Existing line(s) of activity (activities) :
- vi) Financial particulars of the Indian : company for the last three years.

(Rs.in crores)

<u>Financial year ended</u>	<u>Domestic Sales</u>	<u>Forex earnings by way of exports</u>	<u>Forex earnings (other than export of goods/services)</u>	<u>Net Profits/ (Loss)</u>	<u>Paid up capital</u>	<u>Net worth</u>
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>
		-				
		-				



vii) Particulars of the existing overseas JV/WOS set up/acquired by the applicant company and its operational details for the last three years.

(Amount in foreign currency / million)

<u>Name of the overseas concern and its location</u>	<u>Approval No. issued by RBI</u>	<u>Name of foreign Currency</u>	<u>Amount of Investment</u>		
			<u>Equity Guarantee</u>	<u>Loan</u>	
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
			-		
			-		
			-		

<u>Average annual turnover</u>	<u>Amount repatriated to India</u>			<u>Profit(loss) during the last year</u>	<u>Net worth as per the last balance sheet</u>
	<u>Dividend Exports realised</u>	<u>Other entitlements</u>			
<u>(7)</u>	<u>(8)</u>	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>(12)</u>

viii) Amount of blanket approval limit being sought for and the justification therefor.  
(Please see the instructions)

ix) If the applicant company or its sister concern/promoters/directors are under Exporters' Caution List of the Reserve Bank or their affairs are under investigation by Directorate of Enforcement/other law enforcing agencies, the brief particulars thereof and the present position may be indicated here.





### **Instructions for filling up the form ODB**

1. The form complete in all respects should be submitted in triplicate to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Overseas Investment Department, Amar Building, Mumbai – 400 001.
2. For foreign currency SWIFT codes may be used.
3. If any specific acquisition deal has been negotiated, the details thereof including the name of the overseas company being acquired, its performance for the last three years, share exchange ratio, acquisition price, valuation report
4. A brief write-up incorporating, inter alia, the tentative business plan of overseas acquisitions, country of location of such foreign companies and their line of activity and financial and operational particulars, rough estimates of acquisition cost and the basis thereof, likely benefits to the applicant company and the country from such acquisitions, such as, synergy between operations, dividend and other inflows, access to technology, incremental exports, etc. should be enclosed to this form. The information furnished will be kept confidential.
5. A note indicating likely benefits to the acquiring company may also be furnished as an Annexure.



**ODG**  
**Report on overseas acquisition made under the**  
**ADR/GDR Stock Swap Scheme**

<b><u>For Office Use.</u></b>											
<b><u>Date of Receipt:</u></b>											
<b><u>Approval No.:</u></b>											

**I. General**

a) Name and address of the Indian Company : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

b) Date of Incorporation 

D	D	M	M	Y	Y	Y	Y

c) Line(s) of activity (activities) : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

d) Financial details of the Indian company for the last three years :- (Rs. in crores)

Financial year ended	Domestic sales	Forex Exchange earnings from exports	Forex earnings (other than export of goods/ services)	Paid up capital	Net Profit/ (Loss)	Net-worth
(1)	(2)	(3)	(4)	(5)	(6)	(7)
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____





**II. Details of ADRs/GDRs issued on Stock Swap basis for the acquisition under report :**

- a) Number and Amount of ADRs/GDRs issued for the purpose
  
- b) (i) Name of the stock exchange on which the ADRs/GDRs are listed  
  
(ii) Name of the Issue Manager
  
- c) Number of underlying share of the Indian company for each ADR/GDR issue
  
- d) (i) Acquisition price per share of the overseas (acquired) company  
  
(ii) Price of share recommended by the Investment Banker
  
- e) Price of each underlying share and ADR/GDR of the Indian company (acquiring company)
  
- f) Basis of valuation of price of the share of the Indian company
  
- g) Share Exchange Ratio  
(Share price of the acquired company/  
share price of the acquiring company)

**III. Details of the foreign (acquired) company**

- a) Name and address of the company : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- b) Name(s) and address of the share holders of the acquiring company offering the shares in exchange \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- c) Line(s) of activity (activities) of the company \_\_\_\_\_



\_\_\_\_\_  
\_\_\_\_\_

d) Financial particulars of the company for the last 3 years

Accounting year ended (1)	Name of Foreign Currency (2)	Gross Sales/ Turnover (3)	(Amount in Foreign Currency/million)		
			Net Profit/ (Loss) (4)	Paid up capital (5)	Net-worth (6)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

iv) **Post-acquisition equity structure of Indian company (acquiring company) and foreign company (acquired company)**

(a) <u>Indian Company</u> (%of non-resident holding to total equity)		(b) <u>Foreign Company</u> (% of Indian holding to total equity)	
<u>Pre acquisition</u>	<u>Post acquisition</u>	<u>Pre acquisition</u>	<u>Post acquisition</u>
_____	_____	_____	_____

v) **Cumulative position of ADRs/GDRs issued for overseas acquisitions under the scheme**

Sr. No.	Date of Issue (2)	Amount of Issue (3)	Issue price per ADR/GDR (4)	(Amount in Foreign Currency/million)		
				Amount outstanding (5)	Name of the foreign company acquired (6)	Date of report to RBI in form ODG (7)
1.	_____	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____	_____

vi) Any other information relevant to the acquisition under report



**DECLARATION**

It is certified that the information furnished above is true and correct. It is further certified that all the legal and other regulatory requirements in India and the host country of acquisition have been complied with.

Place \_\_\_\_\_

\_\_\_\_\_  
(Signature of authorised official)

Date \_\_\_\_\_

Stamp  
&  
Seal

Name : \_\_\_\_\_

Designation : \_\_\_\_\_

- Encls : 1.  
2.  
3.

4.  
5.  
6.





### **Instructions for filling up the form ODG**

**(This may be detached and retained by the Indian company)**

1. ODG form complete in all respects should be submitted in triplicate to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, Overseas Investment Division, Amar Building, Mumbai 400 001.

2. The following documents should be enclosed to this form :-

(A) A statement from the Statutory Auditors of the Indian company certifying that (i) the Indian Party has already made an ADR and / or GDR issue and that such ADRs/GDRs are currently listed on any stock exchange outside India;

)such investment by the Indian Party does not exceed the higher of the following amounts, namely: -

iii. amount equivalent to 100 percent networth of the Indian Co.

iv. amount equivalent to 10 times the export earnings of the Indian Party during the preceding financial year as reflected in its audited balance-sheet, inclusive of all investments made under Regulations in Part I, including under (i) of this clause, in the same financial year,

(ii) the issued amount of the ADRs/GDRs exchanged for acquiring shares of the overseas (acquired) company is within the limit specified in the Foreign Exchange Management.(Transfer and Issue of Foreign Security) Regulations,2000

(iii) the ADRs and/or GDRs issued for the purpose of acquisitions are backed by underlying fresh equity shares of the Indian party;

(iv) after the new ADR and/or GDR issue, the total holding in the Indian party by persons resident outside India in the expanded capital base, does not exceed the sectoral cap prescribed under the relevant regulations for such investments in the activities in which the Indian party is engaged; and

(v) where the shares of the foreign (acquired) company are not listed in any stock exchange, its valuation for acquisition is in accordance with the recommendations of the Investment Banker



or

where the shares of the foreign (acquired) company is listed on a stock exchange abroad, the valuation of its shares is based on current market capitalisation of the acquired company arrived at on the basis of monthly average price on any stock exchange abroad for the 3 months preceding the month in which is the acquisition is committed and over and above, the premium, if any, as recommended by the Investment Banker in its due diligence report.

B) Copy of the report together with due diligence report, if any, from an Investment Banker in support of the valuation as indicated at above.

(C) Other relevant documents as submitted to the Stock Exchange/Regulatory Authorities in the host country of the company acquired.



# ODI

## Application to Reserve Bank of India for Direct Investment in a Joint Venture/ Wholly Owned Subsidiary Abroad

### For office use only

Date of Receipt -----  
Inward No. -----

All amounts of foreign currency (FCY) & Indian Rupees (INR) should be in thousands only, i.e., '000 should be omitted

### Part A - General

#### **I. Brief Particulars of proposed Investment**

(i) Financial commitment (in FCY) ----- (ii) Country of location -----  
--

(iii) Nature of Investment

**(A) Investment in a new project (i.e. fresh proposal) OR**  
**(B) Investment in an existing project (i.e supplementary proposal)**

Approval/Identification No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--

Please indicate 13 digit number issued by RBI

#### Purpose of Investment

#### Purpose of Investment

- (a) Participant in JV
- (b) Contribution in WOS
- (c) Full acquisition of a foreign concern
- (d) Partial acquisition of a foreign concern
- (e) Others (please specify)


- (a) Enhancement of equity of the existing JV/WOS
- (b) Grant of/Enhancement of loan
- (c) Extension/Enhancement of Guarantee
- (d) Others (Please specify)




**II. Line of Activity of the JV/WOS**

(Please tick the relevant box)

(a) (i) Manufacturing		(b) Brief particulars of products to be manufactured/goods to be traded / services to be rendered ----- -----
(ii) Trading		
(iii) Financial		
(iv) Non Financial Services		
(v) Others (Please specify)		

**III. Proposed capital structure of the JV/WOS**

(a) Indian Party (ies)	% stake	(b) Foreign Partner(s)
% stake		
	in equity	
in equity		
1. -----	-----	1. -----
-		
2. -----	-----	2. -----
3. -----	-----	3. -----

Part –B - Particular of Indian Party(ies) and Foreign Partner(s) indicated at A. III above.

**I. Indian Party**

(Cases where there are more than one Indian party, information may be given on separate sheets for each of the parties)

- (i) Name & Address
- (ii) Date of Incorporation \_\_\_\_\_
- (iii) Date of Commencement of Business \_\_\_\_\_
- (iv) Status \* \_\_\_\_\_
- (v) Existing Line of Activity \_\_\_\_\_
- (vi) Years of experience in the line of Activity. \_\_\_\_\_
- (vii) % of Non-resident interest in the share capital of the Indian Party  
\_\_\_\_\_



\* (a) Public Ltd. Company (1), (b) Private Limited Company (2),  
 (c) Public Sector Undertaking (3), (d) Others (4) (Please specify).

(viii) Financial particulars of the Indian Party for the last 3 years

Accounting year	Domestic sales	Foreign exchange earnings from exports (excluding equity exports to existing JV/WOS)	Foreign exchange earnings other than from exports	Net Profit/(Loss)	Paid-up capital	Net worth
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1						
2						
3						

(ix). Particulars of existing Joint Ventures (JV) and Wholly Owned Subsidiaries (WOS) already in operation or under implementation, of the Indian party and its group concerns and foreign exchange earnings from these concerns :

Sr. No	Name of Indian Party	Name of JV/WOS/ Country	Approval No. allotted by Reserve Bank	(Amount in FCY)		
				Equity	Loan	Guarantee
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1						
2						
3						
4						
5						





Total Repatriations (R) vis-à-vis Entitlements (E) (entitlements & repatriations in the last 3 years to be given in brackets)

Total non-equity of export made so far (figures for last three years to be given in brackets)

	Dividend		Others		Projected exports (12)	Exports made (13)	Outstanding, if any (14)
	(E) (8)	(R) (9)	(E) (10)	(R) (11)			
1.							
2.							
3.							
4.							
5.							

**II. Particulars of the Foreign Partner(s)/concern  
(To be filled in case of foreign investment in JVs only. Cases where there are more than one foreign partner, information may be given on separate sheets for each of the collaborators)**

(a) Name & Address of the foreign partner/concern: \_\_\_\_\_  
\_\_\_\_\_

(b) Date of incorporation

(c) Years of experience in the proposed field of collaboration

(d) Financial particulars of the foreign partner/concern during the last 3 years:

Accounting Year ending (1)	Sales (2)	Net profits/(loss) (3)	Paid-up Capital (4)	(Amount in FCY)	
				Net worth (5)	Dividend % (6)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____



**Part –C - Performance of the JV/WOS**

**(To be filled in case of supplementary proposals only)**

**I. Date of latest Annual Performance Report (APR) submitted to Reserve Bank**

D	D	M	M	Y	Y	Y	Y

**II. Date of Incorporation**

D	D	M	M	Y	Y	Y	Y

**III. Date of commencement of business**

D	D	M	M	Y	Y	Y	Y

**IV. Capital structure of the JV/WOS**  
**(Amount in FCY)**

(a) Indian Equity

%age to	Approved	% age to	Actual	
	amount	total equity	investment	total equity
	(i)	(ii)	(iii)	(iv)

(b) Mode of Indian equity investment

(i) Cash Remittance

(ii) Capitalisation of

(a) Exports of plant

& Machinery/goods

(b) Others (Please specify)

(iii) GDR/ADR proceeds

(iv) Swap of shares

(v) Bonus shares

(vi) Out of EEFC balances

(vii) Others (please specify)

Total :



(c) Foreign equity: i) Amount \_\_\_\_\_ ii) % to total equity  
\_\_\_\_\_

**V. (a) Position of Term Loan (TL) /Working Capital (WC) Loan availed of by JV/WOS**

(Amount in FCY)

	Amount approved		Outstanding amount		<u>Overdue amount , if any</u>		
	TL	WC	TL	WC	TL	WC	<u>Total</u> TL + WC
(i)From Indian Party							
(ii)From foreign partner							
(iii)From Indian banks/ financial institutions							
(iv) Others (Please specify)							
<b>Total:</b>							

**(b) Position of guarantees extended to JV/WOS**

(Amount in FCY)

	Amount of guarantee approved/extended	Amount invoked/claimed (if any)	Date of Invocation	Amount paid so far



(i) By Indian Party				
(ii) By foreign party				
(iii) By banks /financial institutions in India				
(iv) By banks /financial institutions outside India				
(v) Others (Please specify)				

**VI. Operational details of the JV/WOS for the last three years**  
(Amount in FCY)

<u>ended)</u>	<u>(Year ended)</u>	<u>(Year ended)</u>	<u>(Year</u>
	(1)	(2)	(3)
(i) Gross Sales/Turnover			
(ii) Net Profit/(Loss)			
(iii) Dividend			
(iv) Net Worth			

**VII. Entitlements(E) and Repatriation ( R) from the JV/WOS**

outstanding (During the last ( Since commencement ( Total  
year ended) of business)  
entitlement due for

- repatriation)
- (i) Dividend
  - (ii) Others\* (Please specify)
  - (iii) Non equity exports realised
  - (iv) FDI Inflows

\* ( Royalties, technical know-how fees, consultancy fees, etc.)

**VIII. Present proposal in brief with supporting reasons:**

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**Part-D- Financial Package of JV/WOS**

(If the project is to be implemented in phases, separate sheets showing phase-wise distribution of cost should be attached and only the total of all the phases should be indicated below)

Rate of exchange applied for the projections.

1 US \$ = INR \_\_\_\_\_  
 FCY \_\_\_\_\_ Units = US \$ \_\_\_\_\_

II. Estimated cost of the project \* (Amount in FCY)

- (i) Cost of capital equipment
- (ii) Cost of land
- (iii) Cost of civil works
- (iv) Cost of misc. fixed assets
- (v) Preliminary & preoperative expenses
- (vi) Contingencies
- (vii) Others (Please specify)

Total :

\* In case of supplementary proposals, the revised cost of the project may be indicated

**III. Financing of the estimated project cost:**

	<u>Equity</u>		<b>Term loan(TL)/ Working Capital (WC)</b>	<b>Guarantee</b>
	Amount of Equity	% age to total equity		



(A) By Indian Party(ies)							
(i)							
(ii)							
(iii)							
SubTotal :							
(B) By Foreign Partners							
(i)							
(ii)							
(iii)							
<u>Sub Total</u>							
C) By Banks/ FIs/others							
i)							
ii)							
iii)							
<u>Sub Total</u>							
<b>Total of A to C</b>							

(Equity share capital plus term loan above should be equal to the total cost of the project as at II above.)



**IV** Method of Investment

(Amount in FCY)

- (a) By the Indian party
- (i) Cash remittance
  - (ii) Capitalisation of
    - (A) Export of plant & machinery/goods
    - (B) Others (Please specify)
  - (iii) ADRs/GDRs raised abroad
  - (iv) Swap of shares
  - (v) Others( Please specify)
  - Total
- (b) By the foreign partner
- (i) Cash
  - (ii) Fixed assets
  - (iii) Loans
  - (iv) Others (Please specify)
  - Total
- (c) Funding of Indian investment
- (i) Self-generated funds
  - (ii) Assistance under Overseas Investment Finance Scheme of the EXIM Bank, if applicable
  - (iii) Resources raised through ADRs/ GDRs
  - (iv) Loans from banks/financial institutions
  - (v) Out of balance in EEFC Account
  - (vi) Swap of shares
  - (vii) Others (Please specify)
  - Total



- V. **Management of the foreign concern.** (Whether the Indian party will have management control? If yes, give brief particulars of management/managerial functions to be discharged by the Indian party).

**PART - E – Financial projections of the fresh/ revised financial projections in case of supplementary investment proposals**

- I. **Profitability Projections:** (Amount in FCY)  
Years of operation

		1	2	3	4	5
(a)	Gross sales/turnover					
(b)	Operating cost excluding depreciation and interest					
(c)	Depreciation					
(d)	Interest					
	(i) On term loans					
	(ii) On Working Capital loans					
(e)	Tax					
(f)	Net Profit)/(Loss)					
(g)	Dividend					
(h)	Transfer to reserves					
(i)	Accumulated reserves & surplus /(loss)					
(j)	Net-worth					





**II. Repatriable entitlements of Indian Party, net of host country tax, during the next 5 years of operation**  
(Amount in FCY)

		Years of operation					
		1	2	3	4	5	Total
(a)	Dividend						
(b)	Technical know-how fees						
(c)	Royalty						
(d)	Engineering/ Technical services fees						
(e)	Consultancy/ Management fees						
(f)	Selling agency commission						
(g)	Others (Please specify )						
	Total						

**III. Projected for non equity/incremental exports** (Amount in INR)

		Years of operation					
		1	2	3	4	5	Total
	FOB Value						

**IV. (a)** Whether the applicant party/ies, its promoters, directors, etc. have come under investigations by Enforcement Directorate. If yes, the brief details thereof including present stage of investigation/adjudication/manner of disposal of the case should be furnished.

**(b)** Whether the promoter Indian party/ies is/are presently on the Exporters' Caution -list of RBI for non-realisation of export proceeds. If so, the present position may be indicated.

**V.** Any other information relevant to this proposal, including any special benefits/incentives available in the host country for setting up/acquiring the proposed concern:

**VI.** Name and address, telephone, telex and fax numbers of the branch of the authorised dealer through whom remittance towards the investment will be made.

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[ DECLARATION ]

I/We hereby certify that the information furnished above are true and correct.

Place  
Date:

\_\_\_\_\_

<b><u>Stamp /Seal</u></b>
---------------------------

(Signature of authorised official)

Name:.....

Designation:.....

List of enclosures :

- |    |    |
|----|----|
| 1. | 4. |
| 2. | 5. |
| 3. | 6. |





## **ANNEXURE**

### **Instructions for filling up the Form ODI**

(This part should be detached and retained by the applicant)

(1) Application complete in all respects should be submitted in three sets together with the following documents to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Overseas Investment Division (OID), Amar Building, Mumbai - 400 001 :

- (a) Draft Joint Venture Agreement (or Memorandum & Articles of Association in the case of a Wholly Owned Subsidiary) specifying the equity structure, management, rights and responsibilities of shareholders and also draft agreement(s) for supply of technical know-how, management and other services, if applicable.
- (b) A detailed project/feasibility report incorporating, inter alia, projected funds flow statement and balance sheets for five years, the information on various leverage and profitability ratios like debt-equity ratio, debt service coverage ratio, return on investments, etc. of the foreign concern accompanied by the statement from a Chartered Accountant certifying the ratios and projections, given in the application/report.
- (c) A report from the bankers of the Indian party in sealed/closed cover.
- (d) The latest Annual Accounts, i.e. Balance Sheet and Profit and Loss Account along with the Directors' Report of the Indian party and of the foreign collaborator in case of a joint venture.
- (e) Additional documents as under, if the application is made for partial/full take over of an existing foreign concern :-
  - (i) A copy of the certificate of incorporation of the foreign concern;
  - (ii) Latest Annual Accounts, i.e. the Balance Sheet and Profit and Loss Account along with Directors' report of the foreign concern ; and
  - (iii) A copy of the share valuation certificate from
    - (i) where the investment is more than US \$ 5 (five) million, by a Category I Merchant Banker registered with SEBI or an Investment Banker/Merchant Banker registered with the appropriate regulatory authority in the host country; and
    - (ii) in all other cases, by a Chartered Accountant or a Certified Public Accountant
- (f) A report from the bankers of the Indian party in sealed/closed cover.
- (g) The latest Annual Accounts, i.e. Balance Sheet and Profit and Loss Account along with the Directors' Report of the Indian party and of the foreign collaborator in case of a joint venture.



- (f) A copy of the resolution of the Board of Directors of the Indian party/(ies) approving the proposed investment.
- (g) Where investment is in the financial services sector, a certificate from a Chartered Accountant/Auditor's firm to the effect that the Indian Party :
  - (i) has earned a net profit during the preceding three years from the financial services activity;
  - (ii) is registered with the appropriate regulatory authorities;
  - (iii) has obtained approval for investment in financial sector activities abroad from concerned regulatory authorities in India and abroad; and
  - (iv) fulfilled the prudential norms relating to capital adequacy as prescribed by the concerned regulatory authority in India

2. Where there are more than one Indian promoter of the JV/WOS, only one application should be submitted on behalf of all the promoters.

3 (a) In case an Indian party is seeking approval for acquisition of overseas concern through bidding/tender procedure (with/without remittance of any earnest money deposit (EMD)/issue of bid bond guarantee), Indian Party should approach the Reserve Bank atleast one month in advance from the last date for submission of bid to the overseas authority with the following documents :

- (i) application in form ODI, to the extent applicable;
- (ii) certified relevant extracts of the terms and conditions of bid;
- (iii) Chartered Accountant's certificate indicating the valuation of shares and assets of the overseas concern justifying the acquisition price, where applicable; and
- (iv) a project/feasibility report.

(b). In the case where the bid is won by the Indian Party but the terms and conditions of the acquisition are different from those furnished earlier to the Reserve Bank, the Indian Party should apply afresh to the Reserve Bank in form ODI for prior approval before putting through the transaction.



## ODR

### Report on Remittances for Overseas Direct Investment by Authorised Dealers

All amounts in Foreign Currency(FCY) and Indian Rupees (INR) should be in thousand only.

<b><u>For use by RBI only</u></b>												
Date of Receipt								Inward No.				
Identification No.												

Name and address of the authorised dealer : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Telephone No. : \_\_\_\_\_  
 FAX No. : \_\_\_\_\_  
 e-mail : \_\_\_\_\_  
 A.D. Code : \_\_\_\_\_.

If the investment is in the existing JV/WOS, please indicate Identification/Approval No. already allotted :

No.												
-----	--	--	--	--	--	--	--	--	--	--	--	--

#### **I. GENERAL**

Nature and category of the investment [Please tick ( ✓ ) the appropriate box] :			
<b>A. Fresh Proposal</b>		<b>B. Supplementary Proposal</b>	
(i) Participation in JV abroad		(i) Enhancement of equity in existing JV/WOS abroad	
(ii) Contribution in WOS		(ii) Grant/enhancement of loan in existing JV/WOS	
(iii) Full/partial* takeover of an existing foreign concern		(iii) Extension/enhancement of guarantee	
(iv) Acquisition of a company overseas through bidding or tender procedure		(iv) Others (Please specify)	

(\* Strike out whichever is not applicable)



## II. PARTICULARS OF INDIAN PARTY

(a) Name and Address of the _____ Indian party _____ _____	
Telephone No. :	_____
FAX No. :	_____
e-mail :	_____
(b) Status*	
(c) Name of the Industrial House/Group to which the Indian party belongs	
(d) (i) Existing line of activity of the Indian party (Please tick the appropriate box)	(ii) Brief particulars of the products manufactured/goods traded/services rendered
Manufacturing	<input type="checkbox"/>
Trading	<input type="checkbox"/>
Financial Services	<input type="checkbox"/>
Non-Financial Services	<input type="checkbox"/>
Others (please specify)	<input type="checkbox"/>
(e) Years of experience in the existing line of activity :	

\* (a) Public Ltd. Company (1), (b) Private Ltd. Company (2)  
(c) Public Sector Undertaking (3), (d) Others (4)  
(Please specify)

## III. PARTICULARS OF THE FOREIGN PARTNER/CONCERN(in case of JV)

(a) Details of the foreign partner/concern	
Name :	_____
Address :	_____
Telephone No. :	_____
FAX No. :	_____
e-mail :	_____
(b) Years of experience in the proposed field of collaboration :	

## IV. PARTICULARS OF JV/WOS

(i) Name and Address of the _____ JV/WOS _____ _____	
Telephone No. :	_____
FAX No. :	_____
e-mail :	_____



(ii) Country of location:	
(iii) Line of activity of the JV/WOS (Please tick the appropriate box)	(iv) Brief particulars of the products manufactured/ goods traded/services rendered
(a) Manufacturing	
(b) Trading	
(c) Financial Services	
(d) Non-financial Services	
(e) Others ( Please specify)	
(v) Percentage holding by Indian Party (in case of JV) :	Percentage holding by foreign partner (in case of JV) :
(vi) Time-frame for implementation of the project :	
(vii) Accounting year followed in the host country :	

**V. PROFITABILITY PROJECTIONS OF THE OVERSEAS JV/WOS**

(Amount in FCY)\*\*

	Years of Operation					Total
	1	2	3	4	5	
(a) Gross sales/turnover						
(b) Net Profit(Loss)						
(c) Dividend						
(d) Net worth						

**VI. PROJECTED REPATRIABLE ENTITLEMENTS**

(Amount in FCY)\*\*

	Years of Operation					Total
	1	2	3	4	5	
(a) Dividend						
(b) Others (Please specify)						
<b>Total</b>						

**VII. PROJECTED NON-EQUITY EXPORTS**

(Amount in INR)

	Years of Operation					Total
	1	2	3	4	5	
FOB Value						



### VIII. DETAILS OF REMITTANCES EFFECTED

Investments under Automatic Route/approval issued by the Reserve Bank (Strike out whichever is not applicable)			
Currency**			
Amount of the proposed investment :			
Equity	Loan	Guarantee	Date of Remittance
Details of actual remittance effected :			
(a) From EEFC A/c.			
Equity	Loan	Guarantee(Invoked)	Date of Remittance
(b) By Market Purchases			
Equity	Loan	Guarantee(Invoked)	Date of Remittance
(c) From the ADR/GDR funds parked in India/outside India (Strike out whichever is not applicable)			
Equity	Loan	Guarantee(Invoked)	Date of Remittance
(d) By Swap of Shares			
Equity	Loan	Guarantee(Invoked)	Date of Swap
		XX	
(e) From ECB/ FCCB balances			
Equity	Loan	Guarantee(Invoked)	Date of Transaction
(f) Capitalisation of Exports/Other dues			
Date of capitalization:		Amount:	
(h) Guarantee issued: Date (Fresh / Already Existing Guarantee Period Extended )		Amount:	
Validity Period			

@ Please specify the other dues being capitalised viz., royalty, technical know-how fee, consultancy fees, etc.

\*\* Please indicate name of the foreign currency(FCY) as per SWIFT code.

We hereby confirm that the remittance\* has been allowed under the Automatic Route based on the certification given by the statutory auditors (in form **ODA**) confirming compliance with the prescribed terms and conditions by the Indian party/\*is in accordance with the terms and conditions of the approval letter issued by the Reserve Bank./\*in respect of the invoked guarantee has been made after satisfying that the claim is in conformity with the terms and conditions of the guarantee issued to/on behalf of the JV/WOS abroad.





\* strike out whichever is not applicable

**Stamp/Seal**

Place \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Signature of the Authorised Official  
of the Bank

Name : \_\_\_\_\_

Designation : \_\_\_\_\_

Tel.No. : \_\_\_\_\_

FAX No. : \_\_\_\_\_

**Note :**

This form should be forwarded to the Overseas Investment Division, Central Office, Foreign Exchange Department, Reserve Bank of India, Amar Building(Third Floor), Fort, Mumbai 400 001 **immediately** after making the remittance/capitalisation of exports, other dues, etc.





## Appendix

### **List of Circulars/Notifications consolidated in the Master Circular Direct Investment in Joint Ventures/ Wholly Owned Subsidiaries abroad**

Sl. No.	Circular No.	Date
1.	AP(DIR Series) Circular No.3	June 22, 2000
2.	AP(DIR Series) Circular No.13	September 14, 2000
3.	AP(DIR Series) Circular No.32	April 28, 2001
4.	AP(DIR Series) Circular No.16	December 15, 2001
5.	AP(DIR Series) Circular No.18	December 18, 2001
6.	AP(DIR Series) Circular No.23	February 19, 2002
7.	AP(DIR Series) Circular No.27	March 2, 2002
8.	AP(DIR Series) Circular No.43	April 30, 2002
9.	AP(DIR Series) Circular No.51	June 24, 2002
10.	AP(DIR Series) Circular No. 58	December 2, 2002
11.	AP(DIR Series) Circular No. 66	January 13,2003
12.	AP (DIR Series) circular No. 68	January 13,2003
13.	AP(DIR Series) Circular No. 83	March 1, 2003
14.	AP(DIR Series) Circular No. 96	April 28, 2003
15.	AP(DIR Series) Circular No. 97	April 29, 2003
16.	AP (DIR Series) circular No. 104	May 31, 2003
17.	AP (DIR Series) circular No. 107	June 19,2003
18.	AP (DIR Series) Circular No.41	December 6, 2003
19.	AP (DIR) Series) Circular No.42	December 6, 2003
20.	AP (DIR Series) Circular No.47	December 12, 2003
21.	AP (DIR Series) Circular No.57	January 13, 2004
22.	AP (DIR Series) Circular No.75	February 23, 2004
23.	AP (DIR Series) Circular No.90	May 3, 2004
24.	AP (DIR Series) Circular No.14	October 01, 2004
25.	AP (DIR Series) Circular No.32	February 09, 2005
26.	AP (DIR Series) Circular No.42	May 12, 2005

#### **Notifications issued**

Sl. No.	Notification No.	Date
1.	FEMA.120/RB-2004	July 07, 2004
2.	FEMA.132/RB-2005	March 31, 2005