



**RESERVE BANK OF INDIA**  
**Foreign Exchange Department**  
**Central Office**  
**Mumbai - 400 001**

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**RBI/2011-12/613**

**June 20, 2012**

**A.P. (DIR Series) Circular No.133**

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Annual return on Foreign Liabilities and Assets  
Reporting by Indian Companies – Revised format**

Attention of the Authorised Dealer (AD) Category – I banks is invited to [A. P. \(DIR Series\) Circular No.45 dated March 15, 2011](#) wherein, it was, *inter-alia*, stipulated that the annual return on Foreign Liabilities and Assets (FLA) is required to be submitted directly by all the Indian companies which have received FDI and/or made FDI abroad (i.e. overseas investment) in the previous year(s) including the current year, to the Director, External Liabilities and Assets Statistics Division, Department of Statistics and Information Management (DSIM), Reserve Bank of India, C-8, 3<sup>rd</sup> floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, by July 15 of every year.

2. The Annual Return on FLA is now modified as attached. An easy-to-fill [soft form](#) of the return with guidance to users and in-built validations is now being made available on the RBI website ([www.rbi.org.in](http://www.rbi.org.in) → Forms category → FEMA Forms) which can be duly filled-in, validated and sent by [e-mail](#), by July 15 every year. Any queries related to filling of annual return should be [e-mailed](#). These directions will come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

3. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and the Foreign Exchange Management (Transfer or Issue of any Foreign Security)

(Amendment) Regulations, 2004 notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#) and [Notification No. FEMA 120 dated July 07, 2004](#), respectively will be issued separately.

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

**(Rudra Narayan Kar)**  
**Chief General Manager**



Confidential

## RESERVE BANK OF INDIA

### Annual Return on Foreign Liabilities and Assets as on 31 March, 20 \_\_

(Return to be filled under A.P. (DIR Series) Circular No. \_\_\_\_\_ dated \_\_\_\_\_)

and submitted to the Department of Statistics and Information Management, RBI, Mumbai)

*Please read the guidelines/definitions carefully before filling-in the Return*

(Respondents are encouraged to submit the e-form of this return, which can be downloaded from the FEMA Forms section under the 'Forms' category on the RBI website ([www.rbi.org.in](http://www.rbi.org.in)). The e-form is easy-to-fill with user guidance and consistency checks. The duly filled-in e-form should be [emailed](#).)

#### 1. Name and Address of the Indian Company:

Name of the Company: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Pin: \_\_\_\_\_

2. PAN Number of Company given by Income Tax Department (10 digit)

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3. CIN Number allotted by Ministry of Corp. Affairs, Govt. of India (21 digit)

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#### 4. Contact Details

Contact Person Name: \_\_\_\_\_

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

Telephone No: \_\_\_\_\_

Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_

Company's Web- Site (if any): \_\_\_\_\_

5. Account closing date

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 (DD/MM/YYYY)

6. Nature of Business:

(As per National Industrial Classification (NIC) 2008 Code)

7. Whether your Company Name has changed during the last financial year (April - March) (Y/N)?

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If yes, please specify the Company's old Name

Company's old Name: \_\_\_\_\_

Effective Date (DD/MM/YYYY)

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8. Whether the Company is listed **(Y/N)**?

If yes, please furnish the share price on closing date of reference period

	Face Value ( Per Share)	Market Value (Per Share)	
	Latest March	Previous March	Latest March
Ordinary/Equity Share			

9. Identification of the reporting Company **(in terms of inward FDI)**

**(a) Subsidiary of Foreign entity**

**(b) Associate of foreign entity**

**(c) Public Private Partnership**

**(d) Special Purpose Vehicle**

**(d) Other**

10. Whether the Company is Asset Management Company **(Y/N)**?

11. Whether the Company has Technical Foreign collaboration **(Y/N)**?

12. Whether the company has any business activity during the last financial year (April - March) **(Y/N)**?

**Section II**  
**(Financial Details)**

**Block 1: Financial Detail of Reporting Company**

**CARE:** Information should be reported for all the reference period, i.e. Previous March and Latest March. If reporting period is different from Account Closing Period, then information should be given on internal assessment

**Block 1A: Total Paid- up Capital of Indian Company:**

Item	End-of Previous March		End-of Latest March	
	Number of Shares in actual	Amount in Rs lakh	Number of Shares in actual	Amount in Rs lakh
<b>1.0 Total Paid-up Capital (= 1.1 + 1.2)</b>				
<b>1.1 Total Equity &amp; Participating Preference Share capital (= 1.1(a) + 1.1(b))</b>				
<b>(a) Ordinary/Equity Share*</b>				
<b>(b) Participating Preference Share</b>				
<b>1.2 Non-participating Preference Share#</b>				
<b>2.0 Non-resident Holdings (at face value in Rs lakh)</b>				
<b>2.1 Equity &amp; Participating Preference share capital (Sum of item-1 to item-12)</b>				
1 Individuals				
2 Companies				
3 Foreign Institutional Investors (FIIs)				
4 Foreign Venture Capital Investors (FVCIs)				
5 Foreign Trusts				
6 Private Equity Funds				
7 Pension/ Provident Funds				
8 Sovereign Wealth Fund (SWF)				
9 Partnership/ Proprietorship firms				
10 Financial Institutions				
11 NRIs/PIO				
12 Others non-resident holdings				
<b>2.2 Non-Participating Preference share</b>				
<b>3.0 Non Resident Equity &amp; Participating Preference share capital %</b>				

**Note**

\*In case of different class of Equity Share (class A, class B etc.), consolidated figure should be reported.

#Non-participating Preference Share do not have following rights.

- (a) to receive dividend, out of surplus profit after paying the dividend to equity shareholders.
- (b) to have share in surplus assets remaining after the entire capital is paid in case of winding up of the company.

**Block 1B: Profit and Loss Account (from P/L Account)**

Item	Amount in Rs lakh	
	Previous Year (April - March)	Latest Year (April - March)
3.1 Profit (+) / Loss (-) before tax <b>(During the Year)</b>		
3.2 Profit (+) / Loss (-) after tax <b>(During the Year)</b>		
3.3 Dividend (Interim & Final Dividend)		
3.4 Tax on Dividend (if any)		
<b>3.5 Retained Profit (= 3.2 - 3.3 - 3.4)</b>		

**Block 1C: Reserves & Surplus (from Balance Sheet)**

Item	Amount in Rs lakh as at the end of	
	Previous March	Latest March
4.1 Reserves <b>(Excluding Profit and Loss account balance)</b>		
4.2 Profit (+) and Loss (-) account balance		
4.3 Reserve and Surplus (= 4.1 + 4.2)		
4.4 Net worth of Company ( = 1.1 + 4.3)		

**Block 1D: Sales and Purchase made during the Financial Year**

**Note:** To be filled in by company where single foreign direct investor holding is more than 50% in total equity (i.e. If reporting Indian company is subsidiary of Foreign company).

Item	Amount in Rs lakh (During the year)	
	Previous March	Latest March
5.1 Domestic Sales		
5.2 Exports		
5.3 Total Sales ( = 5.1+ 5.2)		
5.4 Domestic purchase		
5.5 Imports		
5.6 Total Purchase ( = 5.4 + 5.5)		

### Section III

#### (FOREIGN LIABILITIES)

**CARE:** Information should be reported for all the reference period, i.e. Previous March and Latest March. If reporting period is different from Account Closing Period, then information should be given on internal assessment.

#### 2. Investments made in India:

- (i) In case of **listed companies**, equity should be valued **using share price on closing date of reference period**.
- (ii) In case of **unlisted companies**, **Own Fund of Book Value (OFBV) Method** should be used.

#### Block-2A:

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

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

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

**Note:**

- (i) If the information is to be furnished for more than one investor, then add separate Block with same format
- (ii) #: Other capital, item 2.1 & 2.2 of Block-2A includes all other liabilities and claims at Nominal value, except equity and participating preference shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with its **director investor indicated in Block-2A**.

#### Block 2B:

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

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

**Country-wise consolidated information should be provided below:**

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

**Note:**

(i) If the information is to be furnished for more than one country, then add separate Block with same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-2B includes all other liabilities and claims at Nominal value, except equity and participating preference shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with **non-resident investors holding less than 10 per cent equity and related parties.**

## 2C. Portfolio Investment in India

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

Portfolio Investment	Equity & Participating Preference share capital holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
		Previous March	Latest March
<b>1.0 Equity Securities</b> (at Market Value)			
<b>2.0 Debt Securities</b> ( =2.1+2.2)			
2.1 Money Market Instruments (original maturity upto 1 year)			
2.2 Bonds and Other instruments (original maturity more than 1 year)			



**Please ensure that Non-resident Equity & Participating Preference share capital mentioned at item 2.1 of block 1(A) should be reported in either Block-2A or Block-2B or Block-2C at Market Value i.e. sum of equity % in Block-2A, Block-2B & Block-2C must be equal to the item 3.0 of Block-1A for the latest march.**

## **Section IV**

### **(FOREIGN ASSETS)**

1. Please use the **exchange rate as at end-March Previous FY and end-March Latest FY** (as applicable) of reporting year while reporting the **foreign Assets in Rs lakh**.
2. If overseas company is listed; equity should be valued using share price on closing date of **reference period**.
3. If overseas company is **unlisted**, **Own Fund of Book Value (OFBV)** Method should be used for valuation of equity investment.

#### **Block-3: Equity Capital, Reserves & Surplus of Direct Investment Enterprise (DIE) Abroad (10% or more equity holding by Indian Reporting company)**

[Please report here the total equity of DIE, **equity held by your company**, reserves (excluding P&L Account) and P&L Account of those DIEs in each of which your company hold 10% or more equity shares on the reference date.]

Name of the DIE	Item	Currency	Amount in Foreign Currency as at the end of (in actual)	
			Previous March	Latest March
	3.1 Total Equity of DIE			
	3.2 Equity of DIE held by you			
	3.3 Reserves (Excluding P&L Account)			
	3.4 Profit and Loss Account balance			
	3.5 Reserve and Surplus ( =3.3+3.4)			
	3.6 Net Worth of DIE ( =3.1+3.5)			
	3.7 Exchange rate in Rs per unit foreign currency*			

\*: Exchange rate of reporting foreign currency against Indian Rs should be given as on closing date of reference period. FEDAI website (<http://www.fedai.org.in>) may be used for Exchange rates.

#### **Block-4: Direct Investment Abroad under Overseas Direct Investment (ODI) Scheme**

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

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

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

Note:

(i) If the information is to be furnished for more than one overseas company, then ADD separate Block 3 and Block 4A with the same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-4A includes all other liabilities and claims at Nominal value, except equity shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with its DIE reported in **Block-4A**.

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

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

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

Note:

(i) If the information is to be furnish for more than one country, then use the ADD Block 4B with the same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-4B includes all other liabilities and claims at Nominal value, except equity, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with **non-resident companies where Indian company holds less than 10 per cent equity and also with related parties**.

#### Block-5: Portfolio Investment Abroad

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

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

Note:

(i) Country wise consolidated information pertaining to each type of investment should be reported separately.

(ii) If the information is to be furnish for more than one country, then use the ADD Block 5 with the same format..

**Section V**  
**(Other Assets and Liabilities)**

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

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

Other Investment	Outstanding Liabilities with unrelated party		Outstanding claims on unrelated party	
	Amount in Rs lakh as at the end of			
	Previous March	Latest March	Previous March	Latest March
6.1 Trade Credit				
6.2 Loans				
6. 3 Currency & Deposits				
6. 4 Other receivable and payable accounts				

[e-Form version of this Return is available on the FEMA Forms section under the 'Forms' category on the RBI website ([www.rbi.org.in](http://www.rbi.org.in)). System Requirement: MS-Excel 2003 and above, with macro enabled]

Place:

Signature and Name of the Authorized person

Date:

Seal/Stamp of the Company

**RESERVE BANK OF INDIA**  
**Annual Return on Foreign Liabilities and Assets**

**INSTRUCTIONS:**

The Reserve Bank's **Coordinated Direct Investment Survey (CDIS)** and **Coordinated Portfolio Investment Survey (CPIS)** are conducted under the auspices of the International Monetary Fund (IMF), wherein information is collected from **Indian resident companies on their foreign financial liabilities and assets position** as at end-March of the previous financial year (FY) and end-March of the latest FY. This information is used in the compilation of India's Balance of Payments (**BoP**), International Investment Position (**IIP**), Coordinated Direct Investment and Coordinated Portfolio Investment.

The completed return should be sent by **July, 15 every year**. The **filled-in return in excel format** should be sent at [e-mail](#), however, **queries related to filling of return** should be [e-mailed](#).

**Confidentiality Clause:** The company-wise information so provided will be kept confidential and only consolidated aggregates will be released by the Reserve Bank.

**General Instruction for filling-in the Schedule:**

- 1) Refer to the **definitions given in the Excel format of the return** before filling-in the return.
- 2) Irrespective of company's Account Closing date, information should be provided in prescribed format for end of previous March and latest March.
- 3) If the reference period is different from the Account Closing Period and/or accounts are unaudited, information should be furnished based on internal assessment or unaudited accounts.
- 4) All amounts should be reported as follows:
  - (a) Blocks 1, 2, 4 & 5 should be reported in Rs. Lakh.
  - (b) Blocks 3 should be reported in actual foreign currencies.
- 5) If any block is not sufficient to report the information, use add button to insert the blocks. Except filled-in return (in excel), **no information in separate annexure will be accepted.**
- 6) **Methodology for valuation of foreign liabilities and foreign assets:**

In case of listed company, equity should be valued using share price on closing date of reference period, while in case of unlisted company, Own Fund of Book Value (OFBV) Method should be used.

**Example:** Valuation of Equity Investment using OFBV method in case of unlisted company

		Previous March	Latest March
<b>A</b>	<b>Equity Share Capital</b>		
<b>B</b>	<b>Participating Preference Share Capital</b>		
<b>C</b>	<b>Equity &amp; Participating Preference Share Capital</b>	<b>A+B</b>	<b>A+B</b>
<b>D</b>	<b>Reserves &amp; Surplus</b>		
<b>E</b>	<b>Net worth of the Company</b>	<b>C+D</b>	<b>C+D</b>
<b>F</b>	<b>Equity Share Capital held by Non Resident Direct investor</b>		
<b>G</b>	<b>Participating Preference Share Capital held by Non Resident Direct investor</b>		
<b>H</b>	<b>Equity &amp; Participating Preference Share Capital held by Non Resident Direct investor</b>	<b>F+G</b>	<b>F+G</b>
<b>I</b>	<b>Equity &amp; Participating Preference Share holding Percentage</b>	<b>H/C</b>	<b>H/C</b>
<b>J</b>	<b>FDI at Market Value</b>	<b>E*I</b>	<b>E*I</b>

Note:

- Shares issued to non-resident on Non-Repatriable basis should not be reported in Annual Return.
- Traded Debt securities should be valued at market price, while all other types of debt, viz., loan, trade credit, deposits, and other accounts payable / receivable should be valued at nominal value.
- While reporting the foreign currency denominated, use the exchange rate as at end-March Previous FY and end-March Latest FY (as applicable)

**Before filling the return to the Reserve Bank of India, please check that:**

- You have reported all the items of the return relevant to you and as per your record.
- You have kept a copy of the filled-in schedule in your own records.

**For any clarification, please contact:**

ELASD Help -desk

Telephone No.:(022)26571265 / 26578340 / 26578241

FAX No. :(022) 26571265 /26570848

[e-mail:](#)

## **Concepts & Definitions to be used while filling-in Annual Return on Foreign Liabilities and Assets**

### **Residence of Enterprises**

An enterprise is said to have a centre of economic interest and to be a resident unit of a country (economic territory) when the enterprise is engaged in a significant amount of production of goods and/or services there or when it owns land or buildings located there. The enterprise must maintain at least one production establishment in the country and must plan to operate the establishment indefinitely or over a long period of time.

### **Retained Profit** (Block 1B, Item 3.5, Section -II)

Retained profit (loss) = Profit (loss) after tax - Dividend declared - Tax on dividend  
(i.e. Item 3.5 = Item 3.2 minus Item 3.3 minus Item 3.4, of Block 1B)

### **Reserves** (Block 1C, Item 4.1, Section-II)

It includes all the reserves shown in the balance sheet of a company. It should not include the balances carried forward from P/L accounts.

### **Profit and loss account Balance** (Block 1C, item 4.2, Section-II)

The Profit and Loss (P/L) Account balances carry forwarded to the balance sheet should be reported at item 4.2 of Block 1C. The information should be taken from the Balance sheet and not from P/L account.

### **A. Direct Investment:**

Direct investment is a category of international investment in which a resident entity in one economy [Direct Investor (DI)] acquires a lasting interest in an enterprise resident in another economy [Direct Investment Enterprise (DIE)]. It consists of two components, viz., Equity Capital and Other Capital.

#### **( i) Equity Capital under Direct Investment**

It covers (1) Equity in branches and all shares (except non-participating preference shares) in subsidiaries and associates; (2) Contributions such as the provision of machinery, land & building(s) by a direct investor to a DIE by equity participation; (3) Acquisition by a DIE of shares in its direct investor, termed as Reserve investment (i.e. claims on DI).

#### **(a) Foreign Direct Investment in India** (Block 2A, 2B, Section-III)

If the Indian company has issued the shares to non-resident entities under the FDI scheme in India, then it should be reported under the Foreign Direct Investment in India (Liabilities), Section III of the return. If the non-resident entity **holds the 10 per cent or more** equity plus participating preference shares together, in the reporting Indian company, then it should be reported under **Block-2A** (item 1.1, liabilities to direct investor). However, if non-resident entity holds **less than 10 per cent** of the equity plus participating preference shares capital of reporting Indian company, then it should be reported under **Block-2B** (item 1.1, liabilities to direct investor). In both

the cases, the non-resident entity is called as the Direct Investor (DI) while the reporting Indian company is called as Direct Investment Enterprise (DIE).

If the **reporting Indian company** also holds the **equity shares in its DI** company abroad and if its shareholding is **less than 10 per cent** of equity capital of DI company, then it is called as **reverse investment** and same should be **reported under item 1.2** (claims on direct investor) of the respective blocks, i.e. **Block 2A or 2B**.

**(b) Direct Investment abroad by Indian companies** (Block 4A and 4B, Section-IV)

If the reporting Indian company invests in equity and/or participating preference shares of overseas company, under the Overseas Direct Investment Scheme in India, i.e. investment in Joint venture or wholly owned subsidiaries abroad, then it should be reported under Section IV of the return. If the Indian company **holds 10 per cent or more** equity plus participating preference shares together, in overseas company, then it should be reported under **Block-4A** (item 1.1, claims on direct investment enterprise). However, if the Indian company holds **less than 10 per cent** of the equity plus participating preference shares capital of overseas company, then it should be reported under **Block-4B** (item 1.1, claims on direct investment enterprise). In both the cases, the Indian company is called as the Direct Investor (DI) while the overseas company is called as Direct Investment Enterprise (DIE).

If the **overseas DIE** also holds the **equity shares in Indian reporting company** (DI) and if its shareholding is **less than 10 per cent** of equity capital of Indian reporting company, then it is called as **reverse investment** and same should be reported **under item 1.2** (liabilities to DIE) of the respective blocks, i.e. **Block-4A or 4B**.

**(ii) Other Capital under Direct Investment** (Block 2A, 2B, 4A and 4B)

The other capital (other receivables and payables, except equity and participating preference shares investment) component of direct investment covers the outstanding liabilities or claims arising due to **borrowing and lending of funds, investment in debt securities including non-participating preference shares, trade credits, financial leasing, share application money etc., between direct investors and DIEs and between two DIEs that share the same Direct Investor**. Non-participating preference shares owned by the direct investor are treated as debt securities & should be included in Other Capital.

Other payables and receivables between Indian reporting company and its non-resident direct investor holding 10 per cent or more equity and/or preference share capital, should be reported at item 2.1 and 2.2 respectively of Block 2A. However, other payables and receivables between Indian reporting company and non-resident investor holding less than 10 per cent of equity and/or preference capital as well as with non-resident fellow enterprises (related parties) should be reported at item 2.1 and 2.2 respectively of Block 2B.

Similarly, other receivables and payables between Indian reporting company and its overseas direct investment enterprise where Indian company hold 10 per cent or more equity and/or preference capital, should be reported at item 2.1 and 2.2 respectively of Block 4A. However, other receivables and payables between Indian reporting company and overseas direct investment enterprise where Indian company



hold less than 10 per cent of equity and/or preference share capital of overseas company, as well as with non-resident fellow enterprises (related parties) should be reported at item 2.1 and 2.2 respectively of Block 4B.

## **B. Portfolio Investment:**

### **(i) Portfolio Investment (Block 2C & 5)**

It covers **external claims by or liabilities to reporting Indian company** in equity and debt securities **other than those included in direct investment** (Block 2A, 2B on liability side and Block 4A and 4B on asset side). Debt securities include long-term bonds & notes and short-term money market instruments.

Any investment made **by the non-resident entities in Indian company** under the **Portfolio Scheme in India** should be reported under **Block-2C** (Portfolio liabilities). Further, shares purchased by non-residents of Indian reporting company through the secondary market, should be reported as Portfolio liabilities at Block 2C.

Any investment made **by the Indian company** in foreign shares and / or debt securities, **apart from the investment made under the Overseas Direct Investment Scheme**, should be reported under **Block-5** (Portfolio assets).

### **(ii) Equity Securities (Block 2C & 5, Item 1.0)**

Equity securities are instruments acknowledging the holders' claim to the residual income of the issuing enterprise after the claims of all creditors have been met. These include ordinary shares, stocks, participating preference shares, depository receipts (ADRs/GDRs) denoting ownership of equity securities issued to non-residents, shares/units in mutual funds & investment trusts, equity securities that are sold under repurchase agreement, equity securities that are sold under securities lending arrangement.

### **(iii) Debt Securities (Block 2C & 5, Item 2.0)**

These include bonds & notes and money market instruments.

#### **(iii.a) Bonds and Notes (Block 2C & 5, Item 2.1)**

This category includes debt securities with original contractual maturities of more than one year (long-term). It includes the long-term securities such as Debentures, Non-participating preference shares, Convertible bonds, Negotiable certificates of deposit, Perpetual bonds, Collateralized mortgage obligations, Dual currency, Zero coupon and other Deep discounted bonds, Floating rate bonds and Index-linked bonds etc.

#### **(v) Money Market Instruments (Block 2C & 5, Item 2.2)**

These short-term instruments with original contractual maturities up to one year include treasury bills, commercial paper, banker's acceptances, short-term negotiable certificates of deposit and short-term notes issued under note issuance facilities. It may be noted that the instruments that share the characteristics of money market instruments but are issued with maturities of more than one year are classified as Bonds and Notes.

## **C. Other Investments: (Block 6, Section-V)**

This is a residual category that **includes** all financial outstanding liabilities and assets **not considered as direct investment or portfolio investment** such as:

### **(C.i) Trade Credits**

Trade credits are assets and liabilities that arise from the **direct extension of credit** from a **supplier to a buyer** for transactions in **goods and services** and **advance payments** by buyers for transactions in goods and services and for work in progress. **Trade credit assets** are **advance payments** made by **importer (you)** for (your) imports or **credit extended by exporter (you)** directly to (your) importer. **Trade credit liabilities** are **advance payment received** by the exporter (you) for (your) exports or **credit received by importer (you)** directly from (your) exporter. It may be noted here that **funding provided by an enterprise other than the supplier** for the purpose of purchasing goods or services is treated **as a loan** and not as trade credit.

### **(C.ii) Loans**

Loans are direct lending of funds by a creditor to a debtor through arrangements. These include, external commercial borrowings, loans to finance trade (i.e. Buyers' credit in which a bank or a financial institution or an export credit agency in the exporting country extends a loan directly to a foreign buyer or to a bank in the importing country to pay for the purchase of goods and services), mortgages, and other loans and advances. Financial leases and repurchase agreements are also considered loans. These outstanding loans (liabilities/claims) should be reported under the loan item of Block 6.

Note that **loan received from or payable to the non-resident direct investor** should be reported under **Other Capital of Block-2A or 2B** while **loan extended to or taken from your subsidiaries/ associates abroad** should be reported under **Other Capital of block 4A or 4B**.

### **(C.iii) Currency & Deposits:**

If the reporting Indian company is a **bank**, then all the outstanding balances of NRE, NRO (current/saving/fixed deposits) and FCNR accounts as well as any credit balance in VOSTRO accounts and overdue in NOSTRO accounts, should be reported against ***currency and deposits under the heads 'outstanding liabilities'***. Similarly, credit balances in NOSTRO accounts as well as debit balances in VOSTRO accounts should be reported against ***currency and deposits under the heads 'outstanding claims'***.

If the reporting entity is **other bank**, then the currency and deposits kept abroad, including the ECB park abroad, should be reported against currency and deposits under the heads 'outstanding claims'.

### **(C.iv) Other Receivable and Payable Accounts:**

These are the residual items that include all external financial liabilities and assets not recorded elsewhere. These are miscellaneous receivables and payables such as accounts relating to interest payments in arrears, loan payments in arrears, outstanding wages and salaries, prepaid insurance premium, outstanding taxes etc.

### **Identification of the Indian company (Item 9, Section-I).**

#### **a) Foreign Subsidiary:**

An Indian company is called as a Foreign Subsidiary if a non-resident investor owns more than 50% of the voting power/equity capital OR where a non-resident investor

and its subsidiary(s) combined own more than 50% of the voting power/equity capital of an Indian enterprise.

**b) Foreign Associate:**

An Indian company is called as Foreign Associate if non-resident investor owns at least 10% and no more than 50% of the voting power/equity capital OR where non-resident investor and its subsidiary(s) combined own at least 10% but no more than 50% of the voting power/equity capital of an Indian enterprise.

**c) Special Purpose Vehicle:**

A special purpose Vehicle (SPV) is a legal entity (usually a limited company of some type or, sometimes, a limited partnership) created to fulfil narrow, specific or temporary objectives. SPV have little or no employment, or operations, or physical presence in the jurisdiction in which they are created by their parent enterprises, which are typically located in other jurisdictions (economies). They are often used as devices to raise capital or to hold assets and liabilities and usually do not undertake significant production.

**d) Public Private Partnership:**

Public–private partnership (PPP) describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.