

Compliance under RBI / FEMA Guidelines

Receipt of Foreign Direct Investment (FDI)

In case the Foreign contribution is received by an Indian Company towards issue of Share capital from a person or entity, resident outside India, the following steps and related compliances followed:

	Particulars	Time Limit
1	<u>Receipt of Remittance:</u> The first step is the company receives the fund in its bank account from overseas investors through banking channel. While remitting the fund, the following should be taken care of: i. the purpose of the remittance must be mentioned as 'towards equity share capital' ii. A KYC (Know your Customer) form for the Investor, is received from the remitting bank. iii. On receipt of the fund, the Indian bank issues a FIRC (Foreign Inward Remittance Certificate.	
2	Entity Master to be created on the RBI portal- firms.rbi.org.in	At the earliest
3	Business user creation on the RBI portal- firms.rbi.org.in	After approval of entity master
4	<u>Allotment of Shares</u> The company needs to allot shares to the foreign investors against the fund received.	Within 60 days from the date of receipt of the fund.
5	<u>Filing of Return of Allotment with ROC</u> On allotment of shares, a return of allotment is to be filed with the ROC in e form 2.	Within 30 days from the date of allotment.
6	<u>Filing of Form FCGPR with RBI</u> The detail of allotment along with a certificate from a Chartered Accountant and a certificate from a Company Secretary along with other prescribed documents to be submitted to the regional office of the RBI through the Bank which had received the remittance. On receipt of the form FCGPR as above, RBI sends its confirmation on email, which is the final approval and the	Within 30 days from the date of Allotment

	conclusive evidence for the shares allotted for FDI received under RBI and FEMA Guidelines.	
7	<p><u>Refund of excess application amount</u></p> <p>The amount received in excess of the application amount is required to be refunded to the remitter.</p> <p>(An amount upto plus/ minus 0.5% of the share application amount or Rs. 10,000, whichever is lower is allowed to be adjusted and may not required to be refunded.)</p>	<p>Within 60 days from the date of receipt. If not refunded, then an interest is payable to the remitter after expiry of 75th day of receipt.</p>
8	<p><u>Filing of Annual Return with RBI</u></p> <p>an Annual statement of Foreign Liabilities and Assets (FLA) is to be filed by the company which has received FDI, to the Central office of the Reserve Bank of India.</p>	<p>On or before 15th July of every year.</p>