



Newsflash: Introduction of Annual Return on Foreign Liabilities and Assets - Reporting by Indian Companies

1.0 Introduction

In terms of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, Indian companies are required to report the details of Foreign Direct Investment (FDI) in Form FC-GPR to the Regional Office of RBI within whose jurisdiction the Registered Office of the Company operates, within 30 days of issue of shares.

The details of FDI are to be reported through the said FC – GPR, which contains Part A (relating to issue of securities by the Indian Companies by way of FDI) and Part B (relating to investments in the Indian company by direct/portfolio/re-invested earnings/any other mode.) The erstwhile due date of Part B was 31 July of every year, which pertained to investments made during the preceding financial year, April to March.

In order to capture the statistics relating to Foreign Direct Investment (FDI), both inward and outward in a more comprehensive manner as also to align it with international best practices, it has been decided by the Reserve Bank of India (RBI), vide its circular RBI/2010-11/ 427 A.P. (DIR Series) Circular No. 45 dated 15 March 2011 to replace Part B of the Form FC-GPR by a introducing a separate 'Annual Return on Foreign Liabilities and Assets.'

Accordingly, the return should be submitted 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, by 15 July of every year.



2.0 Salient Features Of Revised 'Annual Return'

The Annual Return sets out three main sections, which inter-alia provide for more specific disclosures. Briefly, following are the disclosures to be made by the company, as shown in the table.

Section / Block (if any)	Particulars
<u>Section I</u>	IDENTIFICATION PARTICULARS
	Name, Address, P.A.N., Registration number (ROC) and other details
	Nature of Business
	Whether the company is listed in India
	Whether the company has any Foreign Collaboration (Technical or Financial)
1	
1A	Total Paid up Capital of Indian Company
1B	Free Reserves & Surplus and Retained Profit
<u>Section II</u>	FOREIGN LIABILITIES
2	Investments made under Foreign Direct Investment (FDI) scheme in India
2A	Foreign Direct Investment in India (10% or more Equity Participation)
2B	Foreign Direct Investment in India (Less than 10% Equity Holding)
3	Portfolio and Other Liabilities to Non-residents (i.e. position with unrelated parties)
3A	Portfolio Investment
3B	Financial Derivatives (with non-resident entities only)
3C	Other Investments
<u>Section III</u>	FOREIGN ASSETS
4	Direct Investment Abroad under Overseas Direct Investment Scheme
4A	Direct Investment Abroad (10 % or more Equity holding)
4B	Foreign Direct Investment Abroad (Less than 10 % Equity holding)
5	Portfolio and Other Assets Abroad (i.e., position with unrelated parties)
5A	Portfolio Investment Abroad
5B	Financial Derivatives (with non-resident entities only)
5C	Other Investment (Outstanding claims of unrelated parties)
6	Equity Capital, Free Reserves & Surplus of Direct Investment Enterprise Abroad
7	Contingent Foreign Liabilities
8	Employee Information of reporting Indian company


Note: Figures for Block 2A, 2B, 4A, 4B and 5A should be disclosed for end- March & end-December of current financial year and for end- March of previous financial year.

3.0 Procedural Aspects

- „ Place of filing: The completed return along with a copy of the reporting company's Balance Sheet for the latest year should be sent by 15 July every year at the following address:

The Director,
 External Liabilities and Assets Statistics Division,
 Department of Statistics and Information Management (DSIM),
 Reserve Bank of India,
 C 8, Bandra-Kurla Complex,
 Bandra (East) , Mumbai- 400 051.

- „ Reporting in Case of Group Company: In case of Group Companies, consolidated return covering all the Branches / Offices in India must be furnished.
- „ Balance Sheet: Balance Sheet for the reporting year of the company should be enclosed along with the return. In case balance sheet is not audited, the information based on un-audited figures should be submitted. The balance sheet may be forwarded in due course. After auditing, if there are major differences in the reported figures, revised return may be submitted along with a copy of balance sheet.



For further information please contact:

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This Newsflash is general in nature. In this Newsflash, we have endeavored to summarize the reporting requirement as set out by the RBI vide its circular - RBI/2010-11/ 427 A.P. (DIR Series) Circular No. 45 dated 15 March 2011. It may be noted that nothing contained in this Newsflash should be regarded as our opinion or advice and facts of each case need to be analyzed to ascertain applicability or otherwise of the said circular and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any mis-statements or errors contained in this Newsflash.

16 March 2011