सत्यमेव जयते

FOREIGN INVESTMENT PROMOTION BOARD

REVIEW 2014

FIPB Secretariat

Department of Economic Affairs

Ministry of Finance

Government of India

http://fipb.gov.in

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PROMOTION BOARD

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Disclaimer: This Review is based on proceedings of the FIPB. However, any decision reported in this Review or Policy position shall not have any legal binding. Reference has to be made to the individual proposal's formal communication and FDI Policy issued by DIPP. Errors and omissions, if any, may kindly be reported to the FIPB Secretariat.

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Government of India
Ministry of Finance
Department of Economic Affairs

FOREWORD

India's growth story is based on the intrinsic and integral resilience of the Indian Economy which has withstood the trials of recent global crisis. The story is set to embark into a new era of inclusive and sustainable growth shouldered by Hon'ble Prime Minister Shri Narendra Modi's resolve for 'Make in India'. The continuous reformative measures have strengthened Indian economy's fundamentals and enabled it grow at an average of 6.9 percent during the year 2013-14. The projected growth for 2014-15 is 7.4 percent and between 8.1percent to 8.5percent in the year 2015-16.

As part of Government's commitment to the principle of 'MINIMUM GOVERNMENT AND MAXIMUM GOVERNANCE', FIPB has transformed itself into e-FIPB (http://fipb.gov.in). The new website offers innovative features like e-Communication, SMS/E-mail status updates, query modules etc. With this e-transformation we commit to deliver clearances faster and more transparently.

The current FIPB Review document is the sixth edition since 2007 and exhibits the performance of the FIPB during the calendar year 2014. FIPB Review is institutionalized as a tradition with FIPB's commitment to infuse transparency and objectivity into its decision making. It presents our report card on how India fared in the global race for attracting investments.

The Government has rationalized the FDI policy framework in diverse sectors including Pharmaceuticals, Insurance, Defence and Construction Development and opened the Railway Infrastructure sector for private investment. The review summarizes the changes in the FDI Policy and FEMA Notifications during the year 2014.

I compliment Team FIPB for publishing this Review. Special thanks to all the members of FIPB and the officers behind them for delivering the results, which this Review proudly unveils.

(Shri Rajiv Mehrishi)

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ACKNOWLEDGMENT

The FIPB Review Document 2014 is the sixth in the series, being published by the FIPB Secretariat. It showcases the fruits of labour and toil of a year at FIPB. The decision making process at FIPB Secretariat within the framework of the FDI Policy and other regulatory norms has been illustrated. The evolution of the FDI policy continued in 2014, witnessing paradigm shifts of liberalizing select key sectors of Defence, Pharmaceuticals, Construction and Development, Railways etc. The same vigor gets reflected in the decisions of FIPB. The Review also gives glimpses of the future.

As this review rolls, there is a tectonic shift happening in the FIPB delivery mechanism. e-FIPB shall be changing the manner global investors look at India. Multiple copies for application, long wait for processing especially due to manual distribution mode and communication gaps would be a thing of past. Now an investor can apply from anywhere in the world and at anytime. The newly launched facility provides SMS and email alerts, query module and many more features resulting in radical reduction of communication time both inter-ministerial and between the applicant and the Administrative Ministries.

The report is compiled into 6 Chapters, the 1st Chapter introduces FIPB, 2nd Chapter details the working of FIPB graphically. 3rd Chapter elucidates the Press Notes and Notifications issued by DIPP and RBI in 2014. The 4th Chapter illustrates the Policy Implications and Key Decisions taken during the year in the FIPB meetings, the 5th Chapter inaugurates e-FIPB, the recent initiative taken by FIPB to go "paperless". And finally 6th Chapter is Conclusion, followed by an Appendix of a Sector-wise list of proposals approved by FIPB during the year.

I would like to thank the Finance Secretary Shri Rajiv Mehrishi, Additional Secretary Shri Ajay Tyagi, and Joint Secretary Dr Saurabh Garg who continuously inspired and encouraged me to pursue the compilation and publishing of this Review inspite of severe workload, staff crunch and major projects at hand such as e-FIPB.

I sincerely thank Shri P.K Bagga, Officer on Special Duty who has been the pillar and knowledge hub to the Secretariat I especially acknowledge the efforts put in by Ms Namrata Mittal and Ms Himani Goel in the preparation and compilation of this compendium. Special thanks are due to my Personal Assistant Ms Disha Pasricha, who dedicatedly helped me while drafting this Review.

I am grateful to the entire staff of FIPB for their contribution to this Review. I hope this Review would be of use to all the stakeholders.

Reetu Jain

Director (FIPB & FIU)

ABBREVIATIONS

AIF	Alternative Investment Fund
ADR	American Depository Receipt
AMs	Administrative Ministries
CCEA	Cabinet Committee on Economic Affairs
CCRPS	Commutative Convertible Redeemable Preferential Shares
CCFI	Cabinet Committee on Foreign Investment
DIPP	Department of Industrial Policy and Promotion
DoC	Department of Commerce
DoR	Department of Revenue
DoT	Department of Telecommunication
ECB	External Commercial Borrowings
ED	Directorate of Enforcement
FCCB	Foreign Currency Convertible Bond
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
FPI	Foreign Portfolio Investor
FVCI	Foreign Venture Capital Investor
FY	Financial Year
GDR	Global Depositary Receipt
IPO	Initial Public Offer
JV	Joint Venture
KYC	Know Your Customer
MHA	Ministry of Home Affairs
MIB	Ministry of Information & Broadcasting
MoD	Ministry of Defence
MOIA	Ministry of Overseas Indian Affairs
MSME	Ministry of Micro, Small & Medium Enterprises
NBFC	Non-Banking Financial Company
NCRPS	Non-Convertible Redeemable Preferential Shares
NLEM	National List of Essential Medicines
NOC	No Objection Certificate
NR	Non Resident
NRI	Non Resident Indian
OCB	Overseas Corporate Bodies
OEM	Original Equipment Manufacturers
PAB	Project Approval Board
PCCPS	Partly Convertible Cumulative Preference Shares
PN	Press Note
PSRA	Private Security Agencies (Regulation), Act 2005.
RBI	Reserve Bank of India
SEBI	Securities Exchange Board of India
SME	Small & Medium Enterprise
SPV	Special Purpose Vehicle
VCF	Venture Capital Fund
WOS	Wholly Owned Subsidiary

CHAPTER 1

Introduction to FIPB

I. Background

1.1 Foreign Investment Promotion Board (FIPB) in the Department of Economic Affairs, Ministry of Finance, is an inter-ministerial body, responsible for expeditious processing of FDI applications and making recommendations for Government approval on the basis of the Extant Policy, Press Notes, RBI notifications and other related notified guidelines formulated by Department of Industrial Policy and Promotion (DIPP).

1.2 FIPB offers a single window clearance for FDI applications proposals and has a strong record of actively encouraging the flow of FDI into the country through speedy, transparent processing of applications, and providing on-line clarifications. In case of ambiguity or a conflict of interpretation, FIPB has always stepped in with an investor-friendly approach.

1.3 Approvals under PMO: The FIPB was initially constituted under the Prime Minister's Office (PMO) in the wake of the economic liberalization drive of the early 1990s. The recommendations of the FIPB were approved through a 3-tier approval mechanism, viz. FIPB as a committee of senior officials to examine and make recommendations; Empowered Committee on Foreign Investment (ECFI) chaired by the Finance Minister for deciding on the recommendations of the FIPB for projects in which the total investment in the project was up to Rs. 300 Crore; and the Cabinet Committee on Foreign Investment (CCFI) for deciding on the recommendations of the FIPB for projects in which the total investment was more than Rs. 300 Crore.

1.4 Transfer to DIPP in 1996: The Board was reconstituted in 1996 with the transfer of FIPB to DIPP with the approval levels as under:

i) Recommendations of FIPB in respect of the project proposals each involving a total investment of Rs.600 Crore or less would be considered and approved by the Industry Minister.

ii) The recommendations in respect of the projects each with a total investment of above Rs. 600 Crore would be submitted to the CCFI for decision.

iii) The CCFI would also consider the proposals which may be referred to it or which had been rejected by the Industry Minister. According to Press Note 7 of 1999, there would be no need for obtaining prior approval of FIPB/ Government for increase in the amount of foreign equity within the percentage of foreign equity already approved in all cases in which the original project cost was up to Rs. 600 Crore. Any Company could infuse additional funds by way of foreign equity as a result of financial restructuring (provided there is no change in the percentage of foreign equity) and notify the same to the Secretariat of Industrial Assistance (SIA) within thirty days of receipt of funds as also allotment of shares to non-resident shareholders. This procedure, however, did not apply in cases of increase in the percentage of foreign equity as also where initial approval was granted by CCFI. Such cases required prior approval of the FIPB/ Government as per the existing procedure.

1.5 Transfer to DEA in 2003: The FIPB was transferred to the Department of Economic Affairs (DEA), Ministry of Finance by the Presidential Order dated 30.01.2003. The levels of approval, notified vide Order dated 1.07.1996 were essentially retained, except to the extent that recommendations of FIPB for project-proposals involving a total investment of less than Rs. 600 Crore were considered and approved by the Finance Minister and those with a total investment beyond Rs. 600 Crore were submitted to the Cabinet Committee on Economic Affairs (CCEA) for decision. The threshold limit was subsequently raised to Rs. 1, 200 Crore in March 2010, with proposals involving total foreign equity inflow of over Rs. 1, 200 Crore were to be placed before CCEA for its consideration.

II. Composition

1.6 The permanent members of the Board are the following Secretaries to the Government of India:

- Secretary, DEA, Ministry of Finance (Chairperson)
- Secretary DIPP, Ministry of Commerce and Industry
- Secretary, Department of Commerce (DoC), Ministry of Commerce and Industry
- Secretary (Economic Relations), Ministry of External Affairs (MEA)
- Secretary, Ministry of Overseas Indian Affairs (MOIA)
- Secretary, Department of Revenue (DoR), Ministry of Finance (co-opted permanently)
- Secretary, Ministry of Small and Medium& Micro Enterprises (co-opted permanently)

1.7 The Board can co-opt other Secretaries to the Government of India and officers of financial institutions, banks and professional experts in industry and commerce, in case it feels the need to do so.

1.8 The Ministers and officials involved with the FIPB process in Secretariat in the year 2014 are listed as below:

Designation	Year 2014
Finance Minister	1. Shri P. Chidambaram (upto May 2014) 2. Shri Arun Jaitley (May 2014-till date)
Finance Secretary	1. Dr. Arvind Mayaram (upto Oct 2014) 2. Shri Rajiv Mehrishi (from Oct 2014-till date)
Additional Secretary	1. Dr K P Krishnan(upto Oct 2014) 2. Shri Ajay Tyagi (from Oct 2014-till date)
Joint Secretary	1. Shri P.K. Mishra (till August 2014) 2. Dr. Saurabh Garg (from August 2014-till date)
Director/Deputy Secretary	Ms. Reetu Jain
Officer on Special Duty	Shri P.K. Bagga
Under Secretary	1. Shri Anant Kumar (from Dec 2013- July 2014) 2. Shri Ashish Sharma (from July 2014 -till date)
Section Officer FIPB -I	1. Shri Pankaj Saurabh, Section Officer (till October 2014) 2. Ms. Neelam Chachra, Section Officer (from December 2014 -till date)
Section Officer FIPB -II	1. Shri MLN Shastri , Section Officer (till November 2014) 2. Shri Girdhari Lal (from November 2014-till date)
Staff in FIPB -I	1. Shri Mohan Lal, Assistant (till September 2014) 2. Ms. Namrata Mittal, Consultant (till October 2014) 3. Shri Madhusudhan S, Consultant 4. Ms. Aditi Verma, Young Professional (from Oct 2014 –till date)
Staff in FIPB -II	1. Shri Lala Ram Sharma, Assistant (upto April 2014) 2. Shri Ramniwas, Assistant 3. Ms. Himani Goyal, Consultant
Facilitation Counter of FIPB	1. Shri B. R ammurthi Sarma, Section Officer (Aug 2014 – Oct 2014) 2. Shri Raju Naager, UDC

*****

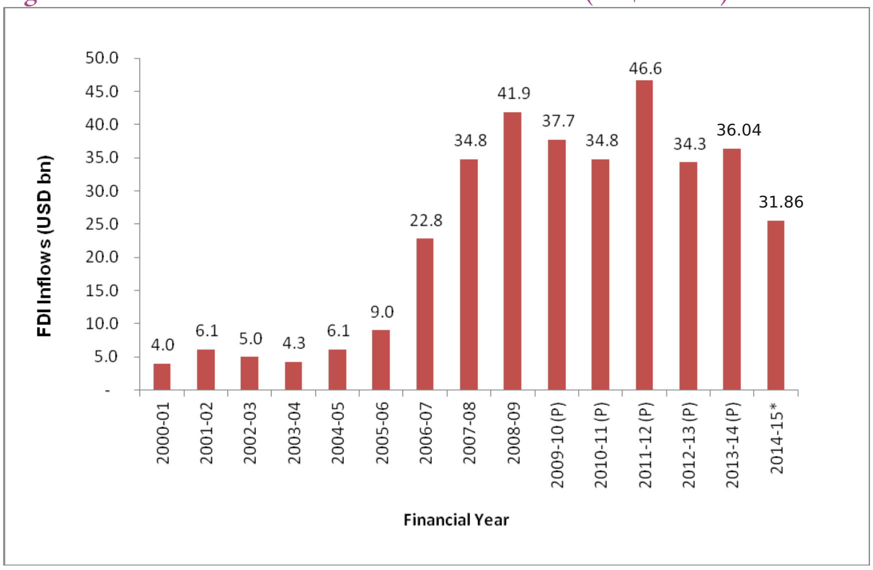
CHAPTER 2

FIPB's performance in 2014 – key indicators

I. FDI in 2014 – Key statistics

2.1 The Foreign Direct Investment (FDI) in India, estimated as the sum total of equity inflows, reinvested earnings and other capital, was US$ 36,046 million in the FY 2013-14. In FY 2014-15, the figure stands at US$ 31,853 million for the period of April to December 2014. Figure 2.1 depicts the FDI in India from the year 2000-01 to 2014-15.

Figure 2.1: FDI Inflows in India 2000-01 to 2014-15(US$ Billion)



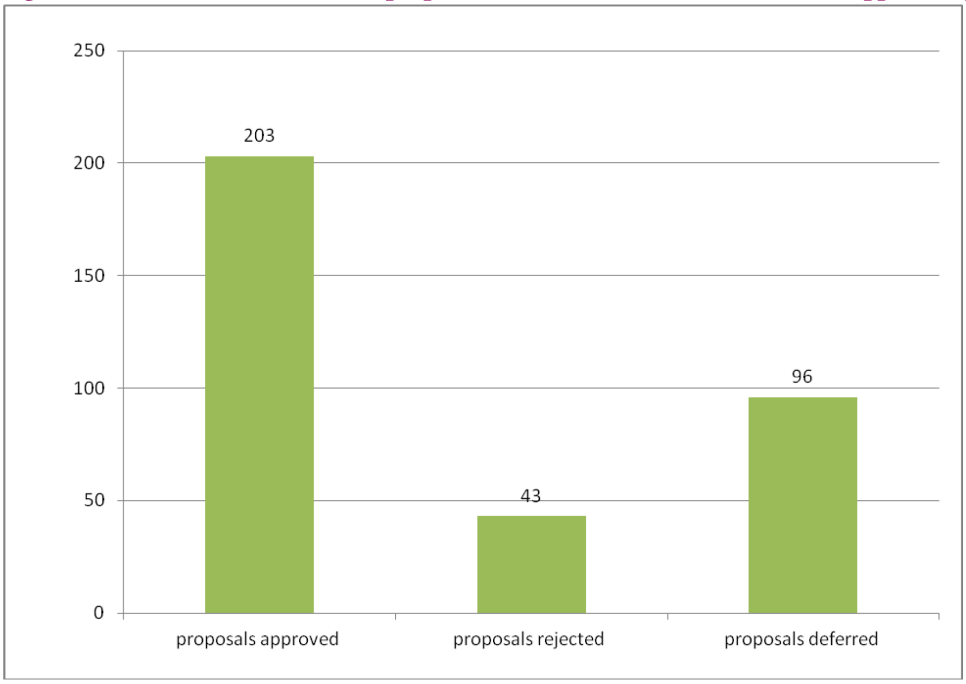
Source: RBI Bulletin. Figures updated upto December 2014, (P) stands for Provisional data

2.2 Today India is one of the largest FDI host country and the third most preferred Investment destination. Continuous action has been taken by the Government to open more and more sectors for receiving FDI in the country. Presently more than 85% of total FDI in the country is under the Automatic route.

II. Proposals evaluated by the FIPB

2.3 Figure 2.2 provides details of the number of proposals considered and recommended for approval by FIPB during the period of January 2014 to December 2014.

Figure 2.2: Details of the number of proposals considered and recommended for approval by the FIPB



Source: FIPB Secretariat

2.4 In 2014, the total number of proposals considered by FIPB was 375. The numbers of proposals approved were 203. A fall in the number of proposal is seen which were deferred from 112 in 2013 to 96 in 2014. Despite the fall in the total number of proposals considered by FIPB as compared from 2013 wherein 390 proposals were considered, FIPB has approved more than 50% cases and disposed of 71% cases in 2014 as against 65% being disposed in 2013, keeping in mind the attributes driving FIPB – transparency, quality and speed.

2.5 Table 2.1 below shows the statistics of the proposals considered by FIPB from the period of January 2014 to December 2014

Table 2.1

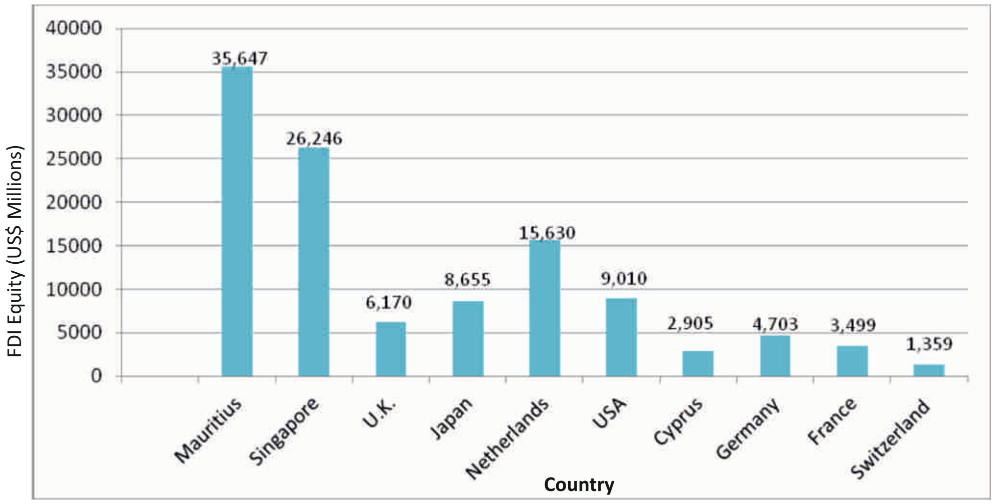
FIPB Meeting No. in 2014	Date of Meeting	A Approved	B Rejected	C Noted / Advised	(A+B+C) =D Total finally disposed	E Withdrawn	F Deferred	(D+E+F) Total Proposals @	Percentage totally disposed off	FDI inflow approved in Rs. Crore
201st	13.1.14	11	3	0	14	1	7	22	64%	8,728.73
202nd	3.2.14	9	3	0	12	0	6	18	67%	2,988
203rd	6.3.14	20	4	1	25	3	5	33	76%	613.21
204th	28.3.14	14	1	2	17	1	9	26	65%	200.92
205th	23.4.14	12	3	0	15	5	6	26	58%	1,593.62
206th	11.6.2014	19	6	0	25	0	7	32	78%	2,326.72
207th	4.7.2014	14	6	4	24	1	7	32	75%	1,528.38
208th	1.8.2014	22	4	5	31	0	9	40	78%	3,951.61
209th	29.8.2014	26	1	3	30	0	2	32	94%	3,346.12
210th	16.9.2014	20	5	2	27	0	8	35	77%	988.3
211th	14.11.2014	16	2	1	19	0	7	26	73%	689.35
212th	21.11.2014	9	0	0	9	2	11	22	41%	6,133.75
213th	19.12.2014	11	4	3	18	1	12	31	58%	11,728.44
Total		203	42	21	266	14	96	375	71%	44,817.15

Source: FIPB Secretariat; # The approved cases also include CCEA cases @ The total number of proposals considered includes some proposals being counted more than once, as a deferred proposal may be included in the number of proposals under consideration in the subsequent meetings and a proposal may be deferred on more than one occasion.

III. Sources of FDI in India through the FIPB

2.6 Figure 2.3 below shows the total FDI equity inflows from top 10 countries in FY 2014-15 (till December 2014).

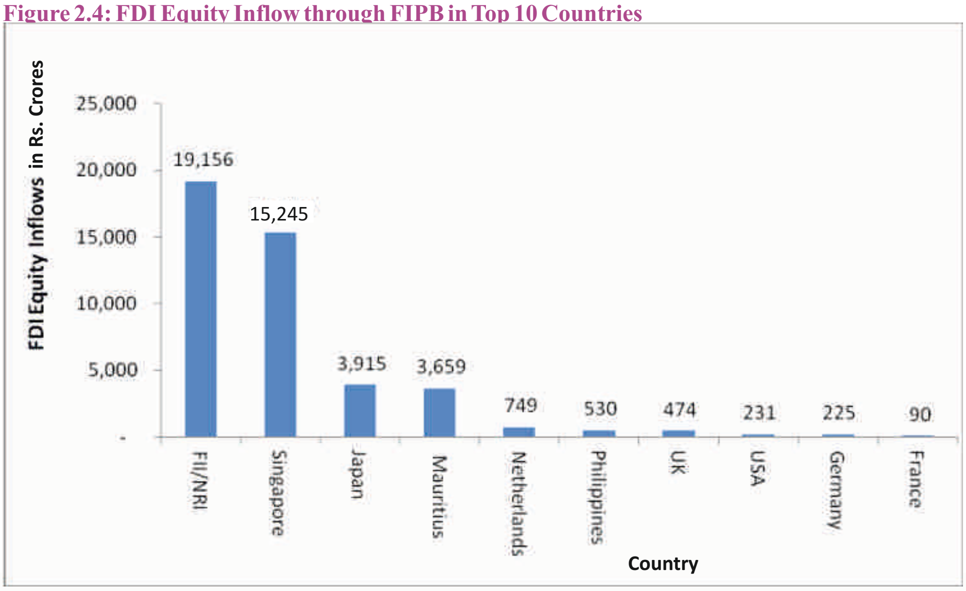
Figure 2.3 FDI Equity Inflows: top 10 countries during April-December 2014



Source : DIPP

2.7 Figure 2.4 below shows FDI received from top 10 countries in the year 2014

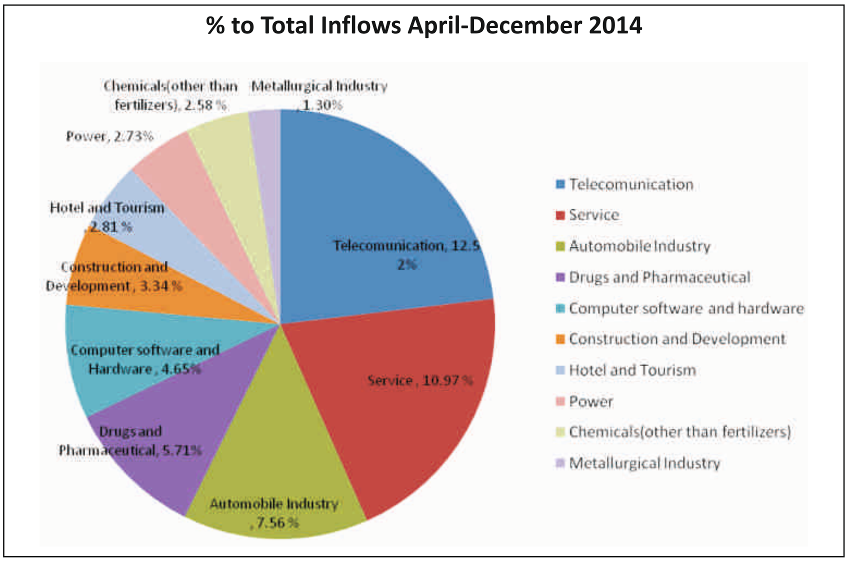
Figure 2.4: FDI Equity Inflow through FIPB in Top 10 Countries



IV. Sector-wise analysis of FDI in India through the FIPB

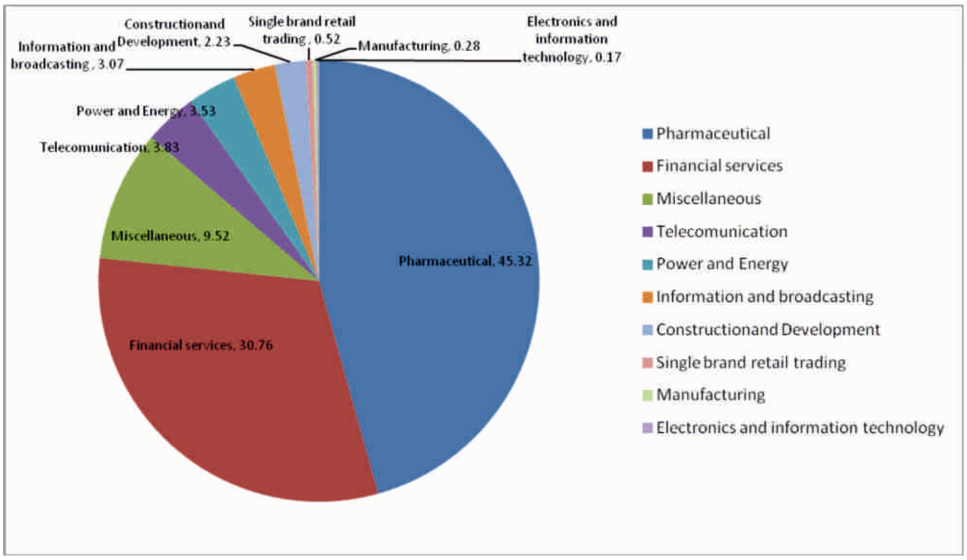
2.8 While more than 85% of the FDI inflow is coming under Automatic route, there is a small negative list of sectors wherein prior approval of Government is necessary. Further, certain cases such as issue of share warrants, cases of merger/demerger involving FDI, investment in LLP etc., wherein approval of Government is required irrespective of the sector they are categorized in. The following figure shows the FDI received in India through the Top 10 sectors.

Figure 2.5: Sector wise analysis of FDI in India:



Source: DIPP; Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis

2.9 Figure 2.6 below shows the FDI received in the country under the Government approval route. While Pharmaceutical earned maximum FDI, Financial Services has also seen a huge increase in the FDI during 2014. Miscellaneous comprises of proposals received under activities such as duty free shops, investing and holding companies, conversion of pre-incorporation expenses into equity, conversion of warrants/partly paid up shares into equity etc.



V. Consideration of the FIPB proposals by the CCEA

2.10 During the year 2010, the CCEA decided that only proposals involving total foreign equity inflow of over Rs. 1,200 Crore, as against the earlier limit of project cash of Rs. 600 Crore, need to be placed for its consideration. During examination of proposal of M/s Lupin Limited, CCEA directed that threshold of placing FIPB proposal on foreign equity inflow be raised from Rs. 1, 200 Crore to Rs. 2, 000 Crore. Table 2.2 below shows the details of the cases approved by CCEA during 2014.

Table : 2.2 Cases approved by CCEA in 2014

Sno	Meeting no	Meeting Date	Name of the proposal	FDI (in Rs Crores)	country	Gist of the proposal
1	201	13.01.14	M/s GlaxoSmithkline Pte. Ltd.	6,390	Singapore	Proposal for acquisition of 24.33% of shares in the existing Indian subsidiary company of the GSK Group in India by way of a voluntary open offer under SEBI (SAST Regulations) in the Pharmaceutical sector
2	201	13.01.14	M/s Prizm Payments Services Pvt. Ltd	1,540	Japan	Proposal for acquisition of 100% equity stake of M/s Prizm Payment Services Private Limited from resident and non-residents shareholders by M/s Hitachi Consulting Software Services India Private Limited and Hitachi Limited
3	202	03.02.14	M/s KKR Floorline Investments PTE. Ltd., Singapore	1,434	Singapore	Proposal to make two financial investments: - 1) of 37.98% in M/s Gland Pharma Limited through a combination of primary investment into the Company and share purchase from EILSF (existing investor) and 2) and 24.9% in M/s Gland Celsus Bio Chemicals Private Limited
4	205	23.04.14	M/s India Alternative Energy Trust, Mumbai	1,555	Singapore	Seeking approval to issue units to a Foreign Venture Capital Investor (FVCI) and to an Indian company owned & controlled by a foreign entity
5	209	29.08.14	M/s Medreich Limited	1,800	Singapore, UK, Japan	An Indian pharma company is seeking approval to increase foreign investment upto 100% in its paid up capital and direct foreign investment in its subsidiaries
6	211	14.11.14	M/s HDFC Bank Ltd	-	FII/NRI	Approval has been sought by, M/s HDFC Bank Limited for maintaining the permissible foreign holding in the bank up to 74% of thetotal paid up capital, out of which the FII sub-limit would be 49% and the balance 25% would be FDI
7	212	21.11.14	M/s Lupin Limited	6,099	FIIs	Proposal for increase in aggregate limit of investment by SEBI registered FIIs and their sub-accounts in the capital of M/s Lupin Limited under the Portfolio Investment Scheme, put together to 49%
8	213	19.12.14	M/s HDFC bank Limited	10,000	FIIs/NRIs	Approval for the issuance of equity shares aggregating to an amount of Rs 10,000 Crore to NRIs/FIIs/FPIs subject to the aggregate foreign shareholding not exceeding 74% of the post issue paid up capital

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CHAPTER 3

Policy Track 2014

I. DIPP Press Notes

3.1 Defence Sector

3.1.1. Prior Policy

In the I&B and Defence sectors where the sectoral cap is less than 49%, the company would need to be 'owned and controlled' by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens.

26% FDI is permitted under the Approval Route for the defence Industry subject to Industrial License under the Industries (Development & Regulation) Act, 1951. In case of FDI above 26%, referral is made to Cabinet Committee on Security (CCS) on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in the country.

Note:

(I) Investment by FPIs/FIIs (through portfolio investment) is not permitted.

(ii) FPI/FII(through portfolio investment) in companies holding defence licence as on 22 August, 2013 (date of issue of Press Note 6 of 2013) will remain capped at the level existing as on the said date. No fresh FPI/FII (through portfolio investment) is permitted even if the level of such investment falls below the capped level subsequently.

Other Conditions:

(i) Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence.

(ii) The applicant should be an Indian company/ partnership firm.

(iii) The management of the applicant company/partnership should be in Indian hands with majority representation on the Board as well as the Chief Executives of the company/partnership firm being resident Indians.

(iv) Full particulars of the Directors and the Chief Executives should be furnished along with the applications.

(v) The Government reserves the right to verify the antecedents of the foreign collaborators and domestic promoters including their financial standing and credentials in the world market. Preference would be given to original equipment manufacturers or design establishments, and companies having a good track record of past supplies to Armed Forces, Space and Atomic energy sections and having an established R & D base.

(vi) There would be no minimum capitalization for the FDI. A proper assessment, however, needs to be done by the management of the applicant company depending upon the product and the technology. The licensing authority would satisfy itself about the adequacy of the net worth of the non-resident investor taking into account the category of weapons and equipment that are proposed to be manufactured.

(vii) There would be a three-year lock-in period for transfer of equity from one non-resident investor to another non-resident investor (including NRIs & erstwhile OCBs with 60% or more NRI stake) and such transfer would be subject to prior approval of the Government.

(viii) The Ministry of Defence is not in a position to give purchase guarantee for products to be manufactured. However, the planned acquisition programme for such equipment and overall requirements would be made available to the extent possible.

(ix) The capacity norms for production will be provided in the licence based on the application as well as the recommendations of the Ministry of Defence, which will look into existing capacities of similar and allied products.

(x) Import of equipment for pre-production activity including development of prototype by the applicant company would be permitted.

(xi) Adequate safety and security procedures would need to be put in place by the licensee once the licence is granted and production commences. These would be subject to verification by authorized Government agencies.

(xii) The standards and testing procedures for equipment to be produced under licence from foreign collaborators or from indigenous R & D will have to be provided by the licensee to the Government nominated quality assurance agency under appropriate confidentiality clause. The nominated quality assurance agency would inspect the finished product and would conduct surveillance and audit of the Quality Assurance Procedures of the licensee. Self-certification would be permitted by the Ministry of Defence on case to case basis, which may involve either individual items, or group of items manufactured by the licensee. Such permission would be for a fixed period and subject to renewals.

(xiii) Purchase preference and price preference may be given to the Public Sector organizations as per guidelines of the Department of Public Enterprises.

(xiv) Arms and ammunition produced by the private manufacturers will be primarily sold to the Ministry of Defence. These items may also be sold to other Government entities under the control of the Ministry of Home Affairs and State Governments with the prior approval of the Ministry of Defence. No such item should be sold within the country to any other person or entity. The export of manufactured items would be subject to policy and guidelines as applicable to Ordnance Factories and Defence Public Sector Undertakings. Non-lethal items would be permitted for sale to persons/entities other than the Central of State Governments with the prior approval of the Ministry of Defence. Licensee would also need to institute a verifiable system of removal of all goods out of their factories. Violation of these provisions may lead to cancellation of the licence.

(xv) All applications seeking permission of the Government for FDI in defence would be made to the Secretariat of FIPB in the Department of Economic Affairs.

(xvi) Applications for FDI up to 26% will follow the existing procedure with proposals involving inflows in excess of Rs. 1200 Crore being approved by CCEA. Applications seeking permission of the Government for FDI beyond 26%, will in all cases be examined additionally by the Department of Defence Production (DoDP) from the point of view particularly of access to modern and 'state-of-art' technology.

(xvii) Based on the recommendation of the DoDP and FIPB, approval of the Cabinet Committee on Security (CCS) will be sought by the DoDP in respect of cases which are likely to result in access to modern and 'state-of-art' technology in the country.

(xviii) Proposals for FDI beyond 26% with proposed inflow in excess of Rs 1200 Crores, which are to be approved by CCS will not require further approval of the CCEA.

(xix) Government decision on applications to FIPB for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgement.

3.1.2. Changes in the policy during 2014

Change vide Press Note No 3 dated 26th June, 2014

- Defence items are covered by Sl. No 37 of the Schedule I under compulsory licensing of the Industries (Development & Regulation) Act, 1951 and entry no 13 of Schedule II of the Notification No S.O.477 (E) dated 25.07.1991 as amended by Notification No. S.O.11 (E) dated 03.01.2002 consequent to the private sector participation in defence sector manufacturing in 2001.

- A list of defence items has been finalized by Department of Defence Production, Ministry of Defence. Items not included in the list would not require industrial license for defence purpose. Further dual use items, having military as well as civilian applications, other than those specially mentioned in the list, would also not require industrial license from Defence angle.

Change vide Press Note No 4 dated 27th June, 2014

- As per the Press Note, NIC-2008 code would be followed in place of NIC-1987 for classification of activities, thus, allowing Indian businesses to undertake globally recognized and accepted classification that facilitate smooth approvals/registrations and categorization.

Change vide Press Note No 5 dated 2nd July, 2014

- Vide the Press Note, period of validity of Industrial License was extended from two years to three years as a measure for ease of doing business. Also, revised guidelines for extension of validity of Industrial License in cases where production of items had not commenced within three years of issue of license were issued.

Change vide Press Note No 6 dated 2nd July, 2014

- As per the Press Note, the Department of Defence Production, Ministry of Defence has finalized the 'Security Manual for Licensed Defence Industry' and the applicants for

Industrial License for Defence Products would not be required to submit the earlier required affidavit that adequate safety and security procedures will be put in place and licensee would comply with the recommendations of the Ministry of Defence.

Change vide Press Note No 7 dated 26th August, 2014

The Government of India reviewed the FDI policy in this regard and amended the policy as under:

- In the I&B sector where the sectoral cap is less than 49%, the company would need to be 'owned and controlled' by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens.
- 49% FDI is permitted under Approval route in the Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951.

Note:

(i) FDI Limit of 49% is composite and includes all kinds of foreign investments. i.e. FDI, FIIs, FPIs, NRIs, FVCI and QFIs regardless of whether the said investments have been made under Schedule 1(FDI), 2(FII), 3(NRI), 6(FVCI) and 8(QFI) of FEMA (Transfer of issue of Security by Persons Residents Outside India) Regulations.

(ii) Portfolio Investment by FPIs/FIIs/NRIs/QFIs and investments by FVCIs together will not exceed 24% of the total equity of the investee/joint venture company; portfolio investment will be under Automatic route.

Other conditions:

The following conditions have been amended; the others remaining the same:

(i) Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence and Ministry of External Affairs.

(ii) The applicant company seeking permission of the Government for FDI upto 49% should be an Indian company owned and controlled by resident Indian citizens.

(iii) The management of the applicant company/partnership should be in Indian hands with majority representation on the Board as well as the Chief Executives of the company/partnership firm being resident Indians.

(iv) Chief Security Officer (CSO) of the investee/joint venture company should be Resident Indian citizen. *(additional condition)*

(v) There would be a three-year lock-in period for transfer of equity from one non-resident investor to another non-resident investor (including NRIs & erstwhile OCBs with 60% or more NRI stake) and such transfer would be subject to prior approval of the Government. *(this condition has been deleted)*

(vi) Investee/joint venture company should be structured to be self-sufficient in areas of product design and development. The investee/ joint venture company along with manufactured facility should also have maintenance and life cycle support facility of the product being manufactured in India. *(additional condition)*

(vii) Applications for FDI up to 49% will follow the existing procedure with proposals involving inflows in excess of Rs. 1, 200 Crore being approved by CCEA.

(viii) Based on the recommendations of Ministry of Defence, approval of CCS will be sought by the Ministry of Defence in respect of applications seeking permission of the Government for FDI beyond 49%, which are likely to result in access to access to modern and 'state-of-art' technology in the country.

(ix) Proposals for FDI beyond 49% with proposed inflow in excess of Rs. 1, 200 Crores, which are to be approved by CCS will not require further approval of CCEA.

(x) For the proposal seeking Government approval for foreign investment beyond 49% applicant should be Indian company/ foreign investor. Further condition at para (iii) above will not apply on such proposals. *(additional condition)*

Change vide Press Note No 9 dated 20th October, 2014

The following changes have been made to the Industrial Licensing Policy vide the Press Note:

- Increasing the validity period of Industrial License:

  As a measure to ease of doing business two extension of two years each in the initial validity of three years of the industrial license shall be allowed up to seven years.

- Removal of stipulation of annual capacity:

  It has been decided to deregulate the annual capacity for Defence items for industrial license. However, the licensee shall submit half yearly production return to Department of Industrial Policy and Promotion and Department of Defence Production (DoDP), Ministry of Defence in the prescribed format to be notified separately.

- Sale of Defence items to Government entities without approval of Ministry of Defence: The Licensee shall be allowed to sell Defence items to Government entities under the control of MHA, State Governments, PSUs and other valid Defence Licensed Companies without prior approval of the DoDP. However, for sale of the items to any other entity, the Licensee shall take prior permission from the Defence Production, Ministry of Defence.

3.2 Construction Development Sector

3.2.1 Prior Policy

100% FDI is permitted under the Automatic route for townships, housing, built-up infrastructure and construction development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure).

The investment will be subject to the following conditions:

(1) Minimum area to be developed under each project would be as under:

  (i) In case of development of serviced housing plots, a minimum land area of 10 hectares

  (ii) In case of construction-development projects, a minimum built-up area of 50,000 sq.mts

  (iii) In case of a combination project, any one of the above two conditions would suffice.

(2) Minimum capitalization of US $10 million for wholly owned subsidiaries and US $ 5 million for joint ventures with Indian partners. The funds would have to be brought in within six months of commencement of business of the Company.

(3) Original investment cannot be repatriated before a period of three years from completion of minimum capitalization. Original investment means the entire amount brought in as FDI. The lock-in period of three years will be applied from the date of receipt of each installment/tranche of FDI or from the date of completion of minimum capitalization, whichever is later. However, the investor may be permitted to exit earlier with prior approval of the Government through FIPB.

(4) At least 50% of each such project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor/investee company would not be permitted to sell undeveloped plots. For the purpose of these guidelines, "undeveloped plots" will mean where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available. It will be necessary that the investor provides this infrastructure and obtains the completion certificate from the concerned local body/service agency before he would be allowed to dispose of serviced housing plots.

(5) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned.

(6) The investor/investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.

(7) The State Government/Municipal/Local Body concerned, which approves the building/development plans, would monitor compliance of the above conditions by the developer.

Note:

(i) The conditions at (1) to (4) above would not apply to Hotels & Tourism, Hospitals, SEZs, Education Sector, Old Age Homes and investment by NRIs.

(ii) FDI is not allowed in Real Estate Business.

3.2.2 Changes in the policy during 2014

The Government of India reviewed the FDI Policy in this regard and carried out revisions in the policy vide **Press Note 10 dated 03rd December, 2014**. The revised policy is as under:

100% FDI is permitted under the Automatic route for construction development projects (which would include development of townships, construction of residential/ commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships).

The following conditions have been amended; the others remaining the same:

(1) Minimum area to be developed under each project would be as under:

(i) In case of development of serviced plots, no minimum land area requirement

(ii) In case of construction-development projects, a minimum floor area of 20,000 sq.mts

(2) Minimum capitalization of US $5 million within six months of commencement of the project. The commencement of the project will be the date of approval of the building plan/lay out plan by the relevant statutory authority. Subsequent tranches of FDI can be brought till the period of ten years from the commencement of the project or before the completion of project, whichever expires earlier.

(3) The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage. The Government may, in view of facts and circumstances of a case, permit repatriation of FDI or transfer of stake by one non-resident to another non-resident investor, before the completion of project. These proposals would be considered by FIPB on a case to case basis.

(4) The Indian Investee company will be permitted to sell only developed plots. For the purposes of these policy "developed plots" will mean plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage.

Note:

(i) FDI is not permitted in an entity engaged or proposing to engage in real estate business, construction of farm houses and trading in transferable development rights (TDRs)

"Real estate business" means dealing in land and immovable property with a view to earning profit or earning income therefrom and does not include development of townships, construction of residential/commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships.

(ii) The conditions at (1) to (3) above would not apply to Hotels & Tourist resorts, Hospitals, Special Economic Zones (SEZs), Educational Institutions, Old Age Homes and Investment by NRIs.

(iii) The conditions at (1) to (2) above would also not apply to investee/joint venture companies which commit at least 30% of total project cost for low cost affordable housing.

(iv) The Indian company receiving FDI shall procure a certificate from an architect empanelled by any Authority, authorized to sanction building plan to the effect that the minimum floor area requirement has been fulfilled.

(v) "Floor area" will be defined as per the local laws/regulations of the respective State governments/Union territories.

(vi) Project using at least 40% of the FAR/FSI for dwelling unit of floor area of not more than 140 square meters will be considered as Affordable Housing Project for the purpose of FDI policy in Construction Development Sector. Out of the total FAR/FSI reserved for Affordable Housing, at least one-fourth should be for houses of floor area of not more than 60 square meters.

(vii) 100% FDI is permitted under Automatic route in completed projects for operation and management of townships, malls/shopping complexes and business centres.

3.3 Railway Infrastructure Sector

The Government of India reviewed its policy for private investment in rail infrastructure and have, vide **Press Note No 8 dated 27th August, 2014**, permitted 100% FDI in Railway Infrastructure under the Automatic route.

Railway infrastructure sector would cover construction, operation and maintenance of the following:

(i) Suburban corridor projects through PPP
(ii) High speed train projects
(iii) Dedicated freight lines
(iv) Rolling stock including train sets and locomotives/ coaches manufacturing and maintenance facilities
(v) Railway electrification
(vi) Signaling systems
(vii) Freight terminals
(viii) Passenger terminals
(ix) Infrastructure in industrial pertaining to railway line/ sidings including electrified railway lines and connectivities to main railway, and
(x) Mass Rapid Transport Systems.

Note:

(i) FDI in the above mentioned activities open to private sector participation including FDI is subject to sectoral guidelines of Ministry of Railways.

(ii) Proposals involving FDI beyond 49% in sensitive areas from security point of view will be brought by the ministry of railways before the Cabinet Committee on Security for consideration on a case to case basis.

3.4 Pharmaceutical Sector

3.4.1 Changes in the policy during 2014

Government of India has reviewed its policy and has, vide Press Note No 1 dated 8th January, 2014, decided to continue with the existing policy with the condition that 'non-compete' clause would not be allowed except in special circumstances with the approval of the FIPB.

3.5 Insurance Sector

3.5.1 Prior Policy

FDI upto 26% is permitted under the Automatic route subject to the following conditions:

(1) FDI in the Insurance sector, as prescribed in the Insurance Act, 1938, is allowed under the Automatic route.

(2) This will be subject to the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority for undertaking insurance activities.

3.5.2 Changes in the policy during 2014

Press Note No 2 dated February 4, 2014

FDI upto 26% is permitted by (FDI+NRI+FII) under the Automatic route subject to certain conditions. This includes Insurance companies, Insurance brokers, Third Party Administrators (TPA) and Surveyor and loss assessors. The following conditions have been amended; the others remaining the same:

(1) The provisions relating to 'Banking – Private sector' shall be applicable in respect of bank promoted insurance companies.

(2) ‘Indian Insurance Company’, ‘Insurance broker’ and ‘TPA’ are clarified

(3) Companies bringing in FDI shall need to obtain licence from Insurance Regulatory & Development Authority.

II. RBI Notifications

3.6 Transfer or issue of security by a person resident outside India

- **A.P. (DIR Series) Circular No. 73 dated 8th June 2007**

I. W.e.f May 1, 2007 only preference shares which are fully and mandatorily convertible into equity within a specified time would be reckoned as part of share capital and eligible to be issued to persons resident outside India under the FDI Scheme.

II. Foreign investments in other types of preference shares (i.e. non-convertible, optionally convertible or partially convertible) for issue of which, funds have been received on or after May 1, 2007 would be considered as debt and shall conform to ECB guidelines/ caps. Accordingly, all the norms applicable for ECBs, would apply.

III. It is further clarified that companies which have received funds from outside India for issue of partially/optionally convertible or redeemable preference shares on or up to April 30, 2007 may issue such instruments. The existing investments in such preference shares which are not fully convertible may continue till their current maturity.

- **A.P. (DIR Series) Circular No. 74 dated 8th June 2007**

I. Only instruments which are fully and mandatorily convertible into equity, within a specified time would be reckoned as part of equity under the FDI Policy and eligible to be issued to persons resident outside India under the FDI scheme.

II. FIIs, registered with SEBI, would be eligible to invest as hitherto in listed non-convertible debentures/ bonds issued by Indian companies in terms of RBI/ SEBI norms on investment in rupee debt instruments, including the ceilings prescribed from time to time.

III. It is further clarified that companies which have already received funds from outside India for issue of partially/optionally convertible instruments on or before June 7, 2007 may issue such instruments. Further, the existing investments in instruments which are not fully and mandatorily convertible into equity may continue till their current maturity.

- **A.P. (DIR Series) Circular No. 84 dated 6th January 2014**

I. Indian company may issue non-convertible/ redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/ GDR holders, by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.

II. The above general permission to Indian companies is only for issue of non-convertible/ redeemable preference shares or debentures to non-resident shareholders by way of distribution as bonus from the general reserves. The issue of preference shares (excluding non-convertible/ redeemable preference shares) and convertible debentures (excluding optionally convertible/ partially convertible debentures) under the FDI scheme would continue to be subject to A.P. (DIR Series) Circular Nos. 73 and 74 dated June 8, 2007 as hitherto.

3.7 Pricing Guidelines for FDI instruments with optionality clauses

- **A.P. (DIR Series) Circular No. 86 dated 9th January 2014**

I. Optionality clauses may be allowed in equity shares and compulsorily and mandatorily convertible preference shares/ debentures to be issued to a non-resident under the FDI Scheme subject to the following conditions:

a. There is a minimum lock-in period of one year or a minimum lock-in period as prescribed under FDI Regulations, whichever is higher (e.g. defence and construction development sector where the lock-in period of three years has been prescribed). The lock-in period shall be effective from the date of allotment of such capital instruments or as prescribed under the FDI Policy, e.g for defence and construction development sectors, etc.

b. After the lock-in period, as applicable above, and subject to FDI Policy provisions, the non-resident investor exercising option/ right shall be eligible to exit without any assured return, as per pricing/ valuation guidelines issued by RBI from time to time.

3.8 Conversion of External Commercial Borrowing and Lumpsum Fee /Royalty into Equity

- **A.P. (DIR Series) Circular No. 94 dated 16th January 2014**

I. As per the extant regulations, an Indian company can issue equity shares against ECB subject to conditions mentioned therein and pricing guidelines as prescribed by the Reserve Bank from time to time regarding value of equity shares to be issued.

II. It is clarified that where the liability sought to be converted by the company is denominated in foreign currency as in case of ECB, import of capital goods, etc. it will be in order to apply the exchange rate prevailing on the date of the agreement between the parties concerned for such conversion. Further, Reserve Bank will have no objection if the borrower company wishes to issue equity shares for a rupee amount less than that arrived at as mentioned above by a mutual agreement with the ECB lender. It may be noted that the fair value of the equity shares to be issued shall be worked out with reference to the date of conversion only.

III. It is further clarified that the principle of calculation of INR equivalent for a liability denominated in foreign currency as mentioned above shall apply, mutatis mutandis, to all cases where any payables/ liability by an Indian company such as, lump sum fees/ royalties, etc. are permitted to be converted to equity shares or other securities to be issued to a non-resident subject to the conditions stipulated under the respective Regulations.

3.9. Facilities for Persons Resident outside India – Clarification

- **A.P. (DIR Series) Circular No. 96 dated 20th January 2014**

I. As per the extant regulations, FIIs are allowed to approach any AD Category - I bank for hedging their currency risk on the market value of entire investment in equity and/ or debt in India as on a particular date subject to conditions.

II. It is clarified that a foreign investor is free to remit funds through any bank of its choice for any transaction permitted under FEMA, 1999 or the Regulations / Directions framed thereunder. The funds thus remitted can be transferred to the designated AD Category -I custodian bank through the banking channel (subject to KYC norms).

3.10 Amendments in form FC-GPR

- **A.P. (DIR Series) Circular No. 102 dated 11th February 2014**

I. Indian companies are required to report the details of the amount of consideration received for issuing shares and convertible debentures under the FDI scheme to the

Regional Office of the Reserve Bank in whose jurisdiction the Registered Office of the company operates, within 30 days of receipt of the amount of consideration. Further, the companies are required to report the details of the issue of shares/ convertible debentures in form FC-GPR, to the Regional Office concerned, within 30 days of issue of shares/ convertible debentures.

II. In order to further capture the granular details of FDI as regards Brownfield/ Greenfield investments and the date of incorporation of Investee Company, Form FC-GPR has been revised. Accordingly, the details of FDI should, henceforth, be reported in the revised Form FC-GPR as given in the FDI Policy in force.

3.11 Foreign Direct Investment into a Small Scale Industrial Undertakings (SSI) / Micro & Small Enterprises (MSE) and in Industrial Undertaking manufacturing items reserved for SSI/MSE

- **Press Note 6 of 2009 dated 4th September 2009**

I. A Small Scale industrial undertaking (SSI) was defined in terms of:

i) Investment in fixed assets in plant and machinery and

ii) Equity participation (both domestic and foreign) in the SSI, by other industrial undertakings prior to 2006.

II. Vide Press Note 18 (1997), it was further notified that, for cases of foreign collaborations, since the maximum equity participation allowed for in small scale units was 24%, proposals for induction of foreign equity more than 24% would be subject to the condition that:

i) The company would get itself de-registered as a small scale unit and

ii) Obtain industrial licence or file Industrial Entrepreneur Memorandum with SIA, as per prescribed policy and procedure.

III. With the promulgation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the ceiling for equity participation (both domestic and foreign) in the micro and small enterprises, by other enterprises, was removed and Micro and Small Enterprises (MSE) (earlier small scale industries) were defined solely on the basis of investment in plant & machinery (for micro and small enterprise engaged in manufacturing)and equipment (for micro and small enterprise engaged in providing or rendering of services). Accordingly, this change was notified by Notification No. S.O. 563(E) dated 27th February 2009 of Department of Industrial Policy & Promotion, Ministry of Commerce & Industry.

Thus the present policy on FDI in MSE permits FDI subject only to the sectoral equity caps, entry routes and other relevant sectoral regulations.

- **A.P. (DIR Series) Circular No. 107 dated 20th February 2014**

I. With the promulgation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the extant policy for Foreign Direct Investment in SSI and in a company which has de-registered its small scale industry status and is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, has since been reviewed and it has been decided that:

   i) A company which is reckoned as Micro and Small Enterprises (MSE) (earlier SSI) in terms of MSMED Act, 2006 and not engaged in any activity/ sector mentioned in Annex A to schedule 1 to the Notification, may issue shares or convertible debentures to a person resident outside India, subject to the limits prescribed in Annex B to schedule 1, in accordance with the entry routes specified therein and the provision of Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.

   ii) Any Industrial undertaking, with or without FDI, which is not an MSE, having an industrial license under the provisions of the Industries (Development & Regulation) Act, 1951 for manufacturing items reserved for manufacture in the MSE sector may issue shares in excess of 24 per cent of its paid up capital with prior approval of the FIPB of the Government of India.

II. Further, in terms of the provisions of MSMED Act, (i) in case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, a micro enterprise means where the investment in plant and machinery does not exceed twenty five lakh rupees; a small enterprise means where the investment in plant and machinery is more than twenty five lakh but does not exceed five Crore rupees; (ii) in case of the enterprises engaged in providing or rendering services, a micro enterprise means where the investment in equipment does not exceed ten lakh rupees; a small enterprise means where the investment in equipment is more than ten lakh rupees but does not exceed two Crore rupees.

3.12 FDI in Limited Liability Partnership

- **A.P. (DIR Series) Circular No. 123 dated 16th April 2014**

I. In terms of the extant regulations, only a company registered under the Companies Act, 1956 or a Venture Capital Fund was allowed to accept FDI.

II. RBI vide this notification, has permitted FDI in Limited Liability Partnerships formed and registered under the Limited Liability Partnership Act, 2008.

III. The circular further has laid down instructions regarding eligible investors, eligible investment, entry route, pricing guidelines, mode of payment and reporting, downstream investment and other conditions.

3.13 Foreign Direct Investment in Pharmaceuticals sector – clarification

- **A.P. (DIR Series) Circular No. 124 dated 21st April 2014**

I. As per Press Note 1 of 2014 dated 08th January 2014:

  i) Non-compete' clause would not be allowed except in special circumstances with the approval of the FIPB.

  ii) The prospective investor and the prospective investee are required to provide a certificate along with the FIPB application as per Annex-11.

  iii) Government may incorporate appropriate conditions for FDI in Brownfield cases, at the time of granting approval.

II. RBI vide this notification has provided for the compliance of the Press Note 1 of 2014. It has now been decided with immediate effect that the existing policy would continue with the condition that 'non-compete' clause would not be allowed except in special circumstances with the approval of the (FIPB) of the Government of India.

3.14 Reporting mechanism for transfer of equity shares/ fully and mandatorily convertible preference shares/ fully and mandatorily convertible debentures

- **A.P. (DIR Series) Circular No. 127 dated 2nd May 2014**

I. As per the extant regulations, a NR [including a NRI], who has acquired and continues to hold control in an Indian company in accordance with SEBI (Substantial Acquisition of shares and Takeover) Regulations, has been permitted under the FDI scheme to acquire shares of that company on a stock exchange in India through a registered broker. Further, Form FC-TRS should be submitted to the AD Category – I bank within 60 days from the date of receipt of the amount of consideration (beyond which the AD Category – I bank seeks approval from the Reserve Bank of India, Central Office before certifying the form FC-TRS). The onus of submission is cast upon the transferor/ transferee, whoever is resident in India. The nodal office of the bank has to submit a consolidated monthly statement in respect of all the transactions reported by the branches together with copies of the FC-TRS forms received from the branches to Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai.

II. To rationalise the existing procedure, where the NR investor including an NRI acquires shares on the stock exchanges, the investee company would have to file form FC-TRS with the AD Category-I bank.

III. To facilitate operational convenience, the AD Category-I bank may approach Regional Office concerned of Reserve Bank of India, to regularize the delay in submission of form FC-TRS, beyond the prescribed period of 60 days and in all other cases, form FC-TRS shall continue to be scrutinised at AD bank level as per extant practice.

3.15 External Commercial Borrowings from Foreign Equity Holder - Simplification of Procedure

- **A.P. (DIR Series) Circular No. 130 dated 16th May 2014**

I. As per the extant ECB policy, ECBs from direct Foreign Equity Holders (FEHs) are considered both under the Automatic and the approval routes, as the case may be. ECBs from indirect equity holders and group companies and ECBs from direct FEH for general corporate purpose are, however, considered under the approval route. Further, any request for change of the ECB lender in case of FEH requires RBI's approval.

II. As a measure of simplification of the existing procedure, it has been decided to delegate powers to AD banks to approve the following cases under the Automatic route:

i) Proposals for raising ECB by companies belonging to manufacturing, infrastructure, hotels, hospitals and software sectors from indirect equity holders and group companies.

ii) Proposals for raising ECB for companies in miscellaneous services from direct / indirect equity holders and group companies. Miscellaneous services mean companies engaged in training activities (but not educational institutes), research and development activities and companies supporting infrastructure sector. Companies doing trading business, companies providing logistics services, financial services and consultancy services are, however, not covered under the facility.

iii) Proposals for raising ECB by companies belonging to manufacturing, infrastructure, hotels, hospitals and software sectors for general corporate purpose. ECB for general corporate purpose (which includes working capital financing) is, however, permitted only from direct equity holder.

iv) Proposals involving change of lender when the ECB is from FEH – direct / indirect equity holders and group company.

v) All other conditions remaining the same.

3.16 Foreign investment in the insurance sector - Amendment to Foreign Direct Investment Sector

- **A.P. (DIR Series) Circular No. 139 dated 5th June 2014**

I. Vide Press Note 2 (2014 Series) dated February 4, 2014, foreign investment by way of FDI, investment by FIIs/FPIs and NRIs up to 26% under Automatic route shall be permitted in insurance sector subject to the conditions specified.

II. Effective from February 4, 2014, foreign investment by way of FDI, investment by FIIs/FPIs and NRIs up to 26% under Automatic route shall be permitted in insurance sector subject to the conditions specified in the Press Note 2 (2014 Series) dated February 4, 2014.

3.17 Foreign investment in India – participation by registered FPIs, SEBI registered long term investors and NRIs in non convertible/redeemable preference shares or debentures of Indian companies

- **A.P. (DIR Series) Circular No. 140 dated 6th June 2014**

I. As per extant regulations, SEBI registered FIIs, QFIs, registered FPIs and long term investors registered with SEBI, may purchase, on repatriation basis, Government securities and non-convertible debentures / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time. The present limits for investments by FIIs/ FPIs, QFIs and long term investors registered with SEBI in corporate debt stands at USD 51 billion.

II. It has now been decided to allow registered FIIs, QFIs deemed as registered FPIs, registered FPIs, long term investors registered with SEBI – Sovereign Wealth Funds, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, foreign Central Banks to invest on repatriation basis, in non-convertible/ redeemable preference shares or debentures issued by an Indian company in terms of A.P. (DIR Series) Circular No. 84 dated January 6, 2014 and listed on recognized stock exchanges in India, within the overall limit of USD 51 billion earmarked for corporate debt. Further, NRIs may also invest, both on repatriation and non-repatriation basis, in non-convertible/ redeemable preference shares or debentures as above.

3.18 Issue of Partly Paid Shares and Warrants by Indian Company to Foreign Investors

- **A.P.(DIR Series) Circular No. 3 dated 14th July 2014**

I. Partly paid equity shares and warrants issued by an Indian company in accordance with the Companies Act, 2013 and the SEBI guidelines, as applicable, shall be eligible instruments for the purpose of FDI and FPI by FIIs/ Registered Foreign Portfolio Investors (RFPIs) subject to compliance with FDI and FPI schemes.

II. Pricing and receipt of Balance Consideration

(a) Partly paid up shares

Pricing of the partly paid equity shares shall be determined upfront and 25% of the total consideration amount (including share premium, if any), shall be received upfront; the balance consideration towards fully paid equity shares shall be received within a period of 12 months.

The time period for receipt of the balance consideration within 12 months shall not be insisted upon where the issue size exceeds rupees five hundred Crore and the issuer complies with Regulation 17 of the SEBI (Issue of Capital and Disclosure Requirements (ICDR)) Regulations regarding monitoring agency. Similarly, in case of an unlisted Indian company, the balance consideration amount can be received after 12 months where the issue size exceeds rupees five hundred Crores. However, the investee company shall appoint a monitoring agency on the same lines as required in case of a listed Indian company under the SEBI (ICDR) Regulations. Such monitoring agency (AD Category -1 bank) shall report to the investee company as prescribed by the SEBI regulations, ibid, for the listed companies.

(b) Warrants

The pricing of the warrants and price/ conversion formula shall be determined upfront and 25% of the consideration amount shall also be received upfront. The balance consideration towards fully paid up equity shares shall be received within a period of 18 months;

The price at the time of conversion should not in any case be lower than the fair value worked out, at the time of issuance of such warrants, in accordance with the extant FEMA Regulations and pricing guidelines stipulated by RBI from time to time. Thus, Investee company shall be free to receive consideration more than the pre-agreed price.

III. Reporting

In relation to partly paid up shares and warrants, the reporting of receipt of foreign inward remittance towards each upfront/ call payment for FDI transaction shall be made in Advance Reporting Form along with copy/ies of Foreign Inward Remittance Certificate/s (FIRC), Know Your Customer (KYC) report on non-resident investor and details of the Government approval.

Other conditions for warrants:

(a) The identity of non-resident investor shall be disclosed for the purpose of compliance with KYC norms at the time of issuance of warrants.

(b) The reporting of issue or transfer of warrants in form FC-GPR and form FC-TRS respectively, under the head 'others', shall reflect the extent up to which the amount in respect of equity shares has been called up by the company. The reporting of purchase/sale of warrants by FIIs/RFPIs in form LEC under the head 'others' with suitable details by the designated branch of authorised dealer bank of FIIs/RFPIs, should be in accordance with FEMA regulations.

IV. Compliance

(a) The onus of compliance shall be on the Investee company as well as upon resident transferor or transferee. The onus of giving notice required under the provisions of the Companies Act, 2013 for transfer of partly-paid shares shall also be on the Investee company.

(b) The onus of compliance with individual limit below 10% (ten per cent) of the total paid-up equity capital shall be on each FII/ registered FPI. Further, the aggregate investments of all FIIs/ registered FPIs put together shall not exceed the applicable aggregate limit for each issue of partly paid shares.

V. Other conditions

(a) The Indian company whose activity/ sector falls under Government route would require prior approval of the FIPB, Government of India for issue of partly-paid shares/ warrants.

(b) The forfeiture of the amount paid upfront on non-payment of call money shall be in accordance with the provisions of the Companies Act, 2013 and Income tax provisions, as applicable.

(c) The company while issuing partly paid shares or warrants shall ensure that the sectoral caps are not breached even after the shares get fully paid-up or warrants get converted into fully paid equity shares. Similarly, the Non-resident investors acquiring partly paid shares or convertible debentures or warrants shall ensure that the sectoral caps are not breached even after the shares get fully paid-up or warrants get converted into fully paid equity shares.

(d) The deferment of payment of consideration amount or shortfall in receipt of consideration amount as per applicable pricing guidelines by the foreign investors will not be covered under these guidelines so as to be treated as subscription to partly paid shares and warrants. Thus, the Investee company under these guidelines for issue/ transfer of partly-paid shares/ warrants, shall require to comply with the requirements under the Companies Act, 2013 for issuance of partly paid shares and warrants.

3.19 Issue/Transfer of Shares or Convertible Debentures - Revised pricing guidelines

- **A. P. (DIR Series) Circular No. 4 dated 15th July 2014** - The new pricing guidelines are as under:

I. In case of listed companies

(a) The issue and transfer of shares including CCPs and CCDs shall be as per the SEBI guidelines;

(b) The pricing guidelines for FDI instruments with optionality clauses shall continue to be in accordance with A.P. (DIR Series) Circular No. 86 dated January 9, 2014, i.e., the non-resident investor shall be eligible to exit at the market price prevailing on the recognized stock exchanges subject to lock-in period as stipulated, without any assured return.

II. In case of unlisted companies

The issue and transfer of shares including CCPs and CCDs with or without optionality clauses shall be at a price worked out as per any internationally accepted pricing methodology on arm's length basis. Thus, the guiding principle will be that the non-resident investor is not guaranteed any assured exit price at the time of making such investment/ agreement and shall exit at a fair price computed as above at the time of exit subject to lock-in period requirement as applicable in terms of A.P. (DIR Series) Circular No. 86 dated January 9, 2014.

3.20 Foreign Direct Investment – Reporting under FDI Scheme

- **A.P. (DIR Series) Circular No. 6 dated 18th July 2014**

I. The DIPP, vide Press Note 4 (2014 Series) dated June 26, 2014 decided to switch over to the National Industrial Classification 2008 (NIC 2008) from the NIC 1987 version, for the purpose of classification of activities under the industrial classification system.

II. Accordingly, Indian companies are now required to report the NIC Codes in the FC-GPR and FC-TRS forms as per the NIC 2008 version.

III. Also, it has been decided to introduce a uniform State and District code list for reporting of details of FDI by Indian companies in Form FC-GPR.

3.21 Purchase and sale of securities other than shares or convertible debentures of an Indian company by a person resident outside India

- **A.P. (DIR Series) Circular No. 22 dated 28th August 2014**

I. As per extant regulations, eligible investors, viz., SEBI registered FIIs, QFIs, registered FPIs and long term investors registered with SEBI, may purchase eligible Government securities directly from the issuer of such securities or through registered stock broker on a recognised Stock Exchange in India, subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time.

II. With a view to providing flexibility in this regard, it has been decided to remove any stipulation as to the manner of acquisition from the said Regulations. Consequently, the eligible investors can acquire such securities in any manner as per the prevalent/ approved market practice.

3.22 Issue of equity shares under the FDI Scheme against legitimate dues

- **A.P. (DIR Series) Circular No. 31 dated 17th September 2014**

I. Permission has been granted to issue of equity shares against any other funds payable by the investee company, remittance of which does not require prior permission of the Government of India or RBI under FEMA, 1999 or any rules/ regulations framed or directions issued thereunder, provided that:

(a) The equity shares shall be issued in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve Bank of India, from time to time;

The issue of equity shares shall be subject to tax laws as applicable to the fundspayable and the conversion to equity should be net of applicable taxes.

3.23 Routing of funds raised abroad to India

- **A.P. (DIR Series) Circular No. 41 dated 25th November 2014**

I. It was observed by RBI that some Indian companies are accessing overseas market for debt funds through overseas holding / associate / subsidiary / group companies (at rates exceeding the ceiling applicable in terms of extant FEMA regulations). Such funds so raised were routed to the Indian companies which accounts for sole/major operations of the group.

II. Therefore, it has been clarified as under:

(i) Indian companies or their AD Category – I banks are not allowed to issue any direct or indirect guarantee or create any contingent liability or offer any security in any form for such borrowings by their overseas holding / associate / subsidiary / group companies except for the purposes explicitly permitted in the relevant Regulations.

(ii) Funds raised abroad by overseas holding/ associate/ subsidiary/ group companies of Indian companies with support of the Indian companies or their AD Category – I banks as mentioned at (i) above cannot be used in India unless it conforms to the general or specific permission granted under the relevant Regulations.

(iii) Indian companies or their AD Category – I banks using or establishing structures which contravene the above shall render themselves liable for penal action as prescribed under FEMA, 1999.

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CHAPTER 4

Policy Implications- Key Decisions

The FIPB has taken a proactive and constructive approach to facilitate foreign investment in the country while implementing the FDI Policy and take decisions in consultations with its members on the issues where the policy is silent. Such an approach is consistent with its role as a Board tasked with promotion of investment. During the period under review, the FIPB was required to decide on many proposals which threw up new issues. Some of the issues are illustrated below:

4.1 Important reasons for the rejection of proposals

I. Details of Ultimate Beneficiaries and Source of Funds

It is mandated upon the applicants to ensure that details about actual sources of funds invested/proposed to be invested by the foreign investor(s) is clearly mentioned in the application. Further, in certain cases, it has been observed that the foreign investor is a part of a group company or is a subsidiary of another company which may again be a subsidiary of some another company. In such cases, the Board mandates that there should be clarity regarding the ultimate beneficiaries of the proposed foreign investment. In past cases, there have been instances when an application has been rejected due to lack of information on the above said grounds despite repeated reminders on seeking the details of ultimate beneficiaries being sent by the government.

II. Pre-incorporation expense

With the liberalization of the policy in 2011, the issuance of shares against the pre incorporation expense was introduced, since then certain cases have been received by FIPB for the post facto approval for shares issued against such expenses. A case to case decision has been taken by FIPB for the grant of approval and proposals pertaining to capitalization of expensed more than 6 to 7 years old have been rejected by FIPB.

III. Proposals under the Civil Aviation sector

Under the air transport service, 49 % FDI through the Automatic route is allowed in companies in Scheduled Air Transport Services and Non-Scheduled Air Transport Services. and beyond 49 % and up to 74 % is allowed in companies in Non-Scheduled Air Transport Services through the Government route. Also NRI investment is allowed upto 100% in sector. However an Indian company whose ownership is held by NRIs would not be treated as NRI investment but would be construed as foreign company investment, and therefore the relevant cap for the foreign company would be 49%/ 74% as the case may be. Such proposals have been very carefully considered and rejected.

IV. Security Concerns by MHA

Clearance by MHA has always been the most important aspect for the decision process by FIPB, and hence cases where MHA has denied security clearance, the proposals have been rejected despite of the proposal falling under the Automatic route as well.

4.2 FDI in Brownfield Pharmaceuticals Sector

All applications pertaining to foreign investment in brownfield pharmaceuticals project are required to submit two additional documents and details. The first one pertains to a submission of non-compete certificate by foreign investor and Investee Company under which they undertake that there is no non-compete clause in any form in any of the shareholders agreement entered between these two parties. This has been introduced by the Department of Industrial Policy and Promotion Board vide Press Note 1 2014 series. The format of the certificate has been specifically laid out in Annexure 11 of the Consolidated FDI Policy 2014. It is worth mentioning here that separate certificates must be submitted by both the foreign investor and the investee company. However, in view of the provisions laid down in Press Note 1 2014, there may be special circumstances under which the clause may be allowed only with prior consent of the Board.

The second pertains to the fact that all brownfield Pharmaceutical applications are required to submit details on (a) production statistics of National List of Essential Medicines (NLEM medicines) in past 5 years (if any) (b) Expenditure on Research and Development in past 5 years and finally (c) the details on whether the proposed investment involves transfer of technology. The specific format for listing out these details has been mentioned on FIPB website while filing the e-application at http://fipb.gov.in There have been numerous instances when the application has been held delayed in consideration or rejected due to non-submission of the aforesaid documents.

Cases approved/ rejected:

(i) Downstream investment of 27% by **M/s Laurus Labs Private Limited**, a foreign owned or controlled company, in M/s Sriam Labs Private Limited, an Indian pharmaceutical company through internal accruals was deferred in 201st FIPB meeting due to want of an undertaking on no non-compete clause. The same was approved in 203rd FIPB meeting.

(ii) Approval had been sought by **M/s BC Investments IV Limited** to purchase 13.09% of equity share capital of M/s Emcure Pharmaceuticals Limited, Pune from M/s Blackstone GPV Capital Partners Mauritius V-C Ltd. - transfer from Non-Resident to Non-Resident. Upon completion of the proposed transaction, total foreign shareholdings in Emcure and paid-up equity share capital of Emcure will remain unchanged. This is another example of a case where non-compete clause was allowed with a specific condition imposed additionally that "that any condition in the "non-compete" clause would be in force only during the subsistence of the agreement and would not survive on the termination of the agreement whether pursuant to an exit provided to the investor, an initial public offering or otherwise". The proposal was approved in 203rd FIPB meeting.

(iii) **M/s Indeus Life Sciences Private Limited**, Mumbai proposed to convert the outstanding ECB loan and unpaid accumulated interest thereon from its holding company; M/s Nordic Group BV, Netherlands into equity share capital. This is an example of a case where no non-compete clause was imposed.

(iv) **M/s Roche Products (India) Private Limited, Mumbai**, 100% owned by M/s Roche Finance Limited, Switzerland and engaged in pharmaceutical sector, sought approval to carry out local labelling & packaging of imported naked/unlabelled vials and fill- finish/bottling operation in pharmaceuticals sector. This was a case of contract manufacturing and labeling. The board analyzed the proposal in detail and held the view that the activity of bottling and fill-finishing the product, in the facility of M/s Emcure with whom there is a loan license agreement, can have a non-compete clause for business viability. After analyzing the other aspects of the case, the board recommended the proposal for approval in 204th meeting without insisting for non-compete certificate.

(v) **M/s Pfizer Ltd** had approached FIPB, to grant approval for issuance of equity shares by Pfizer Ltd to shareholders of M/s Wyeth Ltd who are persons Resident outside India based on the swap ratio mentioned in the scheme, pursuant to the merger of M/s Wyeth Ltd. With M/s Pfizer Ltd. The Board held the view that no non-compete clause was not required in the extant case because it was a case of merger of two companies of which the majority shareholders are the foreign companies. No Non-compete clause in case of pharmaceutical activity should be required when the shareholding prior to or post the FDI infusion includes that from an Indian promoter or the Indian promoter is exiting. In the present case, Indian shareholders are not managing the company. The Board approved the proposal in 206th meeting subject to the orders of the High Court concerned.

(vi) **M/s ARKRAY Healthcare Private Limited, Mumbai**, a foreign owned company, engaged in sale of clinical test instruments, sought approval for issuance of fresh equity to its promoter group entities and to acquire the IVD business on slump sale basis of an existing listed diagnostics company. It was observed that the investee company was engaged in trading of clinical test instruments etc. manufactured by its foreign parent and the activity of whole sale trading falls under the Automatic route. It was further observed that the activity of the company (SPAN) being acquired on slump sale basis, without acquisition of equity shares, is manufacture of diagnostic kits. The diagnostic instruments, though covered under the Drugs and Cosmetics Act, are prima facie, not drugs. Hence, the proposal was approved in the 208th FIPB meeting without any insistence of non-compete clause and the standard Pharma conditions.

(vii) M/s Camzena Holdings Lmited, Mauritius and M/s Nulife(Cyprus) Ltd together held 99.99% shares of M/s Zenara Pharma Private Limited, an Indian company engaged in pharmaceutical sector. Now the approval had been sought by **M/s Zenara Pharma Private Limited** for (i) infusion of additional FDI by M/s Camzena Holdings Limited by subscribing to shares on a right basis and (ii) transfer of its shares constituting 48.99% by Nulife(Cyprus) Ltd to M/s Camzena Holdings Limited.

FEMA provisions allow Indian companies to freely issue Rights/Bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, if any subject to compliance with other laws/statutes like the Companies Act, 1956, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (in case of listed companies), etc. Further, in the extant case, the company is wholly owned by non-residents and it is proposed to transfer shares from one non-resident investor to another non-resident investor. Hence non-compete clause is not relevant in this case. The application was approved in 209^{th} FIPB meeting without any insistence for non-compete clause.

(viii) **M/s BioMerieux India Pvt Ltd.,** a WoS of M/s BioMerieux France had sought approval for additional downstream investment of 10% (increase from 60% to 70%) in M/s RAS Lifesciences Private Limited, a company engaged in brownfield pharmaceutical sector. Post-facto approval for initial investment of 60% was also required. The proposal was rejected in 210^{th} FIPB meeting due to the presence of non-compete clause.

4.3 Pharmaceuticals Sector: Non-Resident to Non-Resident Transfer

FDI in the Pharma sector was allowed upto 100% on the Automatic route till the policy was amended vide the issuance of Press Note 3 of 2011 making thereby distinction between Greenfield and brownfield investments making FDI in brownfield entities allowed upto 100% under Government route. Consequent to spate of takeovers of Pharma industries, a need was felt to review the policy. Subsequently, it has been a practice for the FIPB to impose 4 conditions in case of any approval recommended only in the case of brownfield pharmaceuticals, which were arrived at after inter-ministerial discussions. The 3 conditions are:

a. The company receiving FDI will continue to produce medicines under the NLEM for the domestic tariff areas at the level which would be the highest quantity of production in the previous three financial years for the next five years;

b. The company will also be required to maintain the R&D expenditure at the maximum level incurred in any of the three financial years immediately preceding the current Government approval. This absolute level should be maintained for the next five years;

c. The company will need to provide to the Administrative Ministry concerned and the FIPB secretariat complete information pertaining to the transfer of technology, if any, along with induction of foreign investment into the investee company;

However, there have been cases where the above mentioned conditions have been relaxed. This has been primarily on occasions of Non-Resident to Non-Resident (NR-NR) transfer where the foreign investment has been transferred between the group companies.

Cases approved/ rejected:

(i) M/s Indeus Life Sciences Private Limited, Mumbai proposes to convert the outstanding ECB loan and unpaid accumulated interest thereon from its holding company; M/s Nordic Group BV, Netherlands into equity share capital. This proposal was approved in 203rd FIPB meeting. However, this is an example of a case where the four standard pharma conditions were not imposed as the investee company was fully foreign owned and controlled and it was a mere case of converting debt into equity.

(ii) M/s TTK Protective Devices Limited, Chennai sought approval for transfer of shares from Resident to Non-Residents, who are private equity/ Institutional Investors prior to a subsequent merger with the listed group company TTK Healthcare subject to Court approval. Presently, there is no foreign investment in the Company and subsequent to the proposed investment; the foreign equity will be 14.85%. The transactions as proposed are a part of the M/s TTK Protective Devices Limited, Chennai merger with M/s TTK Healthcare, a listed company. There is no change of control in the final listed company. The Board was of the view that the manufacturing of condoms by the company should not actually get covered as a brownfield Pharma. However, it is noted that the manufacturing of condoms was covered under the Drugs and Cosmetic Rules 1945 and in the absence of requisite clarity, Board was of the view that the proposal be recommended in accordance with Para 6.2.18.2 of the Consolidated FDI policy of 2014. Hence the proposal was approved in 206th FIPB meeting without the imposing of standard pharma conditions.

4.4 FIPB approval is for Activity, Foreign Investor, FDI Amount and % Equity

While reviewing the FDI application, the Government gives the approval specifically for concerned activity in which an investment would be made, the foreign investor mentioned in the application and the percentage shareholding based on capital contribution that the investor proposes to make and the consideration amount involved for the purchase.

Cases which require fresh approval:

Activity: It must be noted that while reviewing the FDI application, the Government not only looks at the sector in which the investor wants to enter but also the detailed activity which the investor proposes to invest. In general, the FIPB approval is for a specific sectoral activity which the investor proposes to undertake. Hence, if the investor proposes to undertake additional activity in the same sector and in the same Indian company after an FIPB approval has been granted, the investor needs to take prior FIPB approval. For instance, in case of information and broadcasting sector, if an approval is given for a publication of a specific magazine and the investee company (with FDI in it) now proposes to undertake publication of another magazine, an FIPB approval is must.

Foreign Investor (NR-NR transfer) : FIPB approval is for a specific foreign investor and is not transferable. Incase the existing foreign investor proposes to sell its stake to another foreign individual/company(ies), prior FIPB approval is required incases already given FIPB approvals.

Shareholding: The foreign investor gets an approval for certain amount and percentage holding in the investee company mentioned in the application. If the investor proposes to increase its equity participation in the investee company without change in percentage shareholding, prior FIPB approval is required.

Amount of FDI involved: The purchase of equity in Indian company is subject to RBI pricing guidelines in case of a private limited company and SEBI ICDR guidelines in case of a public limited company and the Board approval is subject to compliance with these pricing guidelines. Nevertheless, an applicant needs to give an estimate of the amount of FDI involved in the proposed transaction which needs to be in tandem with the aforesaid pricing guidelines. However, the final FDI flow may differ from the amount mentioned in the application due to several reasons like fluctuation in the exchange rate, the premium at which shares are priced etc.

Cases approved/ rejected:

(I) M/s Hospira Healthcare India Private Limited, Tamil Nadu is a wholly owned subsidiary of M/s Hospira Pte. Ltd., Singapore . Nevertheless, the foreign investor had to seek

(a) Post facto approval for subscription of 3,81,290 equity shares amounting to Rs. 381.29 Crore of M/s Hospira Healthcare India Private Limited, Tamil Nadu and (b) approval for infusion of Rs. 650 Crore in M/s Hospira Healthcare India Private Limited, Tamil Nadu. The application was approved in 201st FIPB meeting.

(ii) **M/s The Walt Disney Company (Southeast Asia) Pte. Limited** sought approval to infuse additional capital in M/s UTV Software Communication Limited by way of subscription to equity capital up to Rs. 1,100 Crore and also make additional investments from time to time. The applicant had already been allowed by FIPB to acquire 100% equity in the Indian company vide FIPB approval letter dated 19.12.2011. The present application was being made for infusion of fresh capital of Rs.1,100 Crore by way of subscription to new shares. The Board deliberated on the proposal and was of the opinion that since the sector is under Government approval route, any fresh infusion should be made with the approval of the Government. Accordingly, the proposal was approved in 203rd FIPB meeting.

(iii) Approval has been sought by **M/s Fresenius Kabi Oncology Limited**, a brownfield pharmaceutical company for issuance of equity shares for an aggregate consideration of Rs. 119 Crore. Board noted that the investee company has already been given approval of 100% of foreign investment. The present approval is for bringing in additional investment from the existing foreign investor. Based on the recommendations of the concerned ministries, the Board recommended the proposal for approval in 210th FIPB meeting subject to standard pharma conditions and condition as provided by the other concerned ministries. **M/s Fresenius Kabi India Private Limited** , in the 213th meeting was given an approval for issuing shares on a right basis and conversion of ECB into equity, despite of existing 100% foreign equity.

(iv) **M/s Equitas Holdings Private Limited** was approved in 208th meeting, where the foreign equity remained the same, but there was a transfer of certain shares from the existing foreign investor, MVH Spa, Italy, MicroVentures Investment SICAR to Micro Ventures Asia BV, Netherlands.

4.5 Import Payables

As per Para 3.4.6(iii) (i) of the Consolidated FDI Policy, issue of equity shares under the FDI policy is allowed under the Government route for the import of capital goods/ machinery/ equipment (excluding second-hand machinery), subject to compliance with certain conditions laid therein. Import payables under any other circumstances were not allowed to be converted into equity. However, a recent notification issued by the Reserve Bank of India dated September 17, 2014 (bearing number RBI/2014-15/234) has revised the guidelines pertaining to the above. As per the revised rules, Indian companies are now permitted to issue equity shares against any monies which can be classified as legitimate dues payable by the investee company if such remittance does not require prior permission of the Government of India or the RBI under FEMA 1999. While the FDI policy needs to be revised in view of the revised guidelines, the FIPB has been taking the applications in light of the revised rules by RBI.

Cases approved/ rejected:

(I) Approval has been sought by **M/s BIESSE Manufacturing Company Pvt Ltd** for the conversion of import payables into equity share capital. The application was rejected in 201st FIPB meeting on the grounds that it import of the components of the woodworking machines was not a capital good. It was simply trade payables and thus did not fall under the Para 3.4.6 (iii) (I) of the Consolidated FDI Policy 2013. The company made a representation against rejection which was again not acceded to in 206th FIPB meeting and the Board repeated its earlier stance. The Company has now made a 2nd representation against rejection in light of the revised RBI guidelines. The matter is under FIPB consideration.

4.6 Partly Paid Shares and Warrants

FDI Policy for partly paid shares and warrants has gone through series of revisions which is highlighted below:

Prior to 1.4.2010, the FDI policy was silent on the issuance of convertible warrants and partly paid-up shares by Indian companies to foreign investors. It only contemplated issuances of shares and debentures in FDI Policy. FDI Circular w.e.f. 1.4.2010 gave 1st clarification on issue of warrants, where it was stated that 'warrants, partly paid shares etc. are not considered as capital and **cannot be issued** to person resident outside India'.

This was later amended to state that "Any other types of instruments like warrants, partly paid shares etc. are not considered as capital. They **can be issued** to person/ (s) resident outside India only after approval through the Government route".

In the case of partly paid up shares, (DEA's letter No. 1/1/2009-FIU dated 25/2/2010), FDI is permitted through Government route with 50% upfront first payment and full payment in 6 months from the date of issue in case of partly paid shares. Also, in normal circumstances, partly paid up share capital cannot be made fully paid up by reduction in the face value of the shares. This has been amended vide RBI notification dated 14.7.2014 whereby it was stated that the pricing of the partly paid equity shares shall be determined upfront and 25% of the total consideration amount (including share premium, if any), shall also be received upfront; The balance consideration towards fully paid equity shares shall be received within a period of 12 months.

In the case of share warrants, (DEA's letter No. 1/1/2009-FIU dated 25/2/2010), FDI is permitted through Government route with 25% upfront first payment and full payment in 12 months from the date of issue. This has been amended vide RBI notification dated 14.7.2014 whereby it was stated that the pricing of the warrants and price/ conversion formula shall be determined upfront and 25% of the consideration amount shall also be received upfront. The balance consideration towards fully paid up equity shares shall be received within a period of 18 months.

One of the major changes in the policy brought about by RBI notification dated 14.7.2014 was the mention of the fact that the Indian company whose activity/ sector falls under Government route would require prior approval of the Foreign Investment Promotion Board (FIPB), Government of India for issue of partly-paid shares/ warrants. However corresponding change in FDI policy is pending in this regard.

Cases approved/rejected:

(i) Post facto approval has been sought by **M/s Nashik Vinters Private Limited** for the issuance of optionally convertible warrants on advice of RBI. The transaction took place in 2005. Sale of warrants NR-NR took place in 2007 and warrants were converted/ reported to RBI and duly acknowledged in 2009. Hence, the Board decided that since the issue of warrants happened prior to 2010, it would not be subject to any penalty. However, another relevant point that came out was regarding the activity of the company. FDI in the "alcohol distillation" came under 100% Automatic route on 10.02.2006(PN4 of 2006) before that it was on approval route[PN 9 of 2000]. So the transaction prior to 2006 technically requires FIPB approval. The Board decided on approving those transactions subject to compounding. The Board recommended the proposal for approval in 205th meeting subject to compounding by RBI; for not obtaining prior FIPB approval as the transaction took place in 2005 when the activity was under Government approval route and for issuing warrants and other required conditions.

(ii) **M/s Magnum MI Unai Press Parts Private Limited** took post facto approval for issuance of partly paid up shares to foreign investor. The partly paid shares were issued in 2012 i.e. post the issue of guidelines on partly paid shares and they were fully paid up by March 2013. The Board approved for regularization of the shares subject to compounding by RBI and pricing of shares as per RBI/SEBI guidelines.

4.7 Overhaul of FDI Policy in Defence

With focus on liberalizing foreign investment policy, the Government of India has always attempted to rationalize its FDI policy and move more and more sectors into increased sectoral cap for permissible FDI. The policy is defence is one such sector which saw a considerable paradigm shift. Earlier as per the policy, FDI in defence was permissible upto 26% under the approval route subject to Industrial license under the Industries (Development & Regulation) Act 1951. Further, the single ownership of 51% of an Indian or Indian Company (which should again be singly held by Indian/HUF or their group companies) in the investee company was mandated by Para 4.1.3 (v) (d) (B) of the FDI Policy. FIPB was of the opinion that this condition is too stringent and further, that under the present dispensation, any company which is Indian owned and controlled but unable to meet this condition can set up a downstream subsidiary and undertake manufacturing activities in the Defence Sector and thus get around this condition. Additionally, there was an ambiguity regarding the licensing requirement.

The Government reviewed its policy and came with two clarifications/amendment in the policy. First, vide Press Note 3, 2014 issued by DIPP on 26th June 2014, the Government clarified the list of defence items which requires industrial license and hence would be paramount to investment in defence sector. It was clearly spelt out that production of other items which were not mentioned in the list would not be considered as investment in defence sector and hence would not be guided by defence related FDI policy.

Further, vide Press Note 7 2014 issued on 22nd August 2014, FDI limit in defence sector was widened to 49% under Approval route and the conditions of single ownership in the Indian company was done away with. This had led to instant clearance of a shelf of FDI application in the defence sector in the 210th FIPB meeting.

Cases approved:

(i) M/s Bharati Shipyard Limited, Mumbai (Investee Company) which had existing FII and NRI investments proposed to undertake additional defence activities along with its existing activities.

(ii) M/s Kineco Kaman Composites India Pvt Ltd, having 26% FDI, proposed to undertake the additional activity of supplying products and research and development services to the defence sector, along with its existing activities.

(iii) M/s Solar Industries Limited, with FII/NRI investment, had sought approval for undertaking additional activity of manufacturing defence products.

4.8. Mergers and Acquisitions

Mergers/demergers/ amalgamations of companies in India are usually governed by an order issued by a competent Court on the basis of the Scheme submitted by the companies undergoing merger/demerger/amalgamation. Once the scheme of merger or demerger or amalgamation of two or more Indian companies has been approved by a Court in India, the transferee company or new company is allowed to issue shares to the shareholders of the transferor company resident outside India, subject to the conditions stated in FDI policy.

Cases approved/rejected:

(i) Ferrero India Private Limited engaged in the business of dealing with chocolate and confectionary items and is also engaged in the business of marketing research activities and business of "Whole sale cash and carry". The proposal was considered and approved in the 207th meeting held on 04.07.2014.

(ii) M/s Genpact India, Delhi , an Indian company, which is fully foreign owned, and is engaged in the IT sector, sought for going for the reverse merger of its holding company with itself and issuing shares to the other group holding entities in Mauritius and Singapore. The proposal was approved in 208th FIPB meeting subject to the court order

(iii) M/s Mahindra CIE Automotive Limited, Mumbai, engaged in manufacturing and supply of forged components used in automotive industry (which falls under Automatic route sector), had sought approval to issue equity to foreign investors post its proposed merger scheme. The proposal was approved in the 212th meeting held on 21.11.2014.

4.9 FDI in Space Satellites

As per Para 6.2.13, FDI up to 74% under the Government approval route is allowed in establishment and operation of Satellites, subject to the sectoral guidelines of Department of Space/ ISRO.

FIPB received an application from **M/s Jupiter Satellite India Limited,** Delhi for upto 74% foreign investment to engage in establishment, operation & management of satellites. While examining the proposal it was established that the proposal was first of its kind. So far the Indian economy had not had foreign investment in the satellite sector.

While the Consolidated FDI policy circular stipulates only general policy in the sector, the exact sectoral guidelines required to be followed requires clarity. The present 'Satellite Communications Policy Framework' and the 'norms, guidelines and procedure for implementation of the policy framework for satellite communications in India' are dated 1997-98 and 2000 respectively. This is under the process of revision in view of the current scenarios and sectoral needs and also in the wake of Supreme Court's decision that the natural resource cannot be allocated on the first come first serve basis.

Particularly in case of M/s Jupiter Satellite India Limited, the application sought permission to use the UK registered orbital slot and there is no provision under existing SATCOM policy for treating such satellites as Indian Satellite System. These issues need to be addressed along with clarity on policy for bringing private cum foreign investment in the sector. Further, there needs to be a list of activities, which are permissible for foreign investment in the Satellite sector, so that the same may be suitably incorporated in the Consolidated FDI policy.

While the policy revision is underway, the Board had decided to return any application for investment in satellite sector and entertain such application only once there is an absolute clarity for foreign investment in this sector.

4.10 FDI in Construction Sector

FDI in Construction Development of Townships, Housing and Built-up-Infrastructure is allowed under 100% Automatic route subject to 7 conditions laid down in Para 6.2.11.2 of the Consolidated FDI Policy 2014. In general, an application pertaining to the construction sector is placed before FIPB only when the applicant is unable to fulfill any of the above mentioned 7 criteria and a subsequent decision needs to be taken on this default. More often than not, each of these applications is unique in nature and is thoroughly examined by the Board to ensure a just and practical decision. Some of the proposals are listed out below:

Cases considered:

(i) M/s Mordril Properties (India) Private Limited is a company engaged in Construction &

Development activities and has foreign investment from M/s Mordril Properties (Mauritius) Limited.

The board deliberated on the proposal and noted that the applicant has not given any compelling reason of not being able to complete the development of 50% of the 5 acres of land in Hyderabad for 5 years, except citing difficulty in arranging for the financing. Further there was a lack of clarity on minimum capitalization norm fulfillment from the company despite repeated reminders. Accordingly the board decided the proposal may be recommended for rejection.

(ii) Post- facto approval was sought by **M/s Prime Living Pvt Ltd.** (PLPL) for allotment of equity shares aggregating to Rs. 3.81 Crore to M/s PRIMUS Global Solutions Private Limited, Hyderabad (PGS) (a 100% WoS of M/s Primus Global Services Inc , USA). The size of development project undertaken by PRIME Living Private Limited, Hyderabad (PLPL) as well investment made by PGS did not meet the requirements as per FDI policy conditions mentioned above (i.e., area Size and Minimum capitalization requirement). The applicant had stated that due to ignorance of the policy position and with an impression that the investment made by PGS into PLPL was not considered as Foreign Investment, they have allotted shares to PGS against the amounts invested by it and hence was seeking post facto FIPB approval.

The board deliberated on the proposal and was of the opinion none of the conditions as specified under Para 6.2.11 of FDI Policy Circular 1 of 2013 had been complied. The ignorance of laws/regulations etc. cannot be a justification for considering. The proposal was rejected in 203rd FIPB meeting.

(iii) **M/s Trinity Capital (Six) Limited, Mauritius** was seeking approval for (a) de-merger of mall business to be transferred to MTM estates and Properties Private Limited pursuant to the approval of the High Court to the Scheme for Arrangement and (b) Trinity Capital (Six) Limited, subsequently to the demerger, shall be freely permitted and entitled to transfer its shareholding in MTM Estates and Properties Private Limited at any time, under the Automatic route, without Government approval.
In the instant case, the Applicant had stated that all segments of the Project including the Mall Business were complete except Manjra Trinity Corporate Office Towers, which is expected to be completed by August 2014. Besides, the Applicant had already completed the lock-in-period in respect of the entire Project including the Mall Business prior to demerger of the said Mall Business into the Resulting Company. A new Company was proposed to be formed due to demerger of the existing Company as per the scheme of arrangement being approved by the High Court. The receipt of FDI in the resultant entity will be from the date of approval of scheme of arrangement by High Court and hence the lock-in-period in this Company cannot be said to have be completed. However, since it is a case of demerger, Board opined that no-fresh condition should be imposed, since all the conditions independently and jointly have been fulfilled by the company with respect to both the de-merged projects. The proposal was approved in 205th FIPB meeting without freshly imposing the conditions of construction sector.

4.11 Alternate Investment Fund- Category I and II and existing venture capital funds

The extant FDI policy only covers Venture Capital Funds (VCFs) and does not refer to Alternate Investment Funds (AIFs). As per the extant FDI Policy, if a domestic Venture Capital Fund is set up as a trust, a person resident outside India (non-resident entity/ individual including an NRI) can invest in such domestic VCF subject to approval of the FIPB.

However, it has observed that AIFs have been set up under a separate regulation and the AIF regulations have replaced the VCF regulations. FIPB has deliberated at length on this matter. As such, it is necessary that FDI policy should take specific cognizance of the AIF regulations. However, till the time FDI policy is amended to reflect the same, the Board had approved investments in AIFs subject to the following conditions:

(a) AIFs should comply with conditions laid down in para 3.1.6, 3.2.3, 3.2.4 of Consolidated FDI Policy 2013 (where VCFs should be read as AIFs)

(b) The investment made by the trust will be considered as foreign investment

(c) AIF Category II Fund is similar to VCF largely except that it will not qualify for tax benefits as limited to a few sectors. But as a pooling vehicle engaged in investment, and taking into account the possible FDI concerns, it would suffice to stipulate that investments made by the AIF Category II should be compliant with the FDI policy in terms of entry route, conditionalities and sectoral caps.

(d) Money should flow into the AIF from legitimate sources. Thus, the recipient entity must adhere to and ensure compliance with the KYC norms in respect of each investor.

(e) The remittances should be through normal banking channels.

(f) Investments should be received only from NRIs, who are resident in a country, that is a member of FATF or a member of a group which is a member of FATF; and are resident in a country that is a signatory to IOSCO's Multilateral Memorandum of Understanding (and referred to as Appendix A Signatories therein) or a signatory of a bilateral MoU with SEBI.

(g) Activities of the investee company should be in compliance with the respective regulations prevalent in the investors' countries, in case business is solicited from those jurisdictions.

Also, as regards the proposals for existing VCFs, the AIF regulations contain an enabling provision for existing VCFs which states that, all venture capital funds or schemes launched by such venture capital funds prior to date of notification of these regulations (21.5.2012) shall continue to be governed by provisions of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 till the fund or Scheme is wound up. These funds shall not launch any new Scheme after notification of these regulations (Clause 39(2) (b) of AIF Regulation 2012). In light of this clause, FIPB would continue to take up FDI proposals in Domestic VCFs but subject them to conditions stated above.

Cases approved/rejected:

(i) **M/s Google Holdings Pte. Ltd, Singapore** sought approval for extension of time period until 28th December, 2017 for investing remaining amount of the total approved foreign equity into the Technology Venture Fund registered with the SEBI. The board deliberated on the proposal and was of the opinion that since already out of Rs 15 Crores, already Rs 11.967 Crores have been brought into the Fund and the company intends to bring in the balance approved investment into the fund the proposal may be considered for approval subject to compliance with the extant SEBI (VCF) 1996 Regulations read along with SEBI (AIF), 2012 Regulations.

(ii) **M/s Religare Credit Investment Trust** had sought approval for foreign investment of upto Rs.500 Crore by M/s Religare India Credit Assets Fund BV, Netherlands in the Class A units of Religare Credit Opportunities Fund Scheme I, an AIF Category II Fund registered with SEBI. The proposal was approved in 208th FIPB meeting subject to compliance with the SEBI (AIF regulations 2012) and fulfillment of KYC norms. And subject to compliance of the downstream investments with the FDI Policy in terms of entry route, caps and conditionalities, the proposal can be recommended for approval.

(iii) **M/s Franklin Templeton Asset Management (India) Pvt Ltd** is seeking proposal to act as a sponsor and management of the fund to Category II Alternative Investment Funds (AIF) registered with SEBI as Alternative Investment Funds (AIFs) under SEBI (AIF) Regulations, 2012. The proposal was approved in 208th FIPB meeting subject to continued compliance with the conflict of interest provisions of the SEBI (Mutual Fund) Regulations, and the SEBI (Portfolio Manager) Regulations and the downstream investment of the AIFs to be in conformity with the FDI Policy in respect of entry routes, caps and conditionalities.

(iv) **INDIAREIT Real Estate Fund-Scheme I** ("Fund") is a scheme of INDIAREIT Alternative Investment Trust ("Trust"). The Trust has been registered with SEBI as Category II Alternative Investment Trust under SEBI(AIF) Regulations, 2012. INDIAREIT Real Estate Fund-Scheme-I, through its Fund Manager M/s INDIAREIT Fund Advisors Private Limited has sought approval to accept NRI investment amounting to Rs. 500 Crores. Based on the past FIPB approvals wherein FIPB had approved similar proposals (M/s Excedo Realty Fund-1), the given application was also approved in 209th FIPB meeting subject to conditions as illustrated above.

4.12 FDI Policy on Operating Lease

'Operating lease' is well defined in the existing Accounting Standards AS19 as a lease, which unlike a financial lease, does not transfer substantially all the risks and rewards incident to the ownership. As has been misunderstood in the past, operating leases are not financial services and not part of the NBFC regime.

FIPB had received an application from **M/s Agilent Technologies Europe B.V. Europe**, seeking approval to engage in business of importing and leasing (other than financial leasing) of new and re-furbished medical devices to hospitals, diagnostic centers, clinics and other institutional customers in India. In 203rd meeting, the board discussed the proposal in detail, this being the first one for an 'operating lease'. An opinion was formed that the business of 'operating lease' would be like a service sector and hence can be permitted on Automatic route subject to complying with other related sectoral / applicable laws and this has been clarified to DIPP.

Eventually, the proposal was recommended for approval since at present; the policy has not specifically placed Operating Lease on Automatic approval. Board held that henceforth, provided the definition of operating lease is in place, the proposals on Operating Lease should be considered under the Automatic route and accordingly DIPP was requested to amend the Policy.

4.13 FDI Policy on Reporting of News through own "website"

FDI policy on 'News and Current Affairs' deals with two channels of reporting news. Firstly, Para 6.2.7.2.2 of Consolidated FDI Policy 2014 allows 26% FDI under Government route in Up-linking of 'News & Current Affairs' TV Channels subject to conditions as provided under Para 6.2.7.2.3, 6.2.7.2.4 and 6.2.7.2.5 of the Policy. Para 6.2.8.1 of the Circular says that Publishing of Newspaper and periodicals dealing with news and current affairs is upto 26% (FDI and investment by NRIs/PIOs/FII) Government approval route. However, the policy is silent on News through website which has been gaining increased prominence in today's era of internet world.

In this regard, the FIPB has formed an opinion that News through own "website" can be treated as digital printing and hence the activity would be akin to Publishing of Newspaper and periodicals dealing with news and current affairs, which is governed by Para 6.2.8.1 of the FDI Policy 2014.

Cases approved/rejected:

Approval had been sought by **M/s News Laundry Media Private Limited** for the acquisition of its shares by M/s Digital Media Laboratory Pte Ltd., Singapore. The investee company is engaged in the business of analysis, comment, critique and reporting of news through videos, articles, comic and animation on its own website. The proposal was approved in 206th FIPB meeting subject to compliance with the conditions of 6.2.8.1 of the Consolidated FDI Policy of 2014.

4.14 FDI in E-Commerce Companies in India

The extant FDI policy permits e-commerce in B2B activities but does not permit e-commerce in B2C category. In respects of the various segments of trading, the FDI policy in brief, is as under:

- Wholesale cash and carry trading (WT) is allowed 100% FDI on the Automatic route. This is clearly B2B and therefore e-commerce is permitted.
- In Single Brand Retail Trading (SBRT), FDI is allowed upto 100% on the Approval route and if the FDI exceeds 51%, the company is obligated to comply with conditions of mandatory sourcing preferably from MSMEs to the extent of 30% of the value of goods purchased.
- In Multi-Brand Retail Trading (MBRT), FDI is allowed upto 51% on Approval route and attracts conditions of minimum investment of US$100 million- 50% of which should be invested in back-end infrastructure; 30% sourcing from MSMEs, and restrictions in respect of the places/states in which business can operate.
- E-commerce i.e. B2C is not allowed in SBRT and MBRT. Further, SBRT and MVRT entities cannot simultaneously be engaged in WT.

In the above context, the present situation as has evolved over the recent years, a number of companies namely Flipkart, Jabong, Myntra, Snapdeal and many other niche companies are operating in the e-commerce space, a market which is growing rapidly and increasingly finding popularity amongst retail customers. Where there is nothing to hinder an Indian Company from engaging in this activity, the focus is on whether the entity has been the recipient of FDI or not.

In the backdrop of these policy constraints, it was first decided to spell out the two types of e-commerce model under which the companies operate viz. marketplace model and inventory model. In case of marketplace model, it is commonly understood as providing a platform for the buyers and sellers to meet but where the platform provider is not actually the seller of the goods. The goods are directly sold by the seller to the buyer through a logistics company, which is also often a dedicated entity. In case of inventory model, the e-retailer also holds the stocks for effecting delivery to the customers. DIPP issued a discussion paper on the subject in January 2014. A case in this regard has also come before the FIPB.

Cases approved/rejected

(i) **M/s P5 Asia Holding Investments (Mauritius) Ltd.,** proposes to acquire 50% stake in M/s Star CJ Network India Private Limited. One of the activities of the investee company is creation of home shopping content for broadcast through any and all mediums, including the channel, all within India. The business model of the company in as much as it sells goods of non-franchisees through its website and receives payment in websites nodal bank account which is akin to e-commerce through marketplace model. The proposal was approved subject to the additional specific conditions that (a) the company provides only a platform and having no role in any contract between the buyer and seller as suggested by RBI (b) the company does not engage in retail trading by means of e-commerce (c) the Indian Investee Company should be in compliance with DPSS Co. PD no. 1102/02/14-08/2009-10 dated 24.11.2009 under the RBI's PASS Act and would also be subject to any other RBI's rules/regulations on continuous basis.

4.15 FDI in Tea Plantation

As per Para 6.2.2.1 of Consolidated FDI Policy, FDI in Tea sector including Tea plantations is permitted up to 100% through the Government approval route subject to:

ii. Prior approval of the State Government concerned in case of any future land use change.

iii. Price of shares would be as per SEBI/RBI guidelines.

iv. Buy-back shall be in accordance with the provisions of the Companies Act 1956/2013 as applicable.

Besides the above, FDI is not allowed in any other plantation sector/activity. Further, Press Note 6 of 2013 deleted the initially required condition of compulsory divestment of 26% share of a tea company in favour of Indian Investors/public has been deleted. Ever since then, the Government has received increased request of increasing the foreign equity in the Companies engaged in tea plantation.

(i) M/s Craigmore Plantations (India) Private Limited, engaged in Tea sector including Tea plantations, have sought approval to buy-back 26.015% equity shares from existing Indian shareholder and increase the foreign shareholding to 100%. The proposal was approved in 203rd FIPB meeting.

(ii) M/s Asian TeaXpress PTE Limited, Singapore sought approval for acquisition the entire share capital of M/s TeaXpress Private Limited, West Bengal engaged in the sourcing and export of Indian teas. The proposal was approved in 203rd FIPB meeting.

4.16 LLP is not allowed to Engage in Retail Trading

FDI policy allows Limited Liability Partnerships to only operate in sectors/activities where 100% FDI is allowed, through the Automatic route and there are no FDI-linked performance conditions (such as 'Non Banking Finance Companies' or 'Development of Townships, Housing, Built-up infrastructure and Construction-development projects' etc.). Thus, the proposal pertaining to Single/Multi brand retail cannot be undertaken by LLP both for the reasons being under the Government approval route and for having the performance linked conditions.

Cases approved/rejected:

(i) M/s French Bakery Pvt Ltd., having 75.75% FDI, sought approval for capital contribution in Paris Confectionary LLP in partnership with another Indian Company**.** The applicant has stated that the Paris Confectionary LLP will procure all types of Bakeries, Pastries, Confectionaries , Food items and beverages for sale from French Bakery Pvt. Ltd,(FBPL) being manufactured by FBPL at its manufacturing unit. Thus, the proposed LLP would be a trading outlets of FBPL. As per FDI policy, since there are performance-linked conditions attached to FDI policy for single/multi-brand retail trade, the proposal was rejected in 203rd FIPB meeting.

4.17 Wholesale trading in Pharmaceuticals Product

The FDI policy permits 100% Foreign Investment under Automatic route in an Indian Company which is proposing to undertake manufacturing of pharmaceutical sector product(s) for the first time i.e. Greenfield pharmaceutical company. On the other hand, Foreign Investment in an Indian company which is already engaged in manufacturing of Pharma products can be permitted FDI upto 100% albeit under approval route- i.e. Brownfield Pharmaceutical company.

A point which needs to be clarified here is that both the policy pertains to manufacturing of pharmaceutical products. Wholesale trading in Pharmaceutical Sector would be guided by FDI policy in wholesale cash and carry trading and the proposed activity would be treated under the Automatic route, till any specific carve out is made in the policy for not treating the wholesale activity in pharma sector under the Automatic route. Also, whenever the company would undertake any manufacturing activity, it would need to seek the FIPB approval for additional activity, if it was Brownfield; and if it was Greenfield, it could do so on Automatic route.

Cases approved/ rejected:

(I) **M/s AbbVie Japan Holdings B.V. Netherlands** sought approval for incorporation of Indian subsidiary to take over the business of importing and wholesale trading of pharmaceutical products from an existing pharmaceutical company. In 204th FIPB meeting, the company was advised to proceed on the Automatic route for the proposed activity. However the company would need to take FIPB approval for any change in activity, as determined in the FDI Policy.

(ii) **M/s Dr. Willmar Schwabe India Private Limited** had approval for manufacture and distribution of homeopathic and herbal medicines manufactured in India by way of retail sale or wholesale and distribution of homeopathic and herbal medicines imported in India by way of wholesale. The applicant has now sought permission for the manufacture and distribution of phyto medicines and cosmetics products manufactured in India by way of retail sale and/or wholesale and wholesale distribution of Phyto medicines and cosmetics products imported in India.

The Board deliberated on the proposal and held the view that retail is indicated in the Consolidated FDI policy under the category of trading. A manufacturing unit is going to sell its own product and therefore must be allowed to do that through any channel including retail. Retail by a manufacturer for its own domestically manufactured products is not prohibited in the Consolidated FDI Policy. In 206th meeting, the Board approved the proposal of the company to add phyto medicines and cosmetics to its imported product range for wholesale trade. However, the company was not allowed to engage in retail trade of imported items.

4.18 Court Order in Mergers and Acquisitions Applications

Mergers/demergers/ amalgamations of companies in India are usually governed by an order issued by a competent Court on the basis of the Scheme submitted by the companies undergoing merger/demerger/amalgamation. Once the scheme of merger or demerger or amalgamation of two or more Indian companies has been approved by a Court in India, the transferee company or new company is allowed to issue shares to the shareholders of the transferor company resident outside India, subject to the conditions laid down in Para 3.5.4 of the Consolidated FDI policy.

In order to save time, the applicant can simultaneously file its scheme of arrangement at the High Court and submit its FDI application to FIPB while the final judgment of the court is awaited. However, it may be noted, the FIPB may process the file but final approval will only be applicable when the scheme of arrangement is approved by the high court.

Cases approved/rejected:

(i) As a part of restructuring, **M/s Beiersdorf India Private Ltd** (BIPL) proposed to undergo demerger under which the manufacturing division of BIPL would stand transferred to M/s Belladona Plasters Limited (BPL) and consequently shares will be issued to the non-resident shareholders of BPL. BIPL had come to FIPB for granting approval to process the demerger. The proposal was approved in 204th FIPB subject to an additional specific condition that the approval will only be applicable on receiving final approval from the court.

4.19 Deployment of Funds for companies engaged in Automatic route NBFC activities

As para 6.2.17.8: Foreign investment in NBFC is allowed under the Automatic route in the given 18 activities subject to conditions specified therein. **M/s Indostar Capital Finance Private Limited, Mumbai,** a NBFC (Loan Company), had come to FIPB seeking post facto approval for having made investments of Rs. 129.06 Crores (as on 31.03.2012) in Listed PSU Bond, NCDs & Bank CDs, Commercial Paper, Mutual Funds-Liquid of Debt Scheme, made from FDI of US $ 198.25 million (approx. ` 884.45 Crore); and thus having engaged in investment activity which is not an approved activity for NBFCs as per FDI Policy. FIPB observed that as per its activities, the compnay is engaged in Loan Business – and its 83% of its asset is deployed in loan that is on Automatic route. The Board felt that it is not FIPB's purview to approve its specific deployment and use of money. Adhering to its business is monitored by RBI in its regulatory capacity, if this has been flouted; it is for RBI to take regulatory action, and not for FIPB to "approve" a portion of the FDI used in investment activity. In any case it would appear that the "investments" are in liquid asset which is in general a part of normal activity. RBI can take a call whether this is a 'major activity'. The board in 204th meeting came to a conclusion that the proposal does not lie before the FIPB as it is not an FDI policy issues. It lies in the regulatory domain of RBI-DNBS framework.

A similar case of **M/s Xander Finance Private Limited** was also placed before FIPB. The company is a loan NBFC, with 99.45% FDI from M/s Xander Credit Pte. Limited, Singapore. It had sought post-facto approval for deployment of temporary surplus funds in debt mutual fund and for making future deployment of temporary surplus funds in debt mutual funds and Government bonds. Once again, the Board decided that approving mutual fund investment is not a subject matter of the FIPB. The board, in its 210th FIPB meeting, was of the opinion that the proposal does not lie before the FIPB as it is not an FDI policy issues. It lies in the regulatory domain of RBI-DNBS framework.

4.20 Issue of shares for Pre-Incorporation Expenses

As per FDI Policy for issue of shares for pre-operative/ pre-incorporation expenses (including payments of rent, etc.), such cases need to be processed through approval route and should comply with specific conditions laid down in Para 3.4.6 (II) of Consolidated FDI policy 2013. However, there have been specific cases where the Board has taken a special consideration and relaxed one or more of these conditions.

Particularly, one of the condition laid down in Para 3.4.6(II) requires the foreign investor to transfer the money directly in the investee company account. But while examining the application, the Board observed that there have been certain unavoidable cases where the payment has not been directly made to the company but to an agent to enable due compliance in the legal matters. The Board took a stand that it can still be considered to fit within the FDI policy in spirit.

Cases approved/rejected:

(i) **M/s Edaran Precision India Private Limited**, Kerala sought post facto approval for issuance of equity shares to M/s LNG Resources Berhad, Malaysia against its pre incorporation expenses.The proposal lacked on once criteria laid down in FDI policy which stipulates that the "Payments made through third parties citing the absence of a bank account or similar such reasons will not be allowed". Board however, took a liberal stand in the matter and the proposal was approved in 204th FIPB meeting.

(ii) **M/s Pinpoint India Private Limited** sought post facto approval in respect of remittance of ₹ 48,74,250/- received as share application money on March 20, 2009 in third party account of India Law Services on behalf of M/s Pinpoint (India) Private Limited. The proposal was approved in 205th FIPB meeting subject to compounding by RBI.

(iii) **M/s ECL Engineering Services India Pvt. Ltd** has sought post facto approval for capitalization of pre-incorporation and pre-operative expenses. The proposal of ECL Engineering was considered by the FIPB in its 181st FIPB Meeting held on September 18, 2012 and was rejected for the reason that in 2007, there was no provision in the FDI Policy for the issue of shares to non-resident against pre-incorporation expenses incurred and the conditions stipulated under para 3.4.6 (iii) (II) (b) and (d) are not complied with.

4.21 Issuance and Operation of Prepaid Payment Instruments (PPI)

The activity of issuance and operation of Prepaid Payment Instruments (PPI) is not specifically covered under 18 NBFC activities which are allowed 100% investment under Automatic route. FIPB has taken a view on the matter and decided that the activity of stored value card is covered within the definition of credit card business (one of the 18 NBFC activities) and hence should be allowed under Automatic route.

Cases approved/ rejected:

(i) **M/s Euronet Services India Pvt. Ltd, Bangalore** has sought approval to undertake additional activities (i) to act as Business Correspondents / money transfer agent, (ii) to act as a provider of electronic platforms and payment collection services and (iii) to carry out Wholesale Trading such as buy and sell prepaid instruments in physical as well as electronic form. The proposal was approved in 205th FIPB meeting subject to RBI guidelines and regulations activity wise and also subject to minimum capitalization norms as laid down for NBFCs vide Para 6.2.17 of the FDI Policy

4.22 FDI in Power Exchanges

As per para 6.2.26.1 of Consolidated FDI Policy 2014, (introduced vide Press Note No. 8 of 2012), FDI upto 49% (FDI and FII) is allowed under the Government route, in Power Exchanges registered under Central Electricity Regulatory Commission (Power Market) Regulations, 2010, subject to conditions specified in para 6.2.26.2 of the policy.

Prior to issue of Press Note 8 of 2012, there was no specific dispensation for foreign investment in power exchanges and it was considered to be on the Automatic route as per the default clause (para 6.2 of the Consolidated FDI Policy). The FIPB holds the view that Press Notes are implemented prospectively and not retrospectively. However, the companies with an existing FDI are now required to bring the shareholding pattern in line with the current policy within one year in view of para 4.1.5 of Circular 1 of 2012.

Cases approved/ rejected:

(i) Approval was sought by **M/s Indian Energy Exchange Limited, Mumbai** to grant a suitable extension of 3-5 years or such other period as the deems fit to divest/align their shareholding in M/s Indian Energy Exchange Limited, Mumbai in line with the Press Note 8 of 2012. The Board observed that the transactions stated in the proposal took place in the year 2010 under the Automatic route, prior to issue of Press Note 8 of 2012, and at that point of time there was no specific dispensation for foreign investment in power exchanges and thus foreign investments in the sector could be deemed to be on the Automatic route. It was, therefore, felt that no post facto FIPB approval is required by the applicant. However, the company may be required to bring the shareholding pattern in line with the current policy within one year in view of para 4.1.5 of Circular 1 of 2012.

The proposal was approved in 205th FIPB meeting for further extension of period being one year from the date of expiry of the last timeline given in this regard to bring the shareholding pattern according to Para 6.2.26.1 of policy (introduced vide Press Note No. 8 of 2012) and conditions as per Para 6.2.26.2.

4.23 FDI applications that led to eventual FDI Outflow

As per FDI policy, downstream investments by an Indian company which is not owned and/or controlled by resident entity/ies is treated as indirect Foreign investment and has to comply with sectoral FDI guidelines.

The Board has faced several cases where the proposal is placed before the FIPB because it is a case of downstream investment by foreign owned or controlled company in India which is buying shares from its foreign group company and that it would be treated as FDI, but it actually results in an outflow of funds. However, the proposal turns out to be technically FDI compliant.

Cases considered:

(i) **M/s Reckitt Benckiser (India) Limited**, a WOS of the Reckitt group, UK, proposed to acquire 23.72% paid up share capital of M/s Reckitt Benckiser Healthcare India Limited from its foreign investor viz. M/s Reckitt Benckiser (Singapore) Pte. Ltd., Singapore. Money would be transferred by M/s Reckitt Benckiser (India) Limited to M/s Reckitt Benckiser (Singapore) Pte. Limited. This was a case where a downstream investment by a foreign owned and controlled company (indirect FDI) actually results in an outflow. However, since the application is technically FDI compliant, it was approved in 206th FIPB meeting.

4.24 Post facto approval

Department of Revenue is the department which examines the source of funds. It examines the financial statements of the company. The department has advised that Companies are liable to maintain tax statement details for past 7 years and individuals are liable to maintain the Income tax returns for up to 10 years old. For proposals older than that, the tax statement of the individual/company generally cannot be accessed or cannot be reopened for reassessment. Hence, the Board has taken a stand to not entertain the proposal when the companies seek post-facto approval for cases where transaction is older than 7 years in case of company and 10 years in case of individual.

Cases approved/ rejected:

(i) **M/s George Institute for Global Health** is seeking post-facto approval and regularization for the allotment of 16,78,492 fully paid up equity shares of ` 10/- each of the investee company against pre-incorporation expenses. The transactions in this case took place during the period from 24.11.2006 to 03.08.2007. The Board observed that the tax statement of the companied could not be re-opened for examination and hence the board recommended rejection of the proposal in 206th meeting.

4.25 FDI in Trusteeship and Estate planning services

Trusteeship services for private trusts and charitable trusts and estate planning services do not fall within 18 specified NBFC activities wherein FDI is permitted under Automatic route. The activities are also not explicitly covered under any other financial services wherein FDI has been permitted under the extant FDI policy and FEMA regulations.

If the proposed activities are clarified as 'financial services' activities, then RBI had earlier vide its letter dated February 15, 2012 advised the Government that before considering FDI in any new financial services activity, Government may seek views of the financial regulators concerned on the broad parameters of: (a) Financial services activity is brought within the ambit of a domestic financial regulator (b) Sufficient number of domestic players are active in the financial services activity (c) Domestic market for such financial services activity is reasonably well developed (d) Capitalization norm commensurate with risk profile of the financial services activity is prescribed.

However, eventually after deliberation, it was also noted that the 'trusteeship services' of the kind proposed in nature, could be defined as fiduciary service and not a financial service. The activity should be guided by the Indian Trust Act, 1882. This can be permitted on the Automatic route.

Cases approved/rejected:

(i) **M/s BNP Paribas India Holding Private Limited** proposes to commence offering 'trusteeship services for private trusts and charitable trusts' and 'estate planning' services to its clients in India through a new company to be established. In 206th meeting, the board was of the opinion that the proposal may be recommended for the approval since at present; the policy has not specifically placed Trusteeship Services on automatic approval. However, henceforth, if a private company (and not NBFC) proposes to undertake the trusteeship services of the nature described and which are not covered in the financial sector regulations, the proposals should be considered under the Automatic route.

4.26 Single Brand Retail Trading

100% FDI under Government route is allowed for foreign investment in Single brand product retail trading subject to certain conditions as specified below:

(a) Products to be sold should be of a Single Brand only.

(b) Products should be sold under the same brand internationally

(c) Single Brand product-retail trading would cover only products which are branded during manufacturing.

(d) Only one non-resident entity, whether owner of the brand or otherwise, shall be permitted to undertake single brand product retail trading in the country, for the specific brand, through a legally tenable agreement, with the brand owner for undertaking single brand product retail trading in respect of the specific brand for which approval is being sought. The onus for ensuring compliance with this condition shall rest with the Indian entity carrying out single-brand product retail trading in India. The investing entity shall provide evidence to this effect at the time of seeking approval, including a copy of the licensing/ franchise/sub-licence agreement, specifically indicating compliance with the above condition.

(e) In respect of proposals involving FDI beyond 51%, sourcing of 30% of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing will be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years total value of the goods purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of FDI for the purpose of carrying out single-brand product retail trading.

(f) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with

FDI, engaged in the activity of single-brand retail trading.

The Circular 1 of Consolidated FDI policy 2012 did not have condition (f) and the condition (d) only read as 'The foreign investor should be the owner of the brand'. This condition had been added via Press Note 1 of 2012. Hence, in certain cases, the approval had been granted prior to the issue of PN 1, 2012 and then the company had come to FIPB for some amendment in their approval post 2012.

Cases considered:

(i) **M/s Lladro S.A** had sought approval for enhancement of its equity participation from 26% to 51% in M/s SPA Lifestyle Private Limited, engaged in single brand product retail trading of LLADRO products.

(ii) Approval had been sought for investment up to 51% in **M/s Luxco India Retail Private Limited** to undertake single brand retail trading of 'BVLGARI' products.

(iii) **M/s Luxury Lifestyle Trading India Private Limited** had proposed to undertake single brand retail trading of 'Stefano Ricci' products.

All the above proposals were approved in 206th FIPB meeting subject to the standard conditions stipulated in the FDI policy.

(iv) **M/s Damro Exports Private Limited, Sri Lanka** has sought approval to enhance its equity participation from 51% to 100% by way of purchase of shares form M/s Eaden Marketing and Services Pvt. Ltd. and by subscribing to fresh equity shares of the Damro Furniture Private Limited. The company is engaged in the retail trade of "Damro" brand products. The Board deliberated on the proposal and was of the view that some of the items to be manufactured by the company may come under the list of items reserved for MSME. Hence, the Board, based on the comments of the concerned ministries/departments approved the proposal in 209th meeting subject to the conditions laid down by concerned ministries and also to the sectoral guidelines of MSME for manufacturing of wooden furniture.

4.27 Employee Stock Options (ESOPs)

As per Para 3.5.5 of the Consolidated FDI Policy, listed Indian companies are allowed to issue shares under the Employees Stock Option Scheme (ESOPs), to its employees or employees of its joint venture or wholly owned subsidiary abroad, who are resident outside India, other than to the citizens of Pakistan. ESOPs can be issued to citizens of Bangladesh with the prior approval of FIPB. Shares under ESOPs can be issued directly or through a Trust subject to the conditions stipulated in Para 3.5.5 of the policy. Unlisted companies have to follow the provisions of the Companies Act, 1956. The Indian company can issue ESOPs to employees who are resident outside India, other than to the citizens of Pakistan. ESOPs can be issued to the citizens of Bangladesh with the prior approval of the FIPB.

It has been decided that when shares allocated under the ESOP to the non-resident employees of the company or its subsidiaries are within the foreign investment approval limit initially granted to the applicant, in that case the FIPB approval is not required as the issue of additional equity shares under ESOP falls within the approved limit.

Cases approved/ rejected:

(i) **M/s Ranbaxy Laboratories Limited, Punjab** (Foreign Owned and Controlled investee company) sought post-facto approval for the shares allocated to its non-resident employees under the ESOP-2011 from the period of July 2012- December 2013 and "in principle" approval for the issue of shares to non-resident employees on exercise of stock options under ESOP-2011. In 208th FIPB meeting, the Board decided that the said transaction does not require FIPB approval as the approval level already been granted to the company has not been reached even after issuance of additional equity shares.

4.28 Swap of Shares

As per Para 3.5.6 of the FDI Policy, foreign investment by way of swap of shares needs to be approved by the Government . Further, valuation of the shares will have to be made by a Merchant Banker registered with SEBI or an Investment Banker outside India registered with the appropriate regulatory authority in the host country. Swap of shares to non-resident investor needs to be in accordance with RBI guidelines for share-swap.

Para 5 of Fema 120 prohibits resident Indians to make direct investment outside India save as otherwise provided in the Act, rules or regulations made or directions issued there under, or with prior approval of the Reserve Bank. Para 4 of FEMA 120 makes certain provisions for a person resident in India to make direct investment abroad. As per Para 4, a person resident in India:

a) May purchase a foreign security out of funds held in Resident Foreign Currency (RFC) account maintained in accordance with the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000;

b) May acquire bonus shares on the foreign securities held in accordance with the provisions of the Act or rules or regulations made thereunder;

c) When not permanently resident in India, may purchase a foreign security from out of his foreign currency resources outside India;

d) May sell the foreign security purchased or acquired under clauses (a), (b) or (c).

Thus Para 4 and 5 of the FEMA 120 (amended from time to time) read in conjunction means that individual Indians cannot invest in foreign companies by the way of swap of shares. To summarize, while both foreign company and foreign individual investor can acquire shares by way of swap of shares, only Indian companies can acquire stake in foreign companies by way of share swap.

Cases approved/rejected:

(i) **M/s Seneca Global IT Services Pvt. Ltd** had sought approval for swapping of shares between the applicant shareholders and M/s Seneca Global Holdings Inc. on the basis of the decided swap ratio. The proposal was rejected in 208th FIPB meeting as it was not in compliance with FEMA 120.

4.29 FDI in Duty Free Shops

Duty-free shops are essentially Multi Brand Retail Trading (MBRT) or Single Brand Retail Trading (SBRT).While MBRT is permitted for upto 51% FDI under approval route, 49% FDI under Automatic route is allowed in Single brand retail trading. Beyond 49% FDI in SBRT is allowed through Government approval route within the territory of India. However, the Duty Free Shops are located and operated in the Customs bonded area of airports and seaports (i.e., not in the Domestic Tariff Area) and therefore are on a different footing from multi brand or single brand retailing within Indian territory.

Thus, though it is in the nature of retail trade, considering the nature of zone of operation in the duty free area of SEZ/airports, the activity of setting up duty free shops is being allowed on a case –to-case basis subject to compliance of conditions stipulated under the Customs Act, 1962, Central Excise Act, 1944 and Finance (Service Tax) Act, 1994 and rules and regulations issued there under.

Cases approved/rejected:

(i) Approval was sought by **M/s PAMP Gold LLC, Dubai** for 100% FDI in setting up the duty-free shop of gold and silver metals at Indira Gandhi International Airport, New Delhi. The proposal was approved in 208th FIPB meeting subject to conditions stated above.

(ii) Approval has been sought by **M/s Flemingo International (BVI) Limited** to incorporate wholly owned subsidiaries In India to carry out duty free business. The proposal was approved in 209th FIPB meeting subject to conditions stated above.

(iii) Approval has been sought by **M/s Flemingo International (BVI) Limited** to invest and hold 49% stake in an Indian company which is engaged in operation of duty free shops. It also proposed that over the period of time FIBL share increase its holding further from 49% to 100%. The proposal was approved in 209th meeting subject to conditions laid down by the concerned Administrative Ministries. Further, the applicant could not engage into any retail trading activity in the Domestic Tariff Area of the country.

(iv) Approval has been sought by **M/s Miami Perfume Junction, Inc, USA** for incorporation of a WoS in India to carry out the business of sale of duty free goods in airlines and running duty free ships at airports in India. The proposal was approved in 209th meeting subject to conditions laid down by the concerned administrative ministries. Further, the applicant could not engage into any retail trading activity in the Domestic Tariff Area of the country.

4.30 Insurance Corporate Agent

Government clarified its rule regarding FDI in Insurance sector vide Press Note 2 of 2014 whereby it clearly specified Insurance related activity where 26% FDI (inclusive of FII and NRI) was allowed under Automatic route. The activities permitted for FDI were Insurance Company, Insurance Brokers, Third Party Administrators and Surveyors and Loss Assessors. These were subject to the condition that Companies bringing FDI shall obtain necessary license from the IRDA for undertaking insurance activities and other conditions stipulated in Para 6.2.17.7.2 of the PN 2 of 2014 (also the consolidated FDI Policy).

However, the policy is silent on the activity of 'Corporate Agent to Insurance Agency'. The activity of 'Corporate Insurance Agent' essentially entails procuring business for a single insurance company. This does not figure in any of the insurance related activity as specified in the FDI policy and hence the sectoral cap of 26% applicable to insurance activity cannot be applied in the case of corporate agency actvity. The IRDA Licensing of Corporate Agents 2002 Regulations modified in 2010 also do not specify the limit, unlike the regulations for the other intermediaries where it is specified at 26%. It is in fact 100% for corporate insurance agents. FIPB had also sought the comments of IRDA with regards to the said activity and IRDA has agreed that the said activity could have 100% foreign investment. Hence the concern regarding the sectoral cap does not hold merit. Accordingly, the Board took a view in the matter and recommended that Corporate Insurance Agents could be approved for 100% foreign investment subject to IRDA guidelines/ recommendation and other sectoral conditions as applicable.

Cases approved/rejected:

(i) **M/s Mapfre Asistencia, Compania Internacional De Seguros Y Reaseguros, SA, Spain** had sought permission for incorporating a WoS in India for providing software related services and also act as Corporate Agent to an Indian Insurer by soliciting and procuring Insurance business as Corporate Agent. The proposal was approved in 210th FIPB meeting subject to conditions stated above.

4.31 Commodity Broking and Trading

Stock broking is an NBFC activity and included in the list of 18 activities allowed under the Automatic route. However, "commodity broking and trading" is not specified in the FDI policy. FIPB has been, however, considering the proposals relating to FDI in commodity broking on case to case basis. FIPB has accorded approvals for engaging in commodity broking, treating it as fund based NBFC activity akin to stock broking and accordingly any forthcoming investment needs to fulfill the minimum capitalization required for 100% foreign owned NBFC, which is USD 50 million, out of which USD 7.5 million is to be brought in up front and the balance within 24 months, subject to no objection from Forward markets Commission/ Ministry of Consumer Affairs.

Cases approved/rejected:

(i) Approval had been sought by **M/s GETCO Asia Pte. Ltd. (GETCO Asia), Singapore** for setting up a downstream subsidiary to engage in the business of commodities broking, commodities trading and providing liquidity to the commodities market. The proposal was approved in 210th FIPB meeting subject to conditions laid down for NBFC activities.

4.32 Some Important Decisions

(i) **M/s Dorma India Pvt Ltd** is an Indian company incorporated in 1997 with the object to manufacture and market automatic doors and automatic door operators and accessories in India and to import and test market automatic doors and automatic door operator and accessories in India. Foreign equity participation is 100%. The company approached FIPB for removal of the original (1997) FIPB approval condition of disinvestment of upto 20% of its equity to Indian partners. The original approval given in 1997 was for the manufacture of automatic doors and accessories, subject to the conditions of 20% disinvestment and gradual indigenization of the entire production. Subsequently, an additional activity of wholesale trading was permitted to the applicant in 2002.

It was seen that even after a lapse of 16 years since 1997, the committed disinvestment of 20% has not been carried out and indigenization has also not taken place. The spirit of the earlier approvals was disinvestment and indigenization of entire production. However, non-compliance of these conditions was in violation of the original approvals granted by FIPB. The Board deliberated on the proposal and since the activity was now under Automatic route with up to 100% permitted in activity of Cash & Carry Wholesale Trading subject to Para 6.2.16.21 of Consolidated FDI policy, the proposal was recommended for approval subject to compounding for not meeting the requisite condition of divesting 20% as given in the approval letter.

4.33 Prepaid Instruments

There is no such clarity regarding the Issuance and operation of 'pre-paid payments instrument'. However RBI has clarified that the activity falls within the scope of 'credit card business', a permissible NBFC activity subject, inter-alia, compliance with minimum capitalization norms prescribed for FDI in NBFC sector.

Cases approved / rejected

(I) Proposal of **M/s Zipcash Card Services Pvt. Ltd** was considered in the 211th meeting ,where the applicant was engaged in the activity of issuance of prepaid instruments had sought post facto approval for removal of condition of minimum capitalisation norm or to permit transfer of shares by NRI to a foreign company, The Board accordingly , refused to remove the condition as activity falling under the 18 activities under NBFC have to follow the guidelines of minimum capitalisation, but approved the proposal for transfer of shares subject to compounding by RBI

(ii) **M/s Euronet Services India Pvt. Ltd, Bangalore,** having 100% foreign investment, had sought approval to set up, own and operate payment system and issue Prepaid Instrument in India. The proposal was granted approval in the 213th meeting subject to adherence of standard guidelines on minimum capitalization of USD 50 million and the pricing of shares shall be as per RBI/SEBI guidelines.

4.34 Raise in the limit of FII and QIB

As per the FDI Policy, shares can be issued to Qualified Institutional Buyers (QIBs) through proposed qualified institutional placement (QIPs). Policy has been very flexible and has allowed foreign investment from FIIs/QFIs/NRIs subject to guidelines under FEMA from time to time . The policy allows investment in the capital of an Indian company under the Portfolio Investment Scheme (PIS) which limits the individual holding of an FII/FPI below 10% of the capital of the company and the aggregate limit for FII/FPI/QFI investment to 24% of the capital of the company. This aggregate limit of 24%, however can be increased to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned through a Board resolution followed by a special resolution to that effect by its General Body and subject to prior intimation to RBI. It should be noted that the aggregate FII/FPI/QFI investment, in the FDI and PIS, should be within the above caps.

Cases approved/rejected

(i) **M/s Panacea Biotec Limited, Delhi**, a listed company engaged in pharmaceutical sector had sought approval for issuance of equity shares to QIB through QIPs. The company had passed a board resolution for increasing the FII cap to 49% and hence the proposal was approved in 211th meeting subject to the standard Pharma conditions (including the no non-compete clause) and the conditions and pricing guidelines by RBI/SEBI.

(ii) M/s Lupin Limited, a similar case was considered in the 212th meeting, where the company had sought approval for increase of FII limit in the company from 33% to 49%. Being the compliance of passing of special resolution and intimation to RBI, the proposal was approved subject to the maintenance of 10% limit of individual FII holding in the shareholding and other such guidelines by RBI/SEBI.

4.35 Right issue under the approval route

FEMA provisions allow Indian companies to freely issue Rights/Bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, with respect to the provisions laid down under the Companies Act 1956 SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (in case of listed companies). The investee company can allot the additional rights share out of unsubscribed portion, subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral cap.
Note: Any renunciation of right in the favor of non-resident shareholders would be on the approval route, with respect to the sector the activity of the company falls in

Cases approved/rejected

(i) In the 211th meeting, proposal of **M/s Neuland Laboratories** was approved subject to the standard pharma conditions and no non-compete clause, where the approval as sought for issuance of shares on a right issue basis and renunciation of rights entitlement by an existing resident or non-resident shareholder in favor of other non-resident shareholders
(ii) M/s Fresenius Kabi India Private Limited, engaged in the pharma sector was given approval in the 213th meeting for the issuance of shares on a right basis to its parent foreign company despite of existing 100% equity.

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CHAPTER 5

e-FIPB

5.1 A new web site **http://fipb.gov.in** for filing and processing of applications for Foreign Direct Investment requiring Government approval was launched on 17th February 2015 by the Finance Secretary Shri Rajiv Mehrishi and the Guest of Honour Chief Economic Adviser Dr Arvind Subramanian.

Earlier the applications were filed online at **www.fipbindia.com** which had limited features and processing capabilities. With the introduction of the new website, applicant will have to submit only SINGLE copy of the application for records with the FIPB Secretariat instead of 15-18 copies being filed earlier.

5.2 Table 5.1 present a short summary of the add-on features in the new website provided to the users:

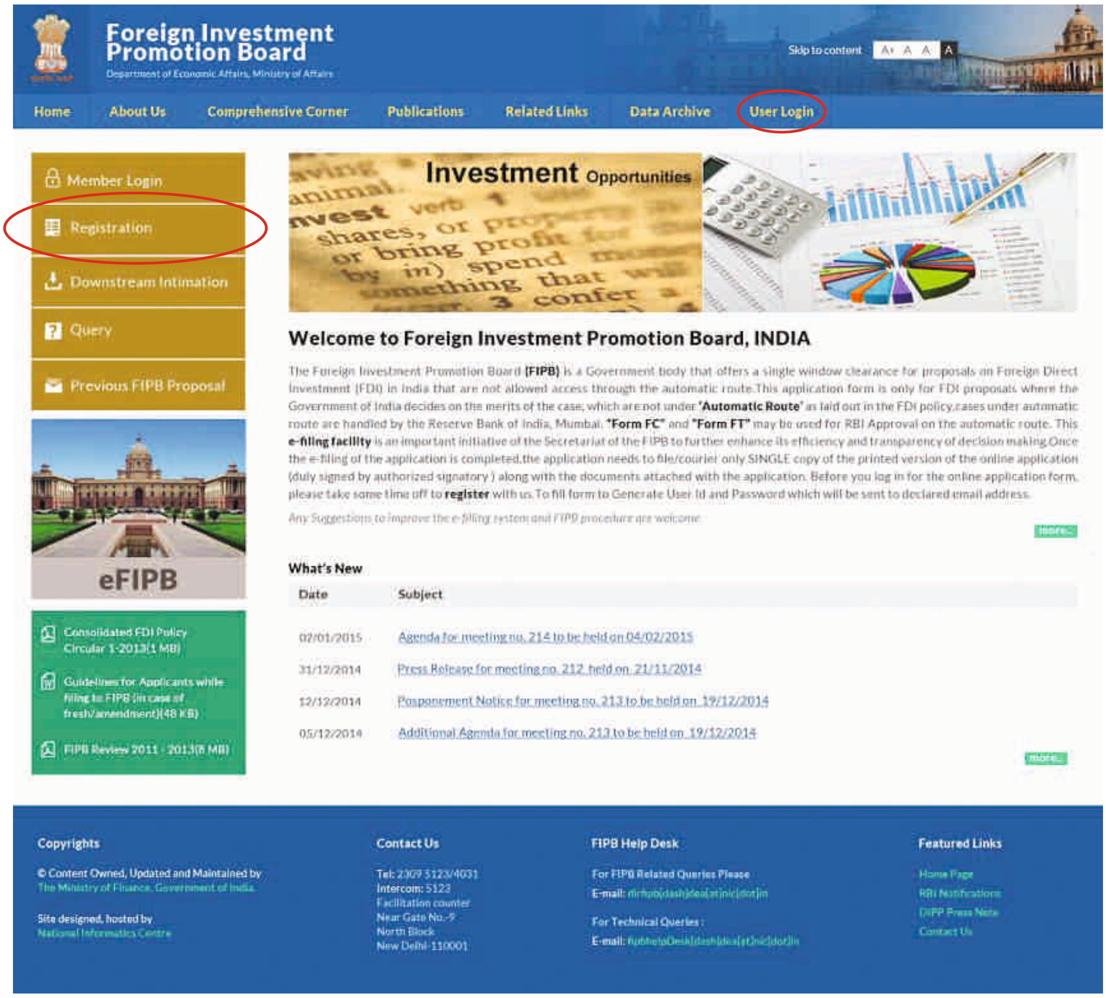
Table : 5.1

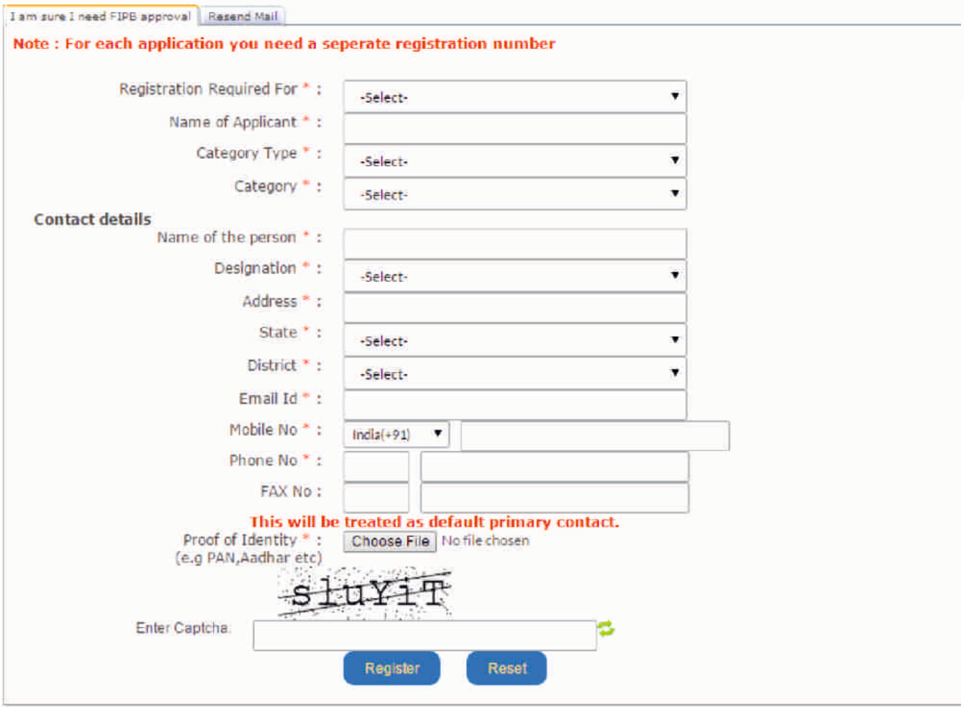
S. No	Particulars	Old website www.fipbindia.com	New website http://fipb.gov.in
1	Registration	Separate forms for each applicants/category such as Indian , foreigner, LLP etc.	Single form for all the applicants/category.
2	E-filing	E-filing process was a registration formality to enter the details of the proposal.	No requitement of physical interface. All documents are electronically accepted.
3	Number of copies	Mandatory filing of 15-18 hard copies of the proposals alongwith the e-filed application.	Single signed copy required instead of multiple sets of the proposals.
4	Forwarding to Administrative Ministries concerned	Physical forwarding of the copies with frequent non- receipt of physical copies being reported by Ministries concerned.	Forwarding the application online saves time and loss in transit.
5	Instant messaging	No such facility.	At each step, intimation of the proposal is given to the concerned nodal officer of his/her ministry. Regular SMS/email alerts are sent to the users related to the queries raised, inclusion of the proposal in the scheduled FIPB meeting, details and decisions.
6	Quicker processing	Manual transmission of query added to total time taken for finalization of proposal.	Since the processing is done online , time wasted in postage, transit loss etc. is eliminated .

7	Query	For any query , the applicant either had to file a hard copy and wait for the reply. Similarly query from Ministry which were proposal related were also sent by post.	The new website, enables the query feature whereby the applicants can raise query online and see the replies. In order to avoid repetition and bring more clarity to the end users, the system provides the facility to all concerned stakeholders w.r.t the proposal to see all the queries raised by the concerned department and reply submitted by the user.
8	Communication	Physical form of Communication	E- communication between FIPB and its stakeholders through SMS/emails
9	Transparency and security	Lacked adequate Security features	The new site has been designed to maintain transparency of FIPB as well as has taken steps to maintain privacy of each processing of application.
10	Accessibility	Status updates not available	The new website is more accessible and user friendly
11	User manual	Even though the website has a user manual , yet there has always been queries regarding the filing	The user manual has been made more extensive and elaborated along with help/instruction on many entries
12	Searchable option for Administrative Ministry	No such facility	History of any proposal concerned with the respective Ministry can be searched online by just entering the name.

5.3 During the blue print of the website, each step was formulated/ designed, keeping the end users in mind. Through this web portal, we have taken an initiative to cater all the stakeholders. Various links to the concerned websites have been provided for guidance and facilitating easy search by the users.

5.4 To file an application on-line, an applicant needs to register on FIPB's portal http://fipb.gov.in ; verify Email and Mobile; and assign a password to the account for future use. The Login Id will be provided by system. User will get a SMS as well as an e-mail about the registration-ID and password confirmation etc.




I am sure I need FIPB approval | Resend Mail

Note : For each application you need a seperate registration number

Registration Required For * : -Select-
Name of Applicant * :
Category Type * : -Select-
Category * : -Select-

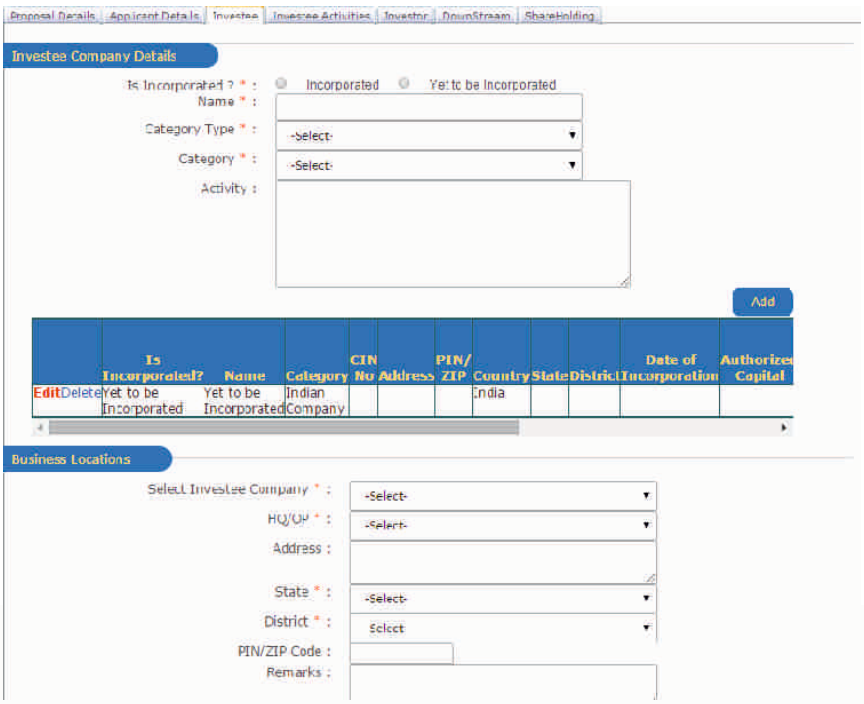
Contact details
Name of the person * :
Designation * : -Select-
Address * :
State * : -Select-
District * : -Select-
Email Id * :
Mobile No * : India(+91)
Phone No * :
FAX No :
This will be treated as default primary contact.
Proof of Identity * : Choose File No file chosen
(e.g PAN,Aadhar etc)
sluYiT
Enter Captcha
Register Reset

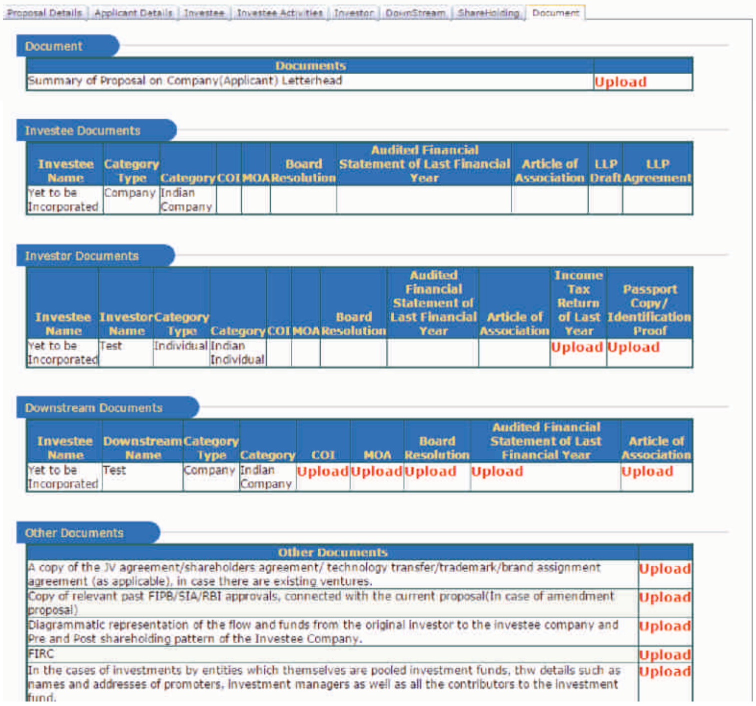
5.5 Once the registration is complete, users can log into his/her account using the login-ID and Password. The next step is to fill the application form which has been arranged into 8 tabs viz. proposal details, applicant details, investee, investee activity, investors, downstream, shareholders and documents.

5.6 A user manual has been incorporated in the website for assistance. Also "help" (?) is made available at various entries. Measures have been taken for capturing all details in application form itself.

5.7 On completion of the application form, an Application **ID** is generated and carried to other tabs. User can save their proposal at any point of time to avoid the chance of losing data in case of any failure. Once the proposal is finally submitted to FIPB electronically, then the applicant cannot make any changes to it.


Foreign Investment
Promotion Board
Department of Economic Affairs, Ministry of Finance
Proposal
Dashboard
Change Password
Logout
Quick Navigation
User Dashboard
Welcome User !
Dashboard
Proposal
Queries
Apply Online
View/Print Application
Application Status
Query Management
User Manual
Contact Us
Change Password
Logout
Copyrights
© Content Owned, Updated and Maintained by
The Ministry of Finance, Government of India
Site designed, hosted by
National Informatics Centre
Contact Us
Tel: 2309 5123/4031
Intercom: 5123
Facilitation counter
Near Gate No.-8
North Block
New Delhi-110001
FIPB Help Desk
For Technical Queries :
E-mail: fipbhelpdesk[dash]dea[at]gov[dot]in
Featured Links
Home Page
RBI Notifications
DIPP Press Note
Contact Us


Proposal Details
Applicant Details
Investee
Investee Activities
Investor
DownStream
ShareHolding
Investee Company Details
Is Incorporated ? * :
Incorporated
Yet to be Incorporated
Name * :
Category Type * :
-Select-
Category * :
-Select-
Activity :
Add
Is Incorporated?
Name
Category
CIN No
Address
PIN/ ZIP
Country
State
District
Date of Incorporation
Authorized Capital
Edit
Delete
Yet to be Incorporated
Yet to be Incorporated
Indian Company
India
Business Locations
Select Investee Company * :
-Select-
HQ/OP * :
-Select-
Address :
State * :
-Select-
District * :
Select
PIN/ZIP Code :
Remarks :



Proposal Details | Applicant Details | Investee | Investee Activities | Investor | DownStream | ShareHolding | Document

Document

Documents	
Summary of Proposal on Company(Applicant) Letterhead	Upload

Investee Documents

Investee Name	Category Type	Category	COI	MOA	Board Resolution	Audited Financial Statement of Last Financial Year	Article of Association	LLP Draft	LLP Agreement
Yet to be Incorporated	Company	Indian Company							

Investor Documents

Investee Name	Investor Name	Category Type	Category	COI	MOA	Board Resolution	Audited Financial Statement of Last Financial Year	Article of Association	Income Tax Return of Last Year	Passport Copy/ Identification Proof
Yet to be Incorporated	Test	Individual	Indian Individual						Upload	Upload

Downstream Documents

Investee Name	Downstream Name	Category Type	Category	COI	MOA	Board Resolution	Audited Financial Statement of Last Financial Year	Article of Association
Yet to be Incorporated	Test	Company	Indian Company	Upload	Upload	Upload	Upload	Upload

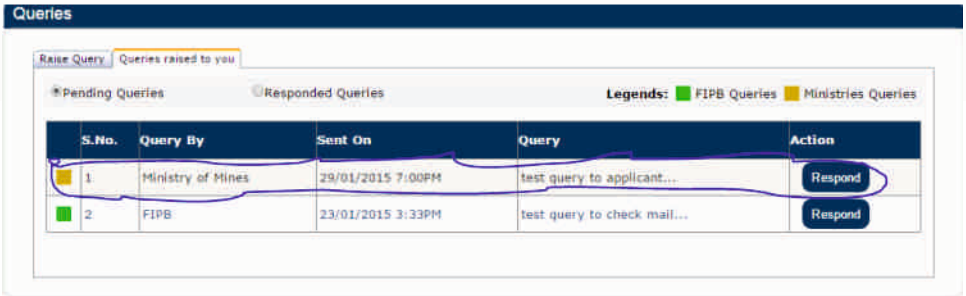
Other Documents

Other Documents	
A copy of the JV agreement/shareholders agreement/ technology transfer/trademark/brand assignment agreement (as applicable), in case there are existing ventures.	Upload
Copy of relevant past FIPB/SIA/RBI approvals, connected with the current proposal(In case of amendment proposal)	Upload
Diagrammatic representation of the flow and funds from the original investor to the investee company and Pre and Post shareholding pattern of the Investee Company.	Upload
FIRC	Upload
In the cases of investments by entities which themselves are pooled investment funds, thw details such as names and addresses of promoters, investment managers as well as all the contributors to the investment fund.	Upload

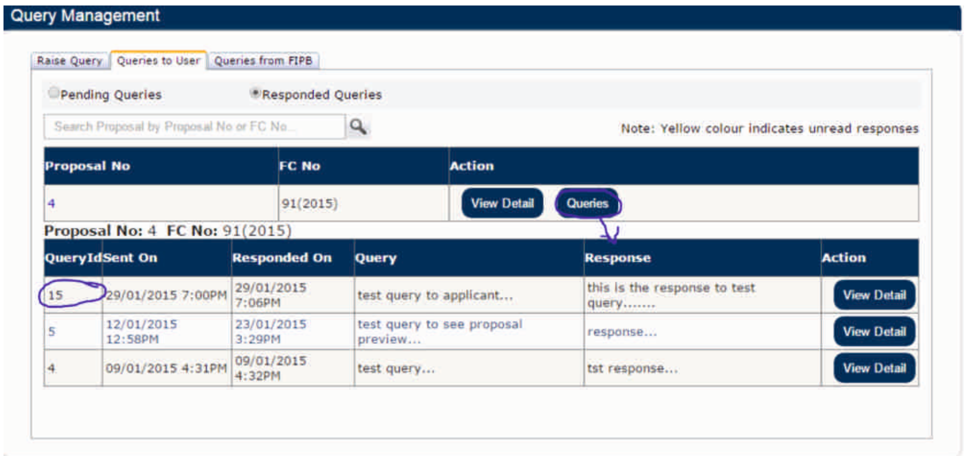
5.8 In order to facilitate quicker processing , the system provides the facility to FIPB to initiate the scrutinization of the application and forward the proposal to the concerned AMs after receiving a single signed copy of system generated printout of proposal along with the necessary documents from the applicant instead of the multiple sets of the proposal in the present system.

5.9 The concerned nodal officer in the Ministries will get the intimation through *SMS/email* about the new proposal as soon as FIPB Secretariat forwards the proposal to his/her Ministry instead of sending the physical copy of proposal to the concerned ministry. As a result, FIPB saves the time in delivering the copy to the concerned Ministries. The concerned nodal officer can see the proposal after login into his/her account on the portal and raise query to user, if any. Security of each proposal is maintained, and no user can see the processing of any other applicant.

5.10 FIPB has always assisted the users in answering the queries raised by them, the same has been kept in mind while the preparation of the website and have introduced the feature of raising query to FIPB as well as the concerned ministries. Now queries can be raised back and forth by user and the ministries. The user will get the intimation of any query raised by any concerned authority through SMS immediately and respond back accordingly. This leads to reduction of time taken for communication and response to the query.



5.11 In order to avoid repetition and bring more clarity to the end users, the system provides the facility to all concerned stakeholders w.r.t the proposal to see all the queries raised by the concerned department and reply submitted by the user. This will lead to increase in overall efficiency in processing of the proposal and reduce the time delay.



5.12 After the scrutinisation and clearance from the concerned Ministries/FIPB, agenda of the scheduled FIPB meeting would be prepared and a SMS/email would be sent to the concerned applicant about the inclusion of their proposal in the FIPB meeting. Meeting details and decisions would be recorded on the website and the same would be communicated to the respective users through SMS/email.

5.13 This initiative of FIPB Secretariat is part of the Government's ongoing efforts to enhance transparency and accountability in its procedures and is a step towards *Minimum Government and Maximum Governance*. A flow chart of the revamped application filing process is indicated below:

Foreign Direct Investment

Automatic route

No prior approval

Government Approval Route

Step 1: Log on to FIPB website www.fipb.gov.in for submission of online application

2 days

Step 2: Application is circulated to the other Administrative Ministers for their inputs/ comments.

2-3 weeks for examination of the application

Step 3: Continuous communication is kept with the Applicant on any query from the Administrative Ministry.

2 - 3 weeks

Step 4: The application Proposal is then discussed and decision is taken in FIPB meeting

2 - 3 weeks

Step 5: Decision is communicated to the applicant vide Press Release and approval/ rejection letters.

Intimation and Reporting to Reserve Bank of India (RBI) through the Authorized Bankers upon receipt of FDI

The timelines may extend in case wherein approvals are subject to security clearance or due to administrative reasons.

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CHAPTER 6

Conclusion

1. Fulfilling its commitment of making the FIPB website more user friendly and informative. FIPB Secretariat looks ahead with a clear roadmap and with a new framework to implement the new processes initiated with e-FIPB.

2. FIPB would work towards improving the quality of the website to provide more and more updated information. The website additionally carries the feature of Query module, wherein the Query raised by any investor/applicant is addressed by the concerned Administrative Ministry or by the FIPB Secretariat electronically. The queries received over a period of time through this module shall be published as FAQs for the benefit of the various stakeholders and the users.

3. FIPB has endeavored to reduce the time taken in its decision making. In its efforts towards bringing in more transparency in its decision making and processes, the new website carries a feature whereby the applicant is provided SMS/E-mail alerts at each stage, along with the online facility for the Administrative Ministries to raise query and receive response on any such application thus drastically reducing the time taken.

4. FIPB recognizes that the task of promoting FDI inflows into India is to be undertaken within the framework of FDI policy. However, the proposals handled by FIPB are more often related to sensitive sectors or have significant potential to impact the sector equilibrium. Thus each such application received in FIPB is carefully scrutinized and discussed in detail through inter-departmental deliberations.

5. Such discussions in the meetings among the senior officials of various ministries have generated debates among policy makers and often led to revision/clarifications and changes in the policy. It is expected that such policy changes/ clarifications would go a long way in promoting FDI and improving the quality of services provided to the foreign investors.

6. It is a matter of satisfaction and pride that till date no decision of Board has been reversed or even modified when challenged in the courts. FIPB does deserve applauds for providing transparent, quick and objective decision making and contributing to India's sheen of FDI.

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Appendix

List of proposals approved in 2014

	Name of Applicant	Country of FDI Inflow	Proposal	FDI in Rs Cr
Agriculture and Allied Activities				
1	M/S. Anke Schuermann Representated by POA Holder Mr. Raghavendra Rao L Chartered Accountant, Bangalore	FII/NRI	Proposal for investment in a LLP for carrying out and project Management Series	0.001
2	M/s Monsanto Holdings Private Limited, Mumbai	USA	Approval has been sought for issue of equity shares by a new company in pursuance of a demerger scheme, to the foreign shareholders of the applicant	Nil
Civil Aviation				
1	M/s Aviation Solutions (INDIA) Private Limited, Mumbai	Singapore	M/s Aviation Solutions (INDIA) Private Limited, Mumbai is seeking permission for 51% Foreign Direct Investment in ground handling services of Civil Aviation Sector	0.06
2	M/s InterGlobe Aviation Limited, New Delhi	USA	M/s Inter Globe Aviation Limited, New Delhi is seeking permission for issue and allot upto 147,000 equity shares of ₹ 1,000 each of the applicant, to the members of M/s Caelum in the proportion of the voting units held by such member in M/s Caelum pursuant to the scheme of amalgamation	Nil
3	M/s Bharat Stars Services Private Limited, Noida	Singapore	Post-facto approval for capitalization of pre-incorporation expenses of security deposit for Rs. 1 crore paid to Bangalore international Airport Limited (BIAL)	Nil
4	M/s Hatsoff Helicopter Training Pvt Ltd, Bangalore	Canada	Post facto approval has been sought by M/s Hatsoff Helicopter Training Pvt Ltd for the issue of shares against interest money accrued on the foreign remittance received by it from the foreign investor	5.60
Construction Development: Township Housing Built-up infrastructure				
1	M/s Brightstar Infrastructure Pvt Ltd, Mumbai	Mauritius	Proposal seeking Post – Facto approval for the allotment of 4,50,000 share warrants of Rs. 10 /- each to the foreign investor- M/s Shubham SA Investments LLC	Nil
2	M/s Speciality Restaurants Limited. (SRL) Kolkata	Mauritius	Proposal seeking post-facto approval for issuance of 1,66,924 warrants in 2007 to M/s SAIF III Mauritius Company Limited	Nil
3	M/s Trinity Capital (Six) Ltd., Mauritius	Mauritius	Seeking approval for non-imposition of fresh Lock-in restrictions and following de-merger of mall business transferred to MTM estates and Properties Private Limited or the shares issued by MTM estates and Properties Private limited to Trinity Capital (six) Limited	Nil
4	M/s L & T Infrastructure Development Projects Ltd	Singapore	Proposal for issuance of equity shares, (CCPS) and /or (CCDs)	1000

Defence				
1	M/s Sasmos Het Techno logies Ltd., Bangalore	Netherland	Proposal for seeking post-facto approval for the foreign investment of Rs 26 Lakh received in 2009	Nil
2	M/s QuEST Global Manufacturing Private Limited, Bengaluru	Mauritius	Company having 17.29% FDI under automatic route, wishes to undertake the additional activities of Defence sector	Nil
3	M/s Samtel Thales Avionics Limited	France	An Indian company, M/s Samtel Thales Avionics Limited, engaged in Defence Sector proposes to expand its business activities in the same sector	Nil
4	M/s Verdant Telemetry & Antenna Systems Pvt. Ltd.	FII/NRI	Request for amendment in the approval letter for enhancement of NRI equity	0.23
5	M/s Maini Precision Products Private Limited	Mauritius	Proposal seeking (i) approval to undertake additional activities in defence sector and (ii) post facto approval for reduction of foreign equity	Nil
6	M/s Bharti Shipyard Ltd, Mumbai	FII/NRI	M/s Bharati Shipyard Limited, Mumbai (Investee Company) which has existing FII and NRI investments has proposed to undertake additional defence activities along with its existing activities	Nil
7	M/s Solar Industries India Limited, Nagpur	FII/NRI	M/s Solar Industries Limited, which has minimal investment FII/NRI investment, has sought approval for undertaking additional activity of manufacturing defence products	Nil
8	M/s IdeaForge Technology Pvt. Ltd	FII/NRI	M/s IdeaForge Technology Pvt. Ltd, which is a manufacturer of unmanned aerial systems mainly supplied to defence sector, has sought approval for NRI investment by Ms. Sujata Vemuri due to change in the activities of the company	Nil
9	M/s Punj Lloyd Limited, Gurgaon	USA	M/s Punj Lloyd Limited, Gurgaon, with the existing FDI, has sought FIPB approval to undertake additional activity of manufacturing of equipment, systems and associated assemblies for the defence sector	Nil
10	M/s Thales India Pvt. Ltd	Hong Kong	Proposal for seeking post facto approval for allotment of partly paid up equity shares in December 2005 and converted into fully paid up equity shares in October, 2011.	Nil
Electronics and Information Technology				
1	M/s Corbus (India) Private Limited, New Delhi	Mauritius	Proposal for permission for conversion of a private limited company M/s Corbus (India) Private Limited, having ~100% FDI, into LLP	Nil
2	M/s Google Holdings Pte. Ltd, Singapore	Singapore	Seeking approval for extension of time period until 28th December, 2017 for investing remaining amount of the total approved foreign equity	3.03
3	M/s Vitae International Accounting Services Private Limited	USA	M/s Vitae International Accounting Services private Limited, Mumbai seeking post facto approval for Rights issue of equity shares on call basis (partly paid up) to Mr. Lucas Andrew Tatone, an existing non-resident shareholder	Nil

4	M/s Xeo InfoSoft Private Limited, Bengaluru	FII/NRI	M/s Xeo Infosoft Private Limited, Bangalore, a software consultancy Company proposes to give 50% equity to a Bangladeshi IT professional in order to tap his expertise	0.06
5	M/s D-Link India Limited	USA	M/s D-link (India) Limited is seeking approval for issuance 55,00,000 shares to resident and non-resident Indian shareholders of TeamF1 Networks Private Limited under a Share Swap Agreement	NIL
6	M/s J2 Global Ireland Limited	Ireland	Proposal seeking permission to invest in a proposed LLP with an initial amount equal to US$ 250,000 to increase to $ 10 million in the activity of software development and technology based services	15
7	M/s Morgan Stanley Global Services Mauritius, Mauritius	Mauritius	Proposal for foreign investment in a Limited Liability Partnership (LLP) to be engaged in the I.T. sector and proposed to be formed in India	27
8	M/s OpenSource Software Solutions LLP, Hyderabad	USA	M/s OpenSource Software Solutions LLP has sought approval to transfer capital to M/s Open Source Consulting Group Inc, USA, on a fully repatriable basis upto 97% of its total capital	0.0267
9	M/s Genpact India, Delhi	Mauritius	An Indian company, which is fully foreign owned, and is engaged in the IT sector, is going for the reverse merger of its holding company with itself and issuing shares to the other group holding entities in Mauritius and Singapore	Nil
10	M/s Appdynamics Asia Pacific Pte Limited, Singapore	Singapore	The LLP proposes to provide software development services and information technology enabled services to its group companies across the world	0.7
11	M/s Axes Studios LLP	UK	M/s Axes Studios LLP has sought approval to accept NRI investment from Mr. Gunjan Dhirendra Chag, NRI, UK	0.99
Financial Services				
1	M/s Prizm Payments Services Pvt. Ltd	Japan	Proposal for acquisition of 100% equity stake of M/s Prizm Payment Services Private Limited from resident and non-residents shareholders by M/s Hitachi Consulting Software Services India Private Limited and Hitachi Limited	1, 540
2	M/s Agilent Technologies India Pvt. Ltd	Europe	Proposal seeking approval to also engage in business of importing and leasing (other than financial leasing) of new and re-furbished medical devices to hospitals, diagnostic centers, clinics and other institutional customers in India	Nil
3	M/s Destimoney Enterprises Limited (DEL), Mauritius	Mauritius	Proposal seeking approval for subscribing to 3,76,92,300 partly paid equity shares of face value of Rs.10 per share at a premium of Rs 120 per share (INR 52 per share payable upfront at the time of application) to be issued by PNB Housing Finance Ltd	489.99
4	M/s Equitas Holding Private Limited, Tamil Nadu	Mauritius	M/s Equitas Holdings Private Limited, a holding-cum-investment company in microfinance sector, proposes to increase FDI from 89.64% (83.70% on a fully diluted basis) to 95.64% (89.30% on a fully diluted basis) by transfer of shares from resident Indians to Non-residents	79.93

5	M/s Financial Software and Systems (P) Limited	Mauritius	M/s Financial Software and Systems Private Limited, an Indian financial software transaction processing solutions company, having 43.56% FDI proposes to engage in the additional activity of setting up, owning and operating White Label ATMs	Nil
6	M/s Euronet Services India Private Limited	Netherland	Company seeking approval to undertake additional activities (i) to act as Business Correspondents / money transfer agent, (ii) to act as a provider of electronic platforms and payment collection services and (iii) to carry out Wholesale Trading such as buy and sell prepaid instruments in physical as well as electronic form	Nil
7	M/s Provestment Securities Pvt. Ltd., New Delhi	Mauritius	Seeking Post facto approval for issuance of 6,06,420 Fully Convertible Preference Shares (FCPS)by M/s Provestment SecuritiesPrivate Limited to M/s India Focus Cardinal Fund, Mauritius, issued on January 17, 2011	Nil
8	M/s SBICAP Ventures Limited	UK	Proposal by Department for International Development, UK for investment into NEEV Fund, proposed to be registered with the SEBI, as a Category I Alternative Investment Fund- Infrastructure Fund under SEBI, Regulations, 2012 (AIF)	396
9	M/s BNP Paribas India Holding Private Limited	France	Proposal to commence offering 'trusteeship services for private trusts and charitable trusts' and 'estate planning' services to its clients in India through a new company to be established	Nil
10	Religare Credit Opportunities Fund Scheme-I of M/s Religare Credit Investments Trust	Netherland	Religare Credit Investment Trust has sought approval for foreign investment of upto ₹500 crore by M/s Religare India Credit Assets Fund BV, Netherlands in the Class A units of Religare Credit Opportunities Fund Scheme I, an AIF Category II Fund registered with SEBI	500
11	M/s Instant Global Money Transfer Private Limited	USA	M/s Instant Global Money transfer Private Limited, Punjab is seeking post facto approval for partly paid shares issued to the M/s Trans- Fast Remittance LLC, New York against FDI	0.15
12	M/s GETCO Asia Pte. Ltd., Singapore	Singapore	Approval sought by a wholly foreign owned company for setting up a downstream subsidiary to be engaged in the business of commodities broking, commodities trading and providing liquidity to the commodities market	Nil
13	M/s ANZ Capital Pvt. Ltd	Austria	M/s ANZ Capital Private Limited is seeking approval for removal of the condition prescribed in the FC approval	Nil
14	M/s Indusind Bank Ltd	Mauritius	Applicant has sought approval for increase in foreign investment in IBL to 74% with a specific request to grant post-facto approval for increase in foreign holding from 68.51% to 72.07% on 30.06.2014	Not indicated

15	M/s Zipcash Card Services Pvt. Ltd	USA	M/s Zipcash Card Services Pvt. Ltd has sought approval for removal of the condition of minimum capitalization as required under para 6.2.24.2 viz USD 0.5 million. Alternatively, if FIPB of the opinion that this condition cannot be deleted, then permit NRI to transfer the fully paid equity shares held by him in the company to any person resident in India without further complying with minimum capitalization condition	Nil
16	M/s Mapfre Asistencia Camp A+ Aa International de SegurosY Reaseguros		Permission for incorporating a WoS in India for providing software related services and also act as Corporate Agent to an Indian Insurer by Soliciting and Procuring Insurance business as Corporate Agent	1.7
17	M/s Vakrangee Softwares Limited	FII/NRI	Proposal seeking approval to undertake setting up and running "Brick & Mortar" bank branches, is seeking clarification/approval for increase foreign equity participation in its capital upto 73% (upto 49% by FIIs/FPIs and upto 24% by NRIs).	Not indicated
18	M/s HDFC Bank Ltd	FII/NRI	Approval has been sought by, M/s HDFC Bank Limited for maintaining the permissible foreign holding in the bank up to 74% of the total paid up capital, out of which the FII sub-limit would be 49% and the balance 25% would be FDI.	Nil
19	M/s Ratnakar bank Limited	FII/NRI	Approval for an Initial Public Offer (IPO) of its equity shares to residents, Non-residents including Foreign Portfolio Investors (FPIs), Foreign Institutional Investors (FII), Foreign Venture capital Investors (FVCIs)	1150
20	**M/s HDFC Bank Limited**	**FII/NRI**	**Approval for the issuance of equity shares to NRIs/FIIs/FPIs in one or more combination subject to the aggregate foreign shareholding not exceeding 74% of the post issue paid up capital.**	10,000
Information and Broadcasting				
1	M/s Asianet CommunicationsLimited	Mauritius	Proposal seeking approval to transfer of equity shares from M/s SIDOFI, M/s Global Media to M/s SVJ Holding limited	92.1
2	M/s Multi Screen Media Private Limited	Mauritius	Proposal is for amending and expanding the activities pursuant to demerger of broadcasting business of M/s MSM Satellite (Singapore) Pte. Ltd., into M/s Multi Screen India Private Limited	Nil
3	M/s P5 Asia Holding Investments (Mauritius) Ltd	Mauritius	Proposal from a NR entity to purchase 50% of the shares in an existing broadcasting company with 100% FDI from another existing NR investor	0.05
4	M/s Dorling Kindersley Publishing Private Limited, Noida	UK	Dorling Kindersley Publishing Private Limited, Noida is seeking approval for extending their activity	Nil
5	M/s Life Positive Limited	FII/NRI	Inclusion of additional activities in the FIPB approval granted to M/s Life Positive Private Limited, engaged in publishing of magazine	Nil

6	M/s The Walt Disney Company (Southeast Asia) Pte. Limited, Singapore	Singapore	Proposal to infuse additional capital in M/s UTV Software Communication Limited by way of subscription to equity capital up to ₹ 1,100 crore and also make additional investments from time to time	1100
7	M/s News Laundry Media Private Limited	Singapore	Proposal for acquisition of shares by M/s Digital Media Laboratory Pte Ltd., Singapore	0.0125
8	M/s Life Positive Private Limited	FII/NRI	Proposal for inclusion of additional activities in the FIPB approval granted to M/s Life Positive Private Limited, engaged in publishing of magazine	Nil
9	M/s UBM Medica India Private Limited	Netherland	Proposal seeking post facto approval for transfer of 20% equity shares from resident Indian to non-resident entity and approval for transfer of entire shares from existing foreign shareholder to another foreign entity	Nil
10	M/s PDA-HaB Media and Tradefairs Pvt. Ltd, Bangalore	Germany	Proposal seeking approval for 50% foreign investment by M/s Health and Beauty Holding GMBH, Germany to engage in the business of print media	1
11	M/s Ironman Media and Advisory Services Private Ltd	Netherland	M/s Ironman Media and Advisory Services Private Ltd. has sought approval to issue shares for the amount received as FDI	0.3
12	M/s Panacea Publishing Pvt Ltd, Mumbai	UK	M/s Panacea Publishing Pvt. Ltd, Mumbai has sought approval for 50% foreign equity by M/s Panacea Publishing International Limited, UK to engage in the business of print and advertising media	0.1
13	M/s Vogel Business Media India Pvt. Ltd., Mumbai	Germany	M/s Vogel Business Media India Pvt. Ltd., engaged in publishing, is seeking post facto approval for (i) induction of a new foreign investor in the approval letter to whom shares had been issued in 2011, (ii) change of name of one existing investor and (iii) induction of name of one foreign investor which was inadvertently not inserted in the approval letter	Nil
14	M/s GETIT Infoservices Private Limited (formerly known as M/s GETIT Infoservices Limited)	Mauritius	M/s GETIT Infoservices Private Limited, engaged of publishing, is seeking approval for increasing foreign equity participation in its share capital from present 96.266% to upto 100%	184
Manufacturing				
1	M/s Rajoo Bausano Extrusion Pvt. Ltd., Gujarat	Italy	Post facto approval for issuance of 20,40,000 equity shares on partly paid basis to M/s Bausano Holdings S.R.L. Italy/ the existing foreign investor	Nil
2	M/s Bossi Moda India Private Limited, Delhi	Spain	Proposal for post facto approval of FIPB to issue and allot 10,000 equity shares to M/s Bossi Moda S.L.U, Spain and its nominee for an amount of ₹ 1,00,000/- which was incurred as a pre-incorporation expense for the formation of the applicant	0.01
3	M/s Ester Industries Limited, Gurgaon	Singapore	Proposal seeking approval for issue and allotment of Zero Coupon Fully Compulsorily Convertible Warrants, convertible into equity shares in ratio of 1:1 to M/s Vettel International Limited, Mauritius	20.95

4	M/s Arima InternationalGmbh, Germany	Germany	Approval has been sought for infusion of 76% capital contribution in M/s Ari-Armaturen steamline LLP, Pune	5.054
5	M/s Edaran Precision India Private Limited, Kerala	Malaysia	M/s Edaran Precision India Private Limited, Kerala is seeking post facto approval for issuance of equity shares to M/s LNG Resources Berhad, Malaysia against its pre incorporation expenses	Nil
Others				
1	M/s Golden Invest Pte. Ltd., Singapore	Singapore	Proposal for acquisition of Equity Shares of M/S Binani Industries Limited, Kolkata, a core investment company from a resident promoter group company shareholder	3.38
2	M/s Indo-German Steel Hub LLP	Germany/ FIIs	Proposal for seeking approval for (i) NR to NR transfer of capital contribution on retirement of one existing foreign partner; (ii) to undertake the additional activities; and (iii) to change the name of the LLP	Nil
3	M/s Brinks Singapore Pte Ltd	Sinagpore	Approval has been sought to invest up to 51% in M/s BVC Diamond and Jewellery services LLP, Mumbai to carry on the business of providing international logistics solutions, transportation of valuables and related services (including acting as forwarding agents)	0.51
4	M/s Brandtone Holdings Limited, Ireland	Ireland	Approval has been sought by M/s Brandtone Holdings Ltd., Ireland to set up an LLP in India with FDI up to 100% amounting to a contribution of ₹ 1 lakh. The proposed LLP will be engaged in the business of marketing support and brand promotion related services	0.01
5	M/s Ambit Pragma Fund II, a Trust (APF – II)	Mauritius	M/s APF II India Investments Private Limited are seeking approval for increase in foreign Equity from 93.04% to 94.88%	59.95
6	M/s Brunswick India Limited	UK	Approval has been sought by M/s Brunswick India Limited for making 99.99% investment in the capital of a Limited Liability Partnership proposed to be incorporated in India	1.02
7	M/s LOF Mauritius	Mauritius	Post facto approval for issue of 9,19,124 warrants convertible into equity to M/s LOF Mauritius, Mauritius by M/s Malladi Drugs and Pharmaceuticals Limited Chennai	Nil
8	M/s WPP Singapore Pte Ltd., Singapore	Singapore	Seeking approval to subscribe in the partnership interest of an Indian LLP in various tranches	36.25
9	M/s Pinpoint (India) Pvt. Ltd	Austria	Post facto approval for ₹ 48,74,250/- received as share application money in third party account on behalf of M/s Pinpoint (India) Private Limited	Nil
10	M/s Nashik Vintners Pvt. Ltd., Mumbai	Mauritius	Seeking Post facto approval for issuance of optionally convertible warrants on advice of RBI	Nil
11	M/s Magnum MI Unai Press Pvt. Ltd. (Formerly Known as M/s Magnum Unai Press Components Pvt. Ltd.), Delhi	Japan	Post facto approval for issuance of partly paid up shares to foreign investor	Nil
12	M/s ECL Engineering Services India Private Limited	France	Seeking post facto approval for capitalization of pre-incorporation and pre-operative expenses	0.0233

13	M/s India Alternative Energy Trust, Mumbai	Singapore	Seeking approval to issue units to a Foreign Venture Capital Investor (FVCI) and to an Indian company owned & controlled by a foreign entity	1555
14	M/s Amsted Aikon Rail Ventures Private Limited, Delhi	Netherland	Proposal seeking post-facto approval for infusing the investment received for manufacturing of rail components in the capital of M/s Amsted Steel Foundries (India) Private Limited, its wholly owned subsidiary	Nil
15	M/s Golden Agri Resources (India) Private Limited	Singapore	M/s Golden Agri Resources (India) Private Limited, (GAR INDIA) is seeking approval for downstream investment through subscription to FDI Compliant instruments approximately up to of US 80 million	485.9
16	M/s Leibherr CMCTec India Private Limited, Maharashtra	Germany	Approval has been sought by M/s Liebherr-CMCtec India Private Limited to issue 3,89,864 equity shares of ₹10 each of the company amounting to ₹38,98,642/-. The said cash consideration has been indirectly received into the account of the company	0.39
17	M/s Sinclairs Hotels Limited, Kolkata	Mauritius	M/s Sinclairs Hotels Limited, Kolkata has sought post-facto approval for 24,00,116 warrants issued by the company in 2007 to three Mauritius based Companies which were converted into 24,00,116 equity shares by April 2009	41.52
18	M/s Franklin Templeton Asset Management (India) Pvt Ltd	Mauritius	M/s Franklin Templeton Asset Management (India) Pvt Ltd. is seeking proposal to act as a sponsor and management of the fund to Category II Alternative Investment Funds (AIF) registered with SEBI as Alternative Investment Funds (AIFs) under SEBI (AIF) Regulations, 2012	Nil
19	M/s Equitas Holding Private Limited, Tamil Nadu	Netherland	Approval has been sought for NR to NR for the transfer of shares constituting 15.78% of a foreign owned or controlled investing company which has 95.64% (89.30% on fully diluted basis) foreign equity	Nil
20	M/s PAMP Gold LLC, Dubai (UAE)	Dubai	Approval has been sought by M/s PAMP Gold LLC, Dubai for 100% FDI in setting up the duty-free shop of gold and silver metals at Indira Gandhi International Airport, New Delhi	0.35
21	M/s Vik-Sandvik Design India Private Limited, New Delhi	Norway	M/s Vik-Sandvik Design India Private Limited, New Delhi seeking post facto approval for issuance of equity shares to M/s GSE Sandvik AS, Norway for which the inward remittance was routed through the Indian JV Partner	Nil
22	M/s Soma Tollways Private Limited	Mauritius	Post facto approval for the increase in the shareholding of a foreign investor through subscription of CCPS in an investment company from 16.66% to 24.92% (on a fully diluted basis)	330
23	M/s Flemingo International (BVI) Limited	USA	Approval has been sought by M/s Flemingo International (BVI) Limited to incorporate wholly owned subsidiaries In India to carry out duty free business	150

24	M/s Vakrangee Softwares Limited	FII/NRI	Proposal seeking approval to undertake setting up and running "Brick & Mortar" bank branches, is seeking clarification/approval for increase foreign equity participation in its capital upto 73% (upto 49% by FIIs/FPIs and upto 24% by NRIs)	Not indicated
25	M/s Dorma India Pvt Ltd	Germany	A wholly foreign owned subsidiary engaged in the business of assembling and wholesale trading of automatic door closers is seeking removal of the original (1997) FIPB approval condition of disinvestment of upto 20% of its equity to Indian partners	Nil
26	M/s QX Holdings Ltd. North Yorkshire, UK	Mauritius	Approval has been sought by M/s QX Holdings Ltd to set up a LLP in India with 60% FDI to carry out the activity of back office recruitment services to companies based in UK	0.25
27	M/s Chaitanya Rural Intermediation Development Services Private Limited	FII/NRI	M/s Chaitanya Rural Intermediaton Development Services Private Limited has sought approval for' the allotment of 23,39,324 equity shares of Rs. 10/each in the capital of the company, allotted as fully paid up in consideration for swap of 23,39,324 equity shares of Rs.10/each of M/s CIFCPL	Nil
28	INDIAREIT Real Estate Fund-Scheme-I, through its Fund Manager INDIARET Fund Advisors Private Limited	FII/NRI	The applicant has sought approval to accept NRI investment amounting to Rs. 500 crores. The applicant has undertaken that full details of NRI investors along with appropriate certification of source of funds verification undertaken by it would be provided as and when it receives NRI investments	500
29	M/s AF Foot Care Private Limited	FII/NRI	M/s AF Foot Care Private Limited has sought post-facto FIPB approval for issue of 970000 shares of Rs 10 each by conversion of preincorporation expenses amounting to Rs 97 lakh into equity share capital	Nil
30	M/s Equitas Holdings Private Limited, Tamil Nadu	Foreign Bodies/corporates	Approval has been sought by M/s Equitas Holdings Private Limited for downstream investment in its wholly owned subsidiaries by its existing and new foreign shareholders hereby increasing the foreign equity from 91.30% to 93.12%	325
31	M/s Tara India Fund IV Trust, Mumbai	Foreign Bodies/ Corporates	M/s Tara India Fund IV Trust seeking permission for investment upto US$45 million by subscribing to the units of the applicant and category B investors to invest up to US $ 5 million in the units of TARA Fund	305.63
32	M/s Herman Miller Furniture (India) Private Limited, Bangalore (No. 124/2014-FC.I)	Singapore	Approval has been sought by M/s Herman Miller Furniture (India) Private Limited for setting up a manufacturing unit for manufacturing furniture including wooden and steel furniture which has been reserved for Micro, Small and medium Enterprises Sector (MSME's)	Nil

33	M/s The Nuance Group AG	Swizerland	M/s Nuance Group AG Switzerland has proposed for amendment in the approval letter dated 05.12.2013 and to purchase shares in an existing company of the same group instead of incorporating a new company to be engaged in operating the duty free outlets at the Chhatrapati Shivaji International Airport (CSIA), Mumbai	42
34	M/s FG International (India) LLP, Ahmedabad	USA	Approval has been sought by M/s FG International (India) LLP, Ahmedabad for foreign contribution of ₹ 1 Crore comprising 90% stake by M/s ForeverGreen International LLC, USA	1
35	M/s Flemingo International (BVI) Limited	USA	Proposal seeking approval to invest and hold 49% stake in an Indian company which is engaged in operation of duty free shops	40.5
36	M/s Eurecat India Catalyst Services Pvt. Ltd., Gujarat	South Africa	Proposal for capitalization of payments made by foreign collaborator for securing lease of plot of land for its subsidiary in India	Nil
37	M/s Mahanagar Gas Limited	Singapore	approval to record revised proposed shareholding structure	Nil
38	M/s Napesco International Petroleum Services Company	Kuwait	The Co. has sought approval to set up an LLP with foreign investment upto 99.99% of the capital of the proposed LLP	24.99(4.9 to be brought in)
39	M/s ZF India Private Limited, Pune	Germany	Post facto approval for downstream investment made in an investing company	Nil
40	M/s Equitas Holding Private Limited, Tamil Nadu	Mauritius	Approval sought to ncrease FDI from 89.64% (83.70% on a fully diluted basis) to 95.64% (89.30% on a fully diluted basis) by transfer of shares from resident Indians to Non-residents.	79.93
41	M/s Ashdene Investments Limited, Gibraltar	UK	Proposal seeking permission for transfer of shares from resident group of promoters to non-resident group of promoters post de-merger	Nil
42	M/s QX Holdings Ltd.	Mauritius	Approval has been sought by M/s QX Holdings Ltd to set up a LLP in India with 60% FDI to carry out the activity of back office recruitment services to companies based in UK.	0.25
43	Fulcrum Venture India Trust	FII/NRI	Approval for permitting foreign investment by issue of one or more class of units and for permitting to make remittance of sales proceeds/income/gains as and when arising since the investment is proposed to be made by the said investor under the FDI route.	1
44	M/s Chaitanya Rural Intermediation Development Services Private Limited	FII/NRI	shares of Rs. 10/each in the capital of the company, allotted as fully paid up in consideration for swap of 23,39,324 equity shares of Rs.10/each of M/s CIFCPL.	Nil
45	INDIAREIT Real Estate Fund-Scheme-I, through its Fund Manager INDIARET Fund Advisors Private Limited	FII/NRI	The applicant has sought approval to accept NRI investment	500
46	M/s AF Foot Care Private Limited	FII/NRI	Post-facto FIPB approval for issue of 970000 shares of Rs 10 each by conversion of pre-incorporation expenses amounting to Rs 97 lakh into equity share capital.	Nil

47	M/s TutorVista Global Private Limited	Singapore	Approval for the merger of several direct and indirect wholly owned subsidiaries of Pearson (Singapore) PTE Limited.	Nil
48	M/s Ventura (India) private Limited	UK	Approval for issuance of shares to a foreign company in the IT sector in consideration of acquiring latter's branch office in India pursuant to a court approved scheme of demerger	Nil
49	M/s Life Positive Private Limited. (LPPL).	USA	Increase in foreign equity participation from the existing 96% to 99% of the equity of the Company and induction of further FDI	4.60 cr
50	M/s Mahindra CIE Automotive Limited	Spain	Approval to issue equity shares to foreign collaberators	Nil
51	M/s Signet Pvt Ltd	FII/NRI	Approval has been sought to convert a company into LLP	Nil
Private Security Agencies				
1	M/s Security and Intelligence Services (India) Limited	Mauritius	Approval to M/s Security and Intelligence Services (India) Limited to issue 20,000 equity shares under ESOP to employees of its overseas subsidiary namely M/s SIS International Holdings Limited (SIHL)	Nil
Pharmaceuticals				
1	M/s B. Braun Singapore Pte Limited, Singapore	Singapore	Proposal for acquisition of 72.40% fully paid up equity shares of M/s Oster Medisafe Pvt Ltd from M/s B Braun Medical India Pvt Ltd also a WOS of M/s B Braun Malaysia	45.35
2	M/s Kinedex Healthcare Pvt. Ltd., Jaipur	UK	Proposal to seek post facto approval for 10% FDI by M/s NRIM Holdings Ltd	Nil
3	M/s Hospira Pte. Ltd., Singapore	Singapore	Post Facto Approval For Already Subscribed Equity Share Of M/S Hospira India Pvt. Ltd., Tamilnadu And Proposes To Fresh Equity Infusion In M/S Hospira Healthcare India Pvt Ltd, Tamil Nadu	1031.29 (381.29 already brought in)
4	M/s GlaxoSmithkline Pte. Ltd., Singapore	Singapore	Proposal for acquisition of 24.33% of shares in the existing Indian subsidiary company of the GSK Group in India by way of a voluntary open offer under SEBI (SAST Regulations) in the Pharmaceutical sector	6390
5	M/s Cordlife Sciences India (Pvt.) Ltd	Singapore	Proposal for increase in foreign equity participation upto 100% and to issue compulsorily convertible preferences shares	24
6	M/s Yes Regulatory Healthcare Services India Pvt. Ltd., New Delhi	Germany	Post-facto approval for issue and allotment of shares towards preincorporation expenses amounting to EURO 83,00, corresponding to ₹ 5,76,814 remitted by M/s Yes Pharmaceutical Development Services GmbH into the bank account of M/s Anregen Consulting Private Limited	Nil
7	M/s Cygnus Medicare Pvt. Ltd., Delhi	Mauritius	Proposal to issue equity shares to M/s Somerset Indus Healthcare Fund I Limited, Mauritius in lieu of CCPS held in M/s Altus Healthcare Private Limited, a subsidiary of M/s Cygnus Medicare Private Limited	Nil

8	M/s BC Investments IV Limited, Mauritius	Mauritius	Approval has been sought to purchase 59,18,386 equity shares, constituting 13.09% of equity share capital of Emcure Pharmaceuticals Limited, Pune from M/s Blackstone GPV Capital Partners Mauritius V-C Ltd. - transfer from Non-Resident to Non- Resident	Nil
9	M/s Indeus Life Sciences Private Limited, Mumbai	Netherlands	Proposal to convert the outstanding ECB loan and unpaid accumulated interest thereon from Holding Company Nordic Group BV, Netherlands into equity share capital	Nil
10	M/s Laurus Labs Private Limited, Hyderabad	Singapore & Mauritius	Proposal for downstream investment of 27% in M/s Sriam Labs Private Limited, an Indian pharmaceutical company through internal accruals	Nil
11	M/s Denis Chem Lab Limited	Netherlands	Proposal seeking approval for investment by non-residents in Partlypaid Equity Shares in an existing Pharmaceutical company	1.46
12	M/s Beiersdorf India Private Limited	Germany	As a part of restructuring, M/s Beiersdorf India Private Ltd (BIPL) proposes to undergo demerger under which the manufacturing division of BIPL would stand transferred to M/s Belladona Plasters Limited (BPL) and consequently shares will be issued to the nonresident shareholders of BPL. BIPL has sought a clarification if any approval is required from FIPB in this regard and if required, requested for granting approval to process the demerger	Nil
13	M/s SD Bio Standard Diagnostic Private Limited	Korea	Transfer of shares from one non-resident to another non-resident in an existing foreign owned Pharma company	Nil
14	M/s Roche Products (India) Limited	Switzerland	Permission for carrying out local labelling & packaging of imported naked/ unlabelled vials and fill- finish/bottling operation in pharmaceuticals sector	Nil
15	M/s Amri India Private Limited	Mauritius	M/s Amri India Private Limited, Mumbai is seeking approval for fresh investment of US$ 10 million from its parent company M/s Albany Molecular Research Mauritius Pvt Ltd., Mauritius; acquisition of entire shares in Finekem Laboratories Private Limited by M/s Amri India Private limited and post-facto approval for investment made and pending by M/s Albany Molecular Research Mauritius Pvt Ltd., Mauritius	59.95
16	M/s TTK Protective Devices Limited, Chennai	Mauritius	Proposal for transfer of shares from Resident to Non-Residents, who are private equity/ Institutional Investors prior to a subsequent merger with the Isited group company TTK Healthcare subject to Court approval	48.2
17	M/s Reckitt Benckiser (India) Limited	Singapore	Permission to acquire 23.72% paid up share capital of M/s Reckitt Benckiser Healthcare India Limited from its foreign investors M/s Reckitt Benckiser (Singapore) Pte. Ltd., Singapore	725 (Outflow)

18	M/s Pfizer Limited, Mumbai	USA	Proposal for issuance of equity shares of Pfizer Ltd.'s to shareholders of Wyeth Ltd pursuant on amalgamation of the latter with Pfizer Ltd. Both the companies are in the Pharmaceutical sectors	Nil
19	M/s Dr. Willmar Schwabe India Private Limited	Germany	Proposal to undertake manufacturing and distribution of homeopathic, herbal and phyto medicines and cosmetics products manufactured in India by way of retail sale and/or wholesale; and distribution of homeopathic, herbal and phyto medicines and cosmetics products imported by the company by way of wholesale distribution	Nil
20	M/s Johnson and Johnson Limited	USA	M/s Johnson and Johnson Limited proposes to amalgamate with M/s DePuy Medical Private Limited and subsequently allot 326,752 fully paid up equity shares of Rs. 100 each to the shareholders of DMPL	Nil
21	M/s Global Pharmatech Private Limited, Bangalore	Canada	M/s Global Pharmatech Private Limited is seeking permission to issue and allot 19,68,750 equity shares of ₹ 96 each to M/s PharmaScience Inc. will towards Foreign Direct Investment of US $ 3 million	18.9
22	M/s A. Menarini India Private Limited	Singapore	M/s A. Menarini India Private Limited is seeking approval for the issue equity shares to M/s A. Menarini Asia-Pacific Pte Ltd, Singapore, against receipt/ infusion US $15 million	91.1
23	M/s Kinedex Healthcare Private Limited, Jaipur	UK	M/s Kinedex Healthcare Private Limited, an existing Indian pharma company, is seeking approval for increase foreign equity participation from 10% to 20%	3.52
24	M/s Par Formulations Private Ltd	USA	M/s Par Formulations Private Limited (PFPL) is seeking approval for expanding its business in India by way of acquiring the entire shareholding in a company	11.421
25	M/s Laurus Labs Private Limited (Formerly known as M/s Aptuit Laurus Private Limited)	Mauritius	A Brownfield pharma company is seeking approval for additional FDI and NR-NR transfer by subscription and transfer of CCPS	600
26	M/s ARKRAY Healthcare Private Ltd	Singapore/ Japan	A Foreign owned company engaged in sale of clinical test instruments is seeking approval for issuance of fresh equity from its promoter group entities and acquire the IVD business on slump sale basis of an existing listed diagnostics company	100
27	M/s Shalina Laboratories Private Ltd	Mauritius	M/s Shalina Healthcare Limited, Mauritius, a group company of the applicant company proposes to invest up to 26% equity for meeting its capital expenditure requirement	46
28	M/s Dashtag, U.K	UK	M/s Dashtag, U.K. is seeking approval to increase its shareholding from 74.95% to 100% of the share capital of M/s Fulford (India) Limited on fully diluted basis through delisting offer as per SEBI (Delisting of Equity Shares) Regulations, 2009	70

29	M/s Baxter (India) Private Limited, Gurgaon	Singapore	An Indian company engaged in brownfield Pharma sector with 100% FDI, has sought approval for : (i) post-facto approval for conversion of outstanding ECB availed from its parent foreign company into equity shares of the company (ii) fresh approval for conversion of outstanding ECB into equity and (iii)fresh approval for FDI into the applicant by M/s Baxter Pacific Investments Pte Ltd	327.39
30	M/s Alhcon Parenterals (India) Limited	Singapore	M/s Ahlcon Parenterals (India) is seeking approval for increasing the foreign equity from 75% up to 100% in a recently acquired pharma company through a delisting offer	82.8
31	M/s BSN Medical Netherlands Holding B.V., Netherlands	Netherland	Proposal for investment up to 61% in the share capital of M/s Belladona Plasters Limited, Goa	NA
32	M/s Zenara Pharma Private Limited	Mauritius	Proposal seeking approval for (i) infusion of additional FDI by M/s Camzena Holdings Limited by subscribing to shares on a right basis and (ii) transfer of its shares constituting 48.99% by Nulife(Cyprus) Ltd to M/s Camzena Holdings Limited	16.94
33	M/s Medipass SRL, Italy	Italy	Approval is sought by Medipass SRL, an Italian company for the acquisition of 85.19% stake in the share capital of M/s Clearview Healthcare Private Limited, an investing company with downstream investment in health sector	15.11
34	M/s Intas Pharmaceuticals Limited, Ahmedabad	Mauritius	M/s Intas Pharmaceuticals Limited, an Indian pharmaceuticals company, seeking approval for NR to NR transfer of 10.16% its shares	Nil
35	M/s. Koye Pharmaceutical Private Limited	Mauritius	M/s Koye Pharmaceuticals Private Limited, a brownfield Pharmaceuticals company, has sought permission to issue additional 1,818 CCPS, constituting up to 6.81% of the share capital of the company on a post-issuance and fully diluted basis, to the already existing investor M/s SCI Growth Investments II, Mauritius	7.5
35	M/s Amneal Pharmaceuticals Company India Pvt. Ltd	Singapore	M/s Amneal Pharmaceuticals Company Private Limited, a foreign owned and controlled company, is seeking approval for acquisition of entire share capital of Epsilon, through a share purchase agreement a company engaged in trading of generic pharma products and in process of setting up formulation manufacturing facility	205
36	M/s Fresenius Kabi Oncology Limited, New Delhi	Germany	Approval has been sought for issuance of equity shares for an aggregate consideration of Rs. 119 Crore to increase foreign shareholding from 96.22% to 96.483% of its parent company	119
37	M/s Ferring Pharmaceuticals Pvt. Ltd	Netherland	M/s Ferring Pharmaceuticals Private Limited is seeking post facto approval for the investment made by Ferring BV (foreign company) into M/s Ferring Pharmaceuticals Pvt. Ltd for onward downstream investment in its WoS M/s Ferring Therapeutics Pvt. Ltd., prior to approval of FIPB	Nil

38	M/s Center for Disease Detection Services Global Private Limited, Bangalore (No. 127/2014-FC.I)	USA	M/s Center for Disease Detection Services Global Private Limited, Bangalore, is seeking permission for conversion of advances into equity	Nil
39	M/s Sanofi-Synthelabo (India) Limited, Mumbai	France	M/s Sanofi-Synthelabo (India) Limited, Mumbai, engaged in brownfield pharmaceutical sector and a 100% WOS of M/s Sanofi S.A., France, has sought approval for (a) additional foreign investment of Rs.90 crore from its parent company and (b) intercorporate loan from another Indian incorporated Sanofi Group company in order to acquire 20% equity in M/s Apollo Sugar Clinics Limited, Mumbai- a company engaged in providing healthcare clinical services	90
40	M/s Sun Pharmaceutical Industries Limited, Gujarat	FII/NRI	M/s Sun Pharmaceuticals Industries Limited, Gujarat has sought approval for issuing equity shares to: (a) the non-resident shareholders and (b) the holders of global depository receipts of M/s Ranbaxy Laboratories Limited pursuant to the merger of M/s Ranbaxy Laboratories Limited into M/s Sun Pharmaceuticals Limited through a scheme of arrangement and based on the share exchange ratio set out in the scheme	Nil
41	M/s Panacea Biotech Limited, Delhi	FII/NRI	M/s Panacea Biotec Limited, Delhi, a listed company engaged in pharmaceutical sector, has sought approval for issuance of equity shares to Qualified Institutional Buyers (QIBs) through proposed qualified institutional placement	250
42	M/s Neuland Laboratories Limited, Hyderabad	FII/NRI	Approval has been sought by M/s Neuland Laboratories Limited for the issuance of shares on right basis to its existing non-resident shareholders	25
43	M/s Satures India Pvt. Ltd., Banglore	Mauritius	An Indian pharma company is seeking approval to increase foreign investment from 58.88% to 72.65% by way of transfer of shares from resident to existing non-resident shareholder and NR-NR transfer	98.25
44	M/s A. Menarini India Pvt. Ltd	Singapore	M/s A. Menarini India Private Limited (A. Menarni) is seeking approval to issue its equity shares to shareholders of M/s Menarini Raunaq Pharma Limited (MRPL) and further transfer of shares from shareholders of MRPL to shareholder of A. Menarini, pursuant to the approval of the merger of MRPL with A. Menarini	Nil
45	M/s KKR Floorline Investment Pte Ltd.	Singapore	To make investments in Indian companies	1434
46	M/s Medreich Limited	Japan	Approval to increase foreign investment inflow 100 % in its paid up capital and direct foreign investment in its subsidiaries	1800
47	**M/s Lupin Limited**	FII	**Proposal for increase in aggregate limit of investment by SEBI registered FIIs and their sub-accounts in the capital of M/s Lupin Limited under the Portfolio Investment Scheme, put together to 49%.**	**6099**

48	M/s Medicamen Biotech Limited	Denmark	Approval for additional foreign investment by M/s Pharmadanica A/S, Denmark, an existing foreign investor in the company.	Rs 14,59,700
49	M/s Tevapharm India Pvt Ltd	Singapore	A foreign owned Indian brownfield pharma company is seeking approval for the issuance of equity shares to thereby increasing its current shareholding of 55.13% to 74.20%.	422
50	M/s Symbiotic Pharmalab Pvt Ltd	Mauritius	An existing pharma company, is seeking approval for increasing foreign investment in its paid up capital by transfer of its equity shares from resident shareholders to a non-resident	3.36
51	M/s Fresenius Kabi India pvt Ltd	Germany	Approval has been sought for (i) issuance of shares on a right basis and (ii) conversion of a loan taken from its parent company into equity shares, both in various tranches	198.80 (98.80 already brought in)
52	M/s Novartis Healthcare Pvt Ltd	Switzerland	Approval sought for transfer of shares constituting 49% of the share capital held by foreign shareholders from Non-resident to Non- resident by way of gift.	Nil
53	M/s Intonation Research laboratories pvt ltd	USA	Approval for foreign investment by NRIs	6.3
54	M/s Laussane Hospitality Consulting Sa	Switzerland	set up an LLP with foreign investment upto 99.99% in hospitality training and consulting services in the field of hospitality	1.79
55	Mr Anurag Kumar	Ukraine	A NRI has sought approval to purchase a brownfield pharmaceutical manufacturing facility out of his own funds	20
Power Exchange				
1	M/s Welspun Renewables Energy Limited, Mumbai	Philippines	Proposal for the issuance of equity shares to Asian Development Bank for Rs 310 crores equivalent to USD 50 Million for 13.3 percent stake in M/s Welspun renewable Energy Ltd and Deutshe Investitutions-und Entwicklungsgesellschaft, MBH for the issue of fully compulsorily convertible debentures (CCDs) for Rs 220 crores equivalent to USD 35 million	530
2	M/s Indian Energy Exchange Ltd	Mauritius	M/s Indian Energy Exchange Limited, Mumbai, to grant a suitable extension of 3-5 years or such other period as deems fit to the shareholders to divest/align their shareholding in M/s Indian Energy Exchange Limited, Mumbai in line with the Press Note 8 of 2012	Nil
3	M/s ACME Solar Energy Pvt. Ltd., Gurgaon	France	M/s ACME Solar Energy Pvt. Ltd., Gurgaon, an investment holding company engaged in solar power business, is seeking approval for NR to NR transfer of shares and to increase foreign investment from 50% to upto 76%	275
4	M/s KSK Energy Ventures Limited	Mauritius	M/s KSK Energy Ventures Limited, with 74.94% foreign equity, engaged in the business of investing company, is seeking approval to issue and allot warrants to foreign promoters	1050

Tea Plantation				
1	M/s Craigmore Plantations (India) Private Limited	Mauritius	Engaged in Tea sector including Tea plantations, have sought approval for Buy-back of 26.015% equity shares from existing Indian shareholder pursuant to Press Note 6 of 2013 to increase the foreign shareholding in the company up to 100%	Nil
2	M/s Asian TeaXpress PTE Limited, Singapore	Singapore	Proposal seeking approval for acquisition the entire share capital of a Company engaged in Tea Sector	0.06
3	M/s Ashdene Investments Limited, Gibraltar	UK	Proposal seeking permission for transfer of shares from resident group of promoters to non-resident group of promoters post demerger	Nil
Telecom				
1	M/s Knowlarity Communications Pvt. Ltd., New Delhi	Mauritius	Seeking approval to issue 30,887 CCPS (against an investment of up to ₹2.35 crores) to M/s SCI Growth Investments II, Mauritius- leading to increased FDI of 56% from 48.7% currently	2.35
2	M/s AT&T Global Network Services India Private Limited, New Delhi	USA	Proposal for increasing foreign equity participation from existing 74% to 100% by way of buy back of shares from Indian investor	Not indicated
3	M/s EGN BV, The Netherlands	Netherland	Proposal for increasing foreign equity participation in M/s Orange Business Services India Network Private Limited, engaged in telecom sector, from 74% to 100%	10
4	M/s Telenor Mobile Communications AS, Norway through Telenor South Asia Investment Pte. Limited(TSAI), Singapore	Singapore	The foreign parent of an Indian company engaged in the telecom sector. Proposes to increase its shareholding from 74% to 100%	780.86
5	M/s Tikona Digital Networks Pvt. Ltd., Mumbai	Mauritius	M/s Tikona Digital Networks Pvt. Ltd., Mumbai proposes to Increase foreign equity participation from approval level of 72.58 to 73.76% by issuing compulsorily convertible debentures (CCDs) and/or equity shares to International Finance Corporation and other existing nonresident investors	250
6	M/s. Netmagic Solutions Private Limited, Mumbai	Japan	The proposal is for enhancement of foreign equity participation in Netmagic Solution Private Ltd., a telecom company, from 74% to upto 81.6345% by NTT Communications, the foreign parent	575
7	M/s Telcordia Technologies Inc., USA	USA	M/s Telcordia Technologies Inc., is seeking approval for increase the foreign equity participation in M/s MNP Interconnection Telecom Solutions India Private Limited, engaged in telecom sector, from 74% to 100%	7.25
8	M/s AT&T Global Network Services India Private Limited	USA	Proposal seeking approval to increase foreign equity participation from existing 98.67% to 100% by way of buy back of shares from Indian investor	Not indicated
9	M/s Verizon CommunicationsIndia Private Limited	Singapore	M/s Verizon Communications India Private Limited, engaged in telecom sector, is seeking approval to increase foreign equity participation by its foreign parent from 74% to 100%	2.32

Trading				
1	M/s Westbridge Crossover Fund LLC, Mauritius	Mauritius	Permission for issuance of the warrants convertible into equity shares to the investor M/s West Bridge Crossover Fund LLC, Mauritius	100
2	M/s Lladro S.A (Earlier known as M/s Lladro Commercial S.A	Spain	Proposal for enhancement of equity participation from 26% to 51% in M/s SPA Lifestyle Private Limited, engaged in single brand product retail trading of LLADRO products	1.2
3	M/s Bulgari International Corporation (BIC) NV, The Netherlands	Netherland	Proposal for investment up to 51% in M/s Luxco India Retail Private Limited to undertake single brand retail trading of 'BVLGARI' products	2.6758
4	M/s Luxury Lifestyle Trading India Private Limited	Italy	Proposal to undertake single brand retail trading of 'Stefano Ricci' products	1.63
5	M/s Innisfree Cosmetics India Pvt. Ltd	Hong Kong	Approval has been sought to undertake single brand retail trading of Innisfree products	70
6	M/s Miami Perfume Junction, Inc, USA	USA	Proposal seeking approval for incorporation of a WoS in India to carry out the business of sale of duty free goods in airlines and running duty free ships at airports in India	10
7	M/s Lush Limited, UK	UK	The applicant has sought approval to incorporate a wholly owned subsidiary in India to undertake single brand rectal trading of 'Lush' products	2.5
8	M/s Damro Exports Private Limited, Sri Lanka	Sri Lanka	The applicant has sought approval to enhance its equity participation from 51% to 100% by way of purchase of shares form M/s Eaden Marketing and Services Pvt. Ltd. and by subscribing to fresh equity shares of the Damro Furniture Private Limited	3.01
9	M/s Bestseller United (Singapore) Pte. Ltd., Singapore	Singapore	The applicant has sought approval to set up a wholly owned subsidiary for undertaking single brand retail trading of products under the brand name 'Only'	90.39
10	M/s Bestseller United (Singapore) Pte. Ltd., Singapore	Singapore	The applicant has sought approval to set up a wholly owned subsidiary for undertaking single brand retail trading of products under the brand name 'Vero Moda'	90.39
11	M/s Bestseller United (Singapore) Pte. Ltd., Singapore	Singapore	The applicant has sought approval to acquire 100% equity of M/s Best United India Comforts Private Ltd. The applicant currently proposes to make an investment of USD 5 million for acquisition of equity shares from existing shareholders as well as for the set-up of SBRT stores at the initial stages	30.13
12	M/s Austria Puma Dassier Gesellchaft m.b.H , Austria	Austria	The applicant has sought approval to enhance its equity participation from 51% to 100% and trading of additional products under 'Puma' brand	10.01
13	M/s Dymak India Services Limited Liability Partnership, Uttar Pradesh	Danish	Post Facto approval has been sought by M/s Dymak India Services LLP for foreign contribution of ₹44,53,523 to acquire 80% stake in the Indian LLP by M/s Dymak A/S CVR 1975 7803	Nil

Investors Speak

" We would like to put on record our sincere appreciation and express our gratitude for the speedy approval of our case. This speed undoubtedly endorses your Government's resolve to encourage and facilitate FDI in various sectors including defence sector."

"We express deep appreciation and gratitude to the FIPB, its Chairman and the Director and all other officials for speedy disposal of our aforesaid application. We also appreciate the tremendous contributions the FIPB has made towards promoting investment in India and also helping building confidence of foreign investors for whole development of Indian economy."

" We would like to place on record our appreciation of the seamless processing of our request. Our experience in interaction with the FIPB for the processing of this amendment approval has been user-friendly and facilitative."

"We extend our heartfelt thanks to you good office for expeditious clearance of our proposal in respect of issuance of shares pursuant to merger."

"This is to convey appreciation of the professional way proposal of our group company has been handled by FIPB. The factors that stand out are the minimal time taken, no need for anybody from our group to visit any office."

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