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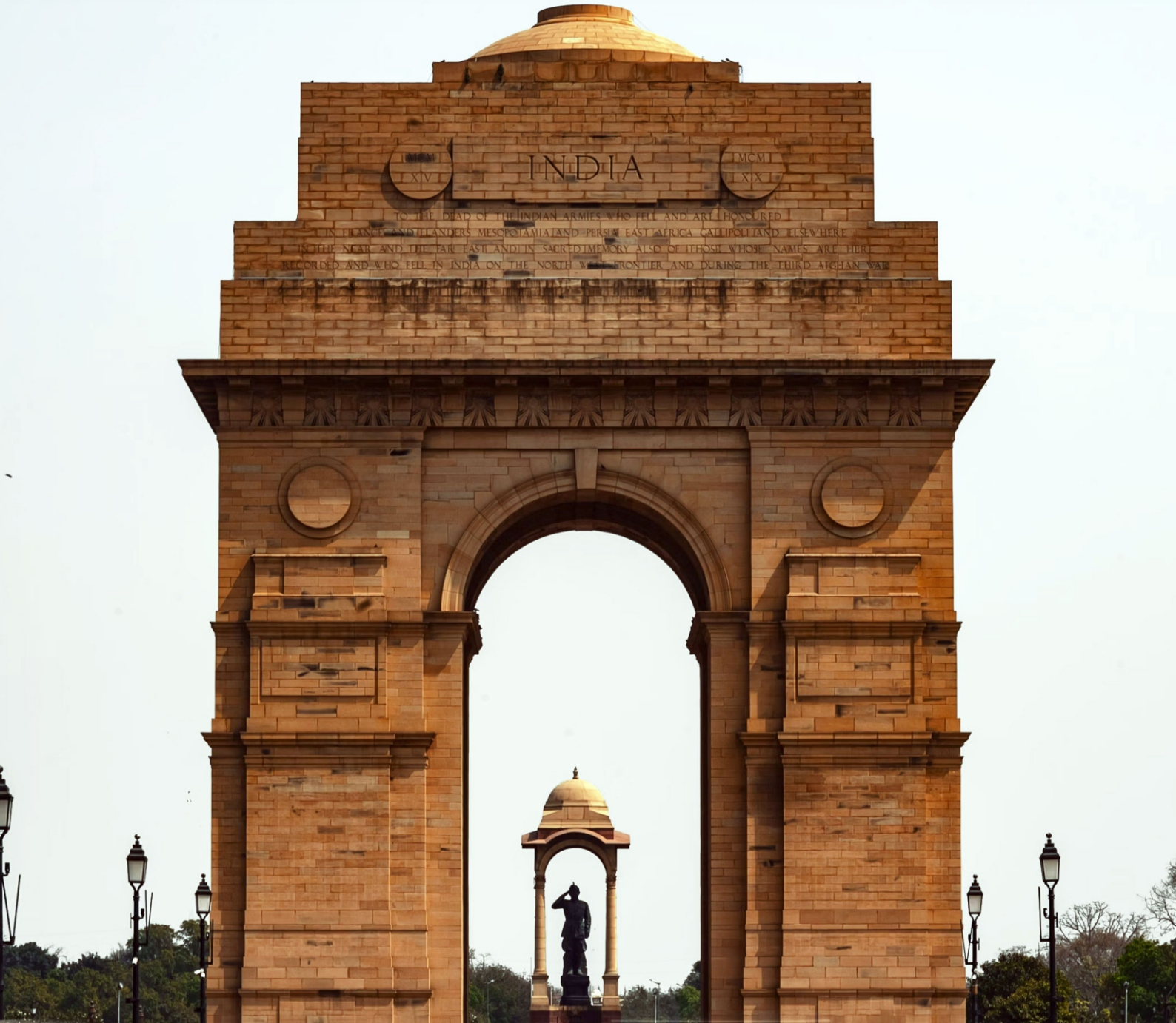
India Entry & Navigation

By Supreme Waskar and Ashwin Gowda



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A. Introduction: Investing in India

1. Fifth Largest Economy

Major financial institutions worldwide predict a transformative growth story for India. The nation is expected to become the world's third-largest economy by 2030, surpassing economic giants like Germany and Japan. Currently the fastest-growing major economy globally, it consistently expands at an annual rate exceeding 6.5%. This strong momentum has already catapulted the country to the rank of the 5th largest economy by nominal GDP. Its economic strength is anchored in a service-led model, with world-class sectors like IT, finance, and business outsourcing contributing significantly to overall resilience and growth.

Major financial institutions worldwide predict a transformative growth story for India. The nation is expected to become the world's third-largest economy by 2030, surpassing economic giants like Germany and Japan. India is the fastest-growing major economy in the world, often growing at an annual rate exceeding 6.5%. This strong momentum has catapulted India to become the 5th largest economy globally by nominal gross domestic product (GDP). India's strength focuses on its service-led economy, with world-class sectors like IT, finance and business outsourcing contributing significantly to its overall resilience and growth.

Proactive government initiatives like the 'Make in India' campaign and Production-Linked Incentive schemes have created a conclusive environment, simplifying business procedures, offering tax incentives and promoting a manufacturing and export led growth model. This has made India a strategic hub for global supply chain diversification.

2. Investment Trends in India

The Services sector (which includes banking, insurance, and outsourcing) has taken the top spot for foreign inflows capturing about 19% of total inflows. This was closely followed by the Computer Software and Hardware industry, showing the growth of technology in India. The primary reason is the automatic route which offers a faster entry. The FinTech (financial technology) industry witnessed a huge inflow of foreign capital due to India's easy and widespread digital payment systems.

There is a major focus on manufacturing and supply chain diversification. Global firms are increasingly moving their production to India, attracted by government schemes that offer incentives based on incremental sales.

Furthermore, local investor confidence is at an all-time high, evidenced by record investments from Indian citizens into their own stock market and businesses, which signals strong, sustainable growth from within the country.

B. Foreign Investment in India

1. Modes of foreign investment in India

Foreign investment is any investment by a person resident outside India on a repatriable basis, primarily in the form of equity investment or debt (lending). The Indian foreign exchange laws regulates the inbound investments into India through distinct frameworks.

Equity investment is any investment into the equity instruments of an Indian company or the capital of a Limited Liability Partnership (LLP). A beneficial interest held by a non-resident in an Indian security (which is legally held by a resident entity) is also considered a foreign equity investment. This route is broadly classified as either Foreign Direct Investment (FDI) or Foreign Portfolio Investment (FPI).

Debt from non-residents is primarily regulated through the External Commercial Borrowing (ECB) norms framed by the Reserve Bank of India (RBI).

The primary framework that allows eligible Indian

FDI	FPI	ECB
Type of Capital		
Equity investment	Equity investment	Debt (loan)
Primary Target		
Unlisted & listed companies	Listed companies only	Eligible Indian entities as stated in the framework
Definition		
An investment in equity instruments of: (a) An unlisted Indian company; OR (b) 10% or more of the post-issue paid-up equity capital of a listed Indian company.	An investment in equity instruments that is: (a) Less than 10% of the post-issue paid-up equity capital of a listed company; AND (b) Less than 10% of the paid-up value of each series of equity instruments.	The primary framework that allows eligible Indian entities to raise debt from recognized non-resident lenders.
Regulator		
RBI	SEBI	RBI

2. Laws and regulators

Foreign investment in India is primarily regulated by:

- The Foreign Exchange Management Act, 1999 (FEMA), along with all the rules, notifications, and circulars issued under it; and
- The FDI policy issued periodically by the DPIIT

Key regulators monitoring foreign investment in India include

Regulators	Functions
Central Government of India	Specifies permissible capital account transactions (not involving debt instruments) and frames rules under FEMA
RBI	Classifies capital account transactions involving debt instruments and frames regulations under FEMA and administers & interprets the law for non-debt instruments, issuing necessary directions and clarifications.
DPIIT	Drafts policy on foreign investment and administers the approval route process via the National Single Window System.
Competent authority	The specific administrative ministry (e.g., Ministry of Defence for investment in defence) that considers approval applications and monitors foreign investment in its sector.
Ministry of Home Affairs	Provides mandatory security clearance for investment proposals from neighbouring countries and other sensitive sectors.
Ministry of External Affairs	Reviews all approval applications and provides comments to the Competent Authority as needed.

3. Routes of investment in India

A foreign investor may invest in India inter-alia through the following routes:

- FDI, either under the automatic route or the government route:
  - Under the automatic route, the foreign investor or Indian company does not require approval from the competent authority India or RBI.
  - Under the approval route, prior approval from the competent authority and/or RBI is required.
- Investment as a foreign portfolio investor (FPI), subject to prior registration with SEBI.
- Investment as a foreign venture capital investor (FVCI), subject to prior registration with SEBI.
- Investment as: (i) An NRI or an OCI on a recognised stock exchange on a repatriation basis, or (ii) An NRI or OCI, or an entity owned and controlled by NRIs or OCIs, on a non-repatriation basis (this is deemed to be domestic investment).
- Investment in the units of an investment vehicle which is registered and regulated under regulations framed by SEBI.

4. Foreign Direct Investment

i. The law as amended on April 22, 2020, curbed opportunistic takeovers / acquisitions of Indian companies. This change is widely known as Press Note 3 (2020 Series). Prior to this amendment, the restrictions primarily applied only to investments from Bangladesh and Pakistan. Post-amendment, any foreign investment by or from an entity of any country sharing land borders with India, or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, now requires prior approval from the government of India. Furthermore, any subsequent changes in beneficial ownership (by way of direct or indirect transfers) of any existing or future FDI that would result in such beneficial ownership falling within this restriction also requires prior approval from government of India. Additionally, based on recent unofficial sources and reports, there are indications that the government of India may be considering potential relaxations to the Press Note 3 framework, although no official amendments have been announced.

ii. **Types of instruments for foreign investment in India**

a. **A foreign investor can invest in the following equity instruments:**

- equity shares (including partly paid equity shares);
- fully, compulsorily and mandatorily convertible preference shares;
- fully, compulsorily and mandatorily convertible debentures;
- share warrants.

b. **Other conditions:**

- Partly paid shares shall be fully called-up within 12 months of issue (except in limited cases), with 25% of the total consideration (including premium) received upfront. For share warrants, at least 25% of the consideration shall be received upfront, and the remainder within 18 months of issuance.
- For convertible instruments, the price or conversion formula is required be determined upfront at the time of issue. Preference shares or debentures that are non-convertible, optionally convertible, or partially convertible are considered borrowing and are subject to compliance with external commercial borrowing norms.
- Equity instruments may contain an optionality clause, subject to a minimum lock-in period of 1 year (or the specific sector's, whichever is higher), but shall not include an option or right to exit at an assured price. An eligible foreign investor may also invest in the units of SEBI registered investment vehicles, such as Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), and Alternative Investment Funds (AIFs).
- A foreign investor (who is not an FPI or FVCI) may make a capital contribution or acquire the profit share of an LLP, provided FDI up to 100% is permitted in it under the automatic route and there are no FDI linked performance conditions.

iii. **Sectors & businesses prohibited to have foreign investment**

FDI is prohibited in the following sectors:

- Lottery businesses, including Government/private lottery and online lotteries.
- Gambling and betting activities and establishments, including casinos.
- Chit funds.

- Nidhi company.
- Trading in transferable development rights.
- Real estate business or construction of farm houses.
- **Clarification:** 'Real estate business' (dealing in land and immovable property for profit) does not include development of townships, construction of residential or commercial premises, roads, bridges, educational institutions, recreational facilities, city and regional level infrastructure, real estate broking services, Real Estate Investment Trusts (REITs), or earning rent or income on lease.
- Manufacturing of cigars, cheroots, cigarillos, and cigarettes, of tobacco or of tobacco substitutes.
- Activities/sectors not open to private sector investment, such as atomic energy and railway operations.
- Exceptions for Railway Operations: FDI is permitted for construction, operation, and maintenance of: (a) suburban corridor projects (through public private partnership); (b) high-speed train projects; (c) dedicated freight lines; (d) rolling stock and maintenance facilities; (e) railway electrification; (f) signalling systems; (g) freight terminals; (h) passenger terminals; (i) infrastructure in industrial parks (related to railway lines); and (j) mass rapid transport systems.
- Foreign technology collaboration in any form (including licensing for franchise, trademark, brand name, management contracts) for lottery business, gambling, and betting activities.

iv. Limits/Caps on FDI

The sector in which an Indian company operates is the primary factor that determines the maximum permissible limit for foreign investment it can receive. This percentage limit, calculated against the total capital of the entity, is known as the sectoral cap. Furthermore, in addition to these caps, the law also prescribe certain conditions that apply to specific sectors, such as retail trading, e-commerce, and construction and development.

v. Foreign Investment in Investing Companies

Prior government approval is required for foreign investment in companies engaged in investing in the capital of other Indian entities if they fall into either of these categories:

- Investing companies that are not registered as Non-banking financial companies (NBFCs) with the RBI
- Core Investment Companies (CICs), which are registered with the RBI.

Foreign investment in investing companies that are registered as NBFCs with the RBI (other than CICs) is permitted up to 100% under the automatic route (i.e., without prior government approval), as they are already regulated by RBI

vi. Foreign investment methods in India

Foreign investment in India can be undertaken through the following ways, subject to compliance with the FDI policy as framed by DPIIT and FEMA:

a. Issuance of permissible instruments by a company

An Indian company may issue equity instruments to a non-resident investor. For sectors under the automatic route, this issuance can be against the swap of existing equity instruments, import of capital goods or machinery, or for pre-operative/pre-incorporation expenses, subject to reporting requirements. If the sector requires government approval, such swap, import, or expense-based issuances also fall under the approval route.

b. **Acquisition by way of transfer of existing shares**

Non-resident investors may also invest by purchasing or acquiring existing permissible instruments from Indian or other non-resident shareholders.

- **Non-resident to non-resident:** A person resident outside India can transfer (by sale or gift) equity instruments to another person resident outside India. Prior government approval is needed if the company is in a sector requiring such approval.
- **Non-resident to resident:** A person resident outside India can transfer equity instruments to a person resident in India.
- **Resident to non-resident:** A person resident in India can transfer (by sale) equity instruments to a person resident outside India. Prior government approval is needed if the company is in a sector requiring such approval. A gift from a resident to a non-resident requires prior RBI approval.
- **On the stock exchange:** A person resident outside India can sell listed equity instruments (held on a repatriable basis) on a recognised stock exchange in India, as per regulations prescribed by SEBI.
- **-NRI/OCI (non-repatriation basis):** Investments by an NRI or an OCI on a non-repatriation basis are deemed to be domestic investment. This includes investments made through a company, trust, or firm incorporated outside India but owned and controlled by NRIs or OCIs.

vii. **Foreign investment pricing guidelines**

The law establishes specific pricing guidelines for the issuance (subscription) and transfer (acquisition) of equity instruments to or by non-residents.

a. **Issue of equity instruments**

The price of equity instruments issued to a non-resident shall not be less than (a floor price) the following:

Entity / Instrument Type	Minimum Price (Floor Price)
Listed company	The price as determined by the relevant SEBI guidelines.
Delisting company	The offer price discovered through the book-building process under the SEBI Delisting Regulations.
Unlisted company	The value determined by an internationally accepted pricing methodology. This must be certified by a SEBI-registered merchant banker, a chartered accountant, or a practicing cost accountant.
Convertible instruments	The price or conversion formula must be determined upfront. The final conversion price cannot be lower than the fair value calculated at the time the instrument was issued.
Rights issue (unlisted)	The price cannot be less than that offered to resident shareholders.
Subscription to memorandum of association	Investments made by eligible non-residents subscribing to a company's memorandum of association may be done at face value.

b. Transfer of equity instruments from a resident to a non-resident

The transfer price shall not be less than (a floor price):

Entity Type	Minimum Price (Floor Price)
Listed company	The price determined by SEBI guidelines. For a private arrangement, the price must meet the minimum pricing for a preferential allotment under SEBI guidelines.
Delisting company	The price determined under the relevant SEBI regulations.
Unlisted company	The value determined by an internationally accepted pricing methodology, certified by a chartered accountant, cost accountant, or SEBI-registered merchant banker.

c. Transfer of equity instruments from a non-resident to a resident

The transfer price must not exceed (a cap price):

Entity Type	Maximum Price (Cap Price)
Listed company	The price determined by SEBI guidelines. For a private arrangement, the price cannot exceed the price associated with a preferential allotment.
Delisting company	The price determined under the relevant SEBI regulations.
Unlisted company	The value determined by an internationally accepted pricing methodology, certified by a chartered accountant, cost accountant, or SEBI-registered merchant banker.

d. LLPs

- Investment (capital contribution or acquisition) shall be for a price ≥ the fair price, certified by a chartered accountant, cost accountant, or approved valuer.
- Transfer from resident to non-resident: Price must be ≥ fair price.
- Transfer from non-resident to resident: Price must be ≤ fair price

e. Partly paid shares and share warrants

The price (or conversion formula for warrants) shall be determined upfront. The conversion price for warrants cannot be less than the fair value at the time of the warrant's issuance

viii. Approvals required for sale of foreign investment

Certain transfers of equity instruments by way of sale from residents to non-residents require prior permission.

a. Prior RBI approval

Indicative instances where prior permission from the RBI is required include:

- Pricing guideline deviation: When the transfer price does not conform to the pricing guidelines prescribed under the law and does not fall within any provided exceptions.

- Deferred payment/indemnity: In cases where the non-resident investor seeks to defer the payment of consideration or requires indemnity from the seller, on terms not otherwise permitted by the law.

b. Prior government or RBI approval

The following indicative instances of transfer require prior permission from the Competent Authority or RBI, as applicable

- **Government route sectors:** Transfer of equity instruments in companies engaged in sectors falling under the government approval route, especially if the transfer results in a change or transfer of control from resident Indian citizens to non-residents.
- **Breach of sectoral cap:** Any transfer that would result in the foreign investment in the Indian company breaching the applicable sectoral cap.
- **Non-repatriation basis:** The transfer of equity instruments held on a non-repatriation basis by an NRI/OCI to a non-resident (who is not an NRI/OCI), if the company is in an approval route sector

5. Foreign Portfolio Investor

i. FPI registration eligibility

To be registered as a FPI under the law, an applicant must meet several base conditions. The person must be a non-resident (not an NRI or OCI) and be a resident of a country whose securities market regulator is a signatory to the IOSCO Multilateral MoU or holds a bilateral MoU with SEBI. It is important to note that NRIs, OCIs and resident Indians may be constituents of the applicant (i.e., part of the fund structure), provided they meet specific conditions set by SEBI.

Registration categories

Eligible applicants are registered under the following categories:

- **Category I FPIs:** This category is generally for low-risk and regulated entities, including:
  - Government and government-related investors (e.g., central banks, sovereign wealth funds, multilateral organizations).
  - Pension funds and university funds.
  - Appropriately regulated entities such as banks, insurance companies, asset management companies, investment managers, and broker-dealers.
  - Entities from financial action task force (FATF) member countries, including:
    - Appropriately regulated funds.
    - Unregulated funds, if their investment manager is regulated and registered as a Category I FPI (and undertakes responsibility for the fund).
    - University endowments (in existence for > 5 years).
  - An entity whose investment manager (from an FATF country) is registered as a Category I FPI and undertakes responsibility.
  - An entity 75% owned by another Category I eligible entity (from an FATF country), provided the parent entity undertakes responsibility

- **Category II FPIs:** This includes all applicants not eligible under Category I, such as:
  - Appropriately regulated funds that do not meet Category I criteria.
  - Endowments, foundations, and charitable organizations.
  - Corporate bodies and family offices.
  - Individuals.
  - Unregulated funds (e.g., limited partnerships and trusts) that do not qualify under the Category I criteria.

ii. FPI investment Advantages

Investing as an FPI is typically the preferred route for portfolio investments for these main reasons:

- It provides the ability to buy and sell securities on the stock exchanges without prior regulatory approval and without the pricing restrictions that are applicable to FDI investors.
- It is a more efficient mode of acquisition for secondary investments in listed securities compared to the FDI route as there are lesser compliance requirements compared to FDI.

iii. Restrictions on FPI investments

While registered FPIs can generally buy, sell, and repatriate capital and gains, their investments are subject to several important restrictions and norms. These include:

a. Transaction and holding norms

- **Process:** FPI transactions must, in most cases, be executed through SEBI-registered stock brokers.
- **Demat form:** FPIs are required to deal only in dematerialized securities. An exception exists for shares held in physical form before September 23, 2019, if they cannot be dematerialized.
- **Debt instruments:** Investments in debt securities must comply with any additional terms, conditions, or directions specified by SEBI or the RBI.

b. Investment limits

- The total holding by a single FPI or its investor group shall be less than 10% of the company's total paid-up equity capital (on a fully diluted basis).
- This "less than 10%" cap also applies to the paid-up value of each series of debentures, preference shares, or warrants.

c. Aggregate limit

- The total holding of all FPIs together is limited to the sectoral cap applicable under the FDI Policy and NDI Rules.
- An Indian company may, by a board resolution and a subsequent special resolution, increase this aggregate limit up to the sectoral cap (e.g., from a previously set lower limit of 24%, 49%, or 74%). Once a company increases this limit, it cannot reduce it again.
- For any Indian company in a sector where FDI is prohibited, the aggregate FPI limit is capped at 24%.

6. Foreign venture capital investor

An FVCI (foreign venture capital investor) is an investor incorporated and established outside India. This investor must be registered under the relevant SEBI regulations and undertake its investments in accordance with those specific regulations. SEBI serves as the nodal agency responsible for providing this registration.

i. Advantages of the FVCI route

The FVCI route is generally preferred for investments in unlisted Indian companies and offers the following primary benefits:

- **Pricing freedom:** An FVCI can make and dispose of investments at negotiated prices. These transactions are not subject to the RBI's pricing regulations, and consequently, there is no limit on the returns for the investor.
- **Start-up flexibility:** An FVCI is permitted to invest in equity, equity-linked instruments, or debt instruments issued by an Indian 'start-up' (private companies as recognised by DPIIT), irrespective of the sector in which that start-up operates.
- **No IPO lock-in:** Pre-IPO share capital held by an FVCI is not subject to the standard six-month lock-in period after an IPO, provided the FVCI has held those shares for a minimum period of six months. For shares acquired via conversion, the holding period of the convertible securities is included in this six-month calculation.
- **QIB status:** FVCIs registered with SEBI are automatically granted Qualified Institutional Buyer status. This makes them eligible to subscribe to securities at an IPO through the book-building route.
- **Takeover regulation exemption:** Certain open offer obligations under the SEBI Takeover Regulations do not apply to an FVCI when it transfers shares to the promoters of the target company, provided it is done pursuant to an agreement

ii. FVCI investment restrictions

FVCI investments are subject to the SEBI FVCI Regulations and other foreign investment rules. The primary limitations include:

- **Investible funds and asset compositio**
  - An FVCI must designate its investible funds for India at the time of registration, and the investment conditions must be met by the end of its life cycle.
  - At least 66.67% of investible funds must be invested in unlisted equity shares or equity-linked instruments (like convertible debentures or preference shares) of venture capital undertakings (VCUs). A VCU is an Indian company not listed on a stock exchange and not engaged in specified prohibited businesses
  - No more than 33.33% of investible funds may be invested in other instruments, including:
    - Subscription to an IPO of a VCU.
    - Debt instruments of a VCU in which the FVCI already holds an equity stake.
    - Preferential allotment of equity shares in a listed company (subject to a one-year lock-in).
    - Special purpose vehicles set up for facilitating investment.
- **Other investment channels:** An FVCI can invest its total committed funds into one VCF

(venture capital fund) or a Category I AIF (alternative investment fund), or in units of a scheme set up by either.

- **Sectoral restrictions:** An FVCI cannot invest in securities of a VCU engaged in:
  - Most of the categories of NBFCs (non-banking financial companies).
  - Gold financing.
  - Any other activity not permitted under the industrial policy of the GOI.

FVCIs are permitted to invest in unlisted companies engaged in a list of 10 prescribed sectors. These include biotechnology, IT (hardware/software), nanotechnology, pharmaceuticals (R&D of new chemical entities), seed research, dairy, poultry, bio-fuels, large-scale hotel-cum-convention centres, and the infrastructure sector (per the harmonised master list).

iii. Relaxations in foreign investments for start-ups

In effort to promote the ease of doing business and support entrepreneurship, the RBI has introduced specific relaxations to attract foreign investment into start-ups

a. FVCI investments in start-up

- **Sectoral flexibility:** FVCIs registered under the relevant SEBI regulations are now permitted to invest in start-ups irrespective of the sector they are engaged in.
- **Instrument flexibility:** This investment can be in the form of equity, equity-linked instruments, or debt instruments.
- **Conditions:** If the investment is in equity instruments, the standard sectoral caps, entry routes and attendant conditions will still apply.
- **Pricing freedom:** FVCIs are permitted to acquire or transfer any security or instrument to or from any resident or non-resident at a price mutually acceptable to the parties.

b. Convertible notes for start-ups

- **New instrument:** Foreign investors may purchase convertible notes issued by start-up companies.
- **Minimum investment:** The investment shall be for an amount of INR 25 lakhs or more in a single tranche.
- **Exclusions:** This route is not available to entities or persons registered in or citizens of Pakistan and Bangladesh.
- **Conversion:** The issue of shares against such convertible notes must be done in accordance with the laws.
- **Transfer pricing:** Unlike the FVCI relaxation, the transfer (sale) of these convertible notes by a non-resident to any other person (resident or outside India) must adhere to the pricing guidelines prescribed by the RBI.

7. Lending in India: ECB norms

Under the ECB norms, only recognized non-resident entities can lend to eligible residents in India. All ECBs must conform to parameters such as minimum average maturity period (MAMP), permitted end-uses, and a maximum all-in-cost ceiling. Most debt instruments, including non-convertible or optionally

convertible debentures, are considered 'debt' and fall under this regime. The primary exclusion is for fully and compulsorily convertible debentures, which are treated as FDI. ECBs may be availed under two routes

- **Automatic route:** Applications are examined by authorised dealer category- I banks, as designated by RBI.
- **Approval route:** Applications are examined by the RBI.

ECBs can be denominated in either foreign currency or in Indian Rupees.

i. Recognized non-resident entities

- Lenders must be residents of an FATF or IOSCO-compliant country.
- Multilateral and regional financial institutions where India is a member.
- Individuals are permitted only if they are foreign equity holders or are subscribing to bonds/debentures listed abroad.
- Foreign branches/subsidiaries of Indian banks are permitted, but only for foreign currency denominated ECB (with some restrictions).

ii. Forms of ECB

- Loans (including bank loans)
- Floating/fixed rate notes, bonds, or debentures (that are not fully and compulsorily convertible)
- Trade credits beyond three years
- Foreign Currency Convertible Bonds (FCCBs)
- Foreign Currency Exchangeable Bonds (FCEBs)
- Financial Lease

iii. Financial norms

- The ECB norms prescribes a maximum 'all-in-cost ceiling' (i.e., interest rate and other fees) for ECBs, which is a specified spread over a benchmark rate.
- This includes the rate of interest, other fees, expenses, charges, and guarantee fees. It does not include commitment fees or withholding tax.
- Ceiling:
  - **Foreign currency ECBs:** Benchmark rate + 500 bps sprea
  - **Rupee ECBs:** Benchmark rate (prevailing G-Sec yield) + 450 bps spread.

iv. Minimum average maturity period (MAMP)

The standard MAMP for an ECB is three years. However, this varies based on the purpose:

- **1 year:** For manufacturing companies raising up to USD 50 million per year.
- **5 years:** If the ECB is from a foreign equity holder and is used for working capital, general corporate purposes, or repayment of Rupee loans.
- **7 years:** For repayment of Rupee loans that were taken for capital expenditure.

- **10 years:** For working capital or general corporate purposes (not restricted to foreign equity holders), or for repaying Rupee loans taken for purposes other than capital expenditure.

v. **End-use restrictions**

- ECB proceeds cannot be utilized for:
  - Real estate activities.
  - Investment in the capital market.
  - Equity investment.
- Importantly, proceeds shall be used for working capital, general corporate purposes, and repayment of Rupee loans, but only if the ECB complies with the higher MAMP requirements (5, 7, or 10 years) specified for those purposes

vi. **ECB for start-ups**

A separate, more relaxed framework exists for eligible start-ups under the automatic route.

- **Amount:** Up to USD 3 million (or equivalent) per financial year.
- **Forms:** Can be in the form of loans or non-convertible, optionally convertible, or partially convertible preference shares.
- **All-in-Cost:** No ceiling is prescribed; this can be mutually agreed upon.
- **End-Use:** No restrictions; proceeds may be used "for any expenditure in connection with the business of the borrower."
- **Lender:** Must be from an FATF-compliant country (foreign branches of Indian banks are not permitted as lenders under this specific framework).

8. Financing for leveraged acquisitions in India

The RBI, on October 24, 2025, has proposed draft norms (the Commercial Banks - Capital Market Exposure Directions, 2025) that will permit Indian banks to finance M&A transactions directly. As per these draft norms:

- Banks will be allowed to finance up to 70% of the total acquisition value and the acquirer will be required to fund the remaining 30% from their own equity.
- As per the draft, this financing is intended for listed companies that have been profitable for the previous three years.
- The primary security for the loan will be the shares of the target company being acquired.
- The bank's total exposure to acquisition finance will be capped at specified threshold, for e.g., at 10% of bank's Tier-1 capital.

9. Repatriation limits on payments

i. **Dividends:** There are no restrictions specific to non-residents for the remittance of dividends. Once dividends are declared, the amount (net of applicable taxes) can be remitted freely to foreign investors through normal banking channels.

ii. **Royalty:** All remittances for royalty fall under the automatic route.

iii. **Consultancy fees:** Prior approval from the RBI is required for remittances exceeding certain limits for consultancy services procured from outside India:

- USD 1 million per project for most consultancy services.
- USD 10 million per project for consultancy services related to infrastructure projects.

This approval is not required if the payment is made out of funds held in the remitter's resident foreign currency (RFC) account or exchange earners' foreign currency (EEFC) account.

iv. **Debt instruments:** Non-convertible or optionally convertible preference shares and bonds are treated as ECB, and any interest paid on them must be within the rate limits provided in the ECB policy.

10. Stages for accessing capital

Companies typically seek to access capital at several distinct points in their growth cycle. At initial stage, capital is required for the company's incorporation and initial set up. At establishment phase, the company may seek funding through various placements, such as:

- venture capital placements;
- strategic placements;
- private equity placements; and
- IPO and pre-IPO placements.

Further, at post-listing stage, a company may use follow-on offerings to raise further capital. These offerings have two main forms:

- Domestic offering such as follow-on public offer, rights issues, bonus issues, qualified institutions placements, or preferential allotments; and
- International offering such as global depository receipt (GDR), American depositary receipt (ADR), or foreign currency convertible bonds (FCCBs)

11. Seller's exit options

i. Off-market transaction

A seller has several common methods for exiting an investment in an Indian company. One primary method is a negotiated sale executed off the stock exchange. A non-resident seller can transfer equity instruments to another non-resident (this includes NRIs/OCIs holding shares on a repatriation basis) and a non-resident can transfer shares to a person resident in India, by sale or gift, which remains subject to compliance with pricing guidelines and reporting requirements under the law.

ii. Stock exchange

For listed companies, a non-resident seller may sell their investment directly on the stock exchange. If this sale occurs at the prevailing market price, the proceeds are generally freely repatriable, subject to applicable taxes and law. For larger, pre-arranged transactions with an identified buyer, the 'block trade' window may be utilized. This mechanism requires a minimum order value and the transaction price shall be within a narrow band of the reference price.

iii. IPO and ADR/GDR options

A seller in an unlisted company may have the right to require the company to conduct an IPO. This allows the seller to participate in an offer for sale during the listing process or sell shares thereafter,

which shall be subject to SEBI regulations. For listed companies, a seller might require the company to facilitate a sponsored ADR/GDR program, where the seller's existing shares (rather than a new issuance) form the basis of the depository receipts.

iv. Buy-back

A seller may also exit via a buy-back by the target company. This action is subject to significant restrictions, including a cap and shareholder approval for larger buy-backs. For non-resident shareholders, any buy-back shall also comply with foreign exchange laws. Furthermore, a delisting of the company's shares, governed by SEBI regulations, also provides a mandatory exit opportunity for shareholders.

As a general rule, profit remittance from investments made on a repatriable basis (FDI route) is permitted, subject to law. However, in specific sectors with lock-in restrictions, a non-resident investor may be permitted to transfer their stake to another non-resident during the lock-in period, but this transfer would be without the right of repatriation.

12. Shareholder agreements on governance

In practice, acquirers typically enter into shareholders agreements with company's other shareholders to establish the terms for the operation and management of the company. This agreement records the mutual rights and obligations inter se the parties. Standard provisions often cover the manner of company governance, the right to appoint directors, affirmative voting rights, restrictive covenants, and transfer restrictions on shares.

While the enforceability of transfer restrictions in public companies was historically subject to judicial scrutiny, the law clarifies that any contract between persons regarding the transfer of securities is enforceable as a contract inter se the parties. It is crucial to note that if such a company undertakes an IPO, any special rights granted to shareholders, including those related to governance and share transfers, shall cease to exist from the date the equity shares are listed on the stock exchanges.

These special rights may be revived post-listing, but this requires the approval of the company's shareholders by way of a special resolution. This approval process shall be repeated once every five years, starting from the date the special right is granted. Furthermore, listed entities with SR equity shares (superior voting rights) are subject to higher standards of corporate governance under the SEBI regulations. Additionally, agreements entered into by key parties (such as shareholders, promoters, directors, or key managerial personnel) to which the listed entity is not a party, shall be notified by those parties to the listed entity within two working days of the agreement.

13. Due diligence prior to investment

i. General practice

Conducting legal, financial, or tax due diligence is common practice before investing in private and public unlisted companies. This exercise may also be undertaken for a listed company, though it remains subject to the provisions of the SEBI regulations relating to insider trading.

ii. Access to public information

Certain company information is part of the public record and can be accessed from appropriate authorities upon payment of necessary fees. Companies also maintain specific records at their registered offices for shareholder review. Notably, the quantum and quality of publicly available information is significantly more extensive for publicly listed companies than for private ones.

C. Setting up operations in India

1. Types of entities that can be set up in India for business

In India, business ventures can operate as a sole proprietorship, a partnership, a LLP or an incorporated company. Additionally, non-residents may conduct certain limited business activities through a branch office, liaison office or project office.

i. Forms of business ventures

Entity Type	Key Characteristics	Foreign Investment Rules
Sole Proprietorship	• Usedbyindividuals. • Owner has unlimited personal liabilityforallprofitsandlosses. • uitedforsmall-scaleoperations.	• NRIs/PIOs: - Non-Repatriation: Allowed (automatic, subject to conditions). - Repatriation: Requires prior RBI approval. • Other Non-Residents: Requires prior RBI approval
Partnership Firm (General)	• Regulated under the PartnershipAct(astatute) • Partnershaveunlimitedliability	• NRIs/PIOs: -Non-Repatriation: Allowed (automatic, subjecttoconditions). - Repatriation: Requires prior RBI approval. • Other Non-Residents: Requires prior RBI approval
Limited Liability Partnership (LLP)	• Regulated under the LLP Act, 2008. • Liabilityof partnersislimited.	• Eligibletoreceive FDI underthe automatic routeonlyif: - It operatesinasectorwhere100%FDIis permittedviatheautomaticroute;and - There are no FDI-linked performance conditions
Company (Private or Public)	• Incorporated entity (private, public,orone-person). • Canbelistedorunlisted. • This is the most common structure for large-scale operations and foreign investment.	• While there are no minimum capital requirements for incorporation, specific foreign investment regulations may still require minimum capitalisation for certain businesses.

ii. Establishment of offices in India

A branch office, liaison office, or project office can be established by a non-resident as an extension of the non-resident entity which lacks a separate legal identity.

Foreign companies (companies which are incorporated outside India) require prior approval from RBI or an authorised dealer bank to set up branch offices, project offices, or liaison offices. However, RBI approval is not required for:

a. Banking companies that have obtained approval under the Banking Regulation Act (a statute);

b. Companies establishing branch offices/units in special economic zones (SEZs) for manufacturing and service activities, subject to satisfaction of certain conditions;

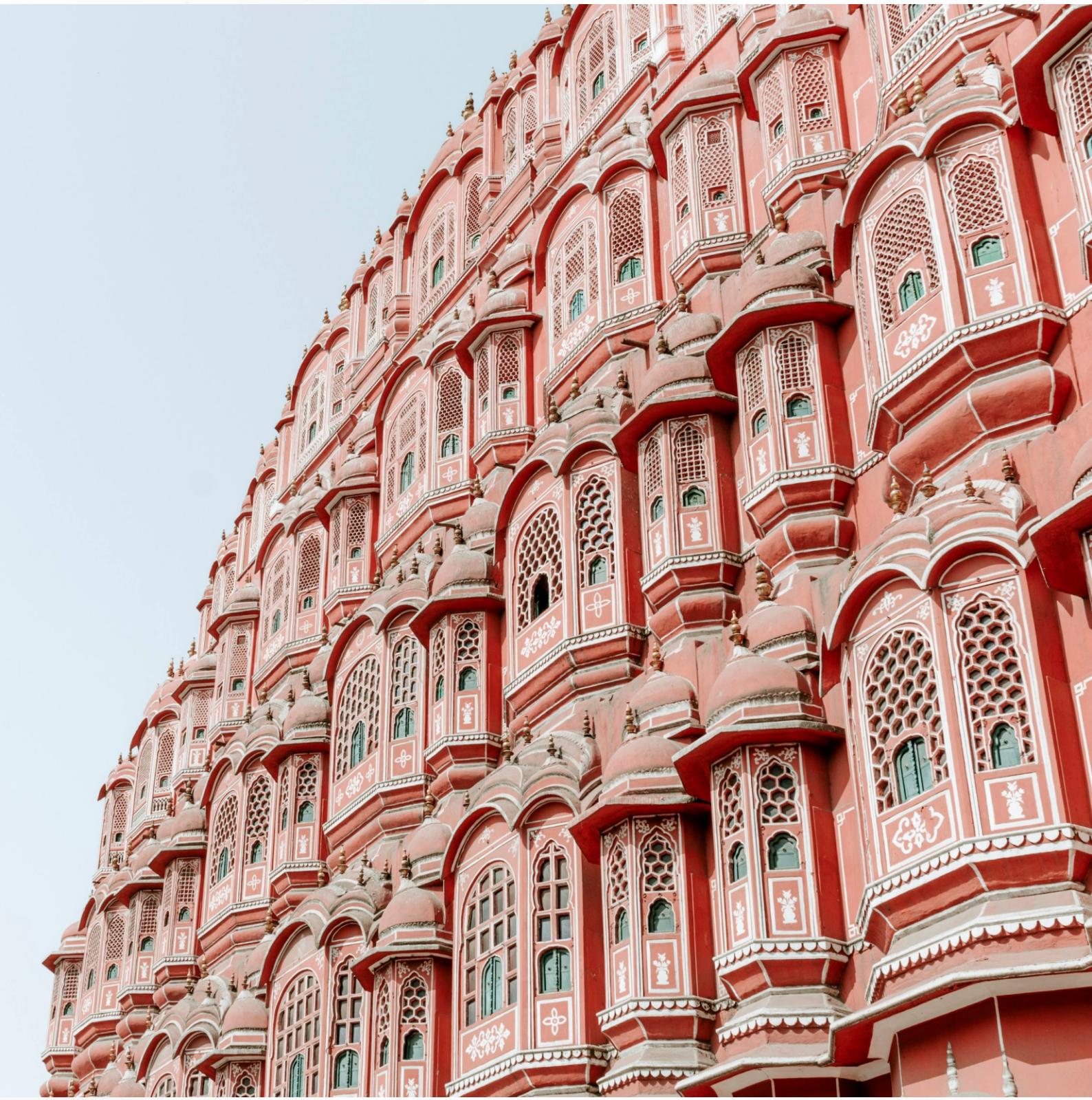
c. Insurance companies establishing liaison offices, if they have approval from the Insurance Regulatory and Development Authority (IRDA), the regulator of insurance businesses in India

Branch office	Liaison office	Project office
Any establishment that the company itself describes as a branch office.	A place of business that serves as a channel of communication between its head office (or principal place of business) and entities in India.	A place of business in India established to represent the interests of a foreign company that is executing a project in India, provided it is not a liaison office.
To be eligible to open a branch office, the entity must have: a. profit-making track record in its home country for the immediately preceding five financial years; and b. net worth of at least USD 100,000 or its equivalent.	To be eligible to open a liaison office, the entity must have: a. profit-making track record in its home country for the immediately preceding three financial years; and b. net worth of at least USD 50,000 or its equivalent	To be eligible to open a project office, the entity must have secured a contract from an Indian company to execute a project in India, and the project must meet one of the specified conditions.
Permitted activities for a branch office in India of a person resident outside India: a. Export/import of goods. b. Rendering professional or consultancy services. c. Carrying out research work in which the parent company is engaged. d. Promoting technical or financial collaborations between Indian companies and parent or overseas group company. e. Representing the parent company in India and acting as buying/ selling agent in India. f. Rendering services in Information Technology and development of software in India. g. Rendering technical support to the products supplied by parent/group companies. h. Representing a foreign airline/shipping company.	Permitted activities for a liaison office in India of a person resident outside India: a. Representing the parent company / group companies in India. b. Promoting export / import from/to India. c. Promoting technical/ financial collaborations between parent / group companies and companies in India. d. Acting as a communication channel between the parent company and Indian companies.	Permitted activities for a project office are limited to those directly related to the execution of a specific project for which it was established.

iii. Restrictions on business activities in India.

The restriction on business activities depends on how a business is set up in India, and if such business is injected with foreign investment or not. While an Indian company is generally free to conduct any business activities specified in its charter documents, a specific restriction applies if it has received foreign investment. In such a case, the company must engage only in those activities which are open for foreign investment

Further, the scope of business for a non-resident entity's branch, liaison, or project office is strictly limited. They are only allowed to conduct the activities specifically stated.



D. Companies in India

1. The company advantage, most preferred vehicle for foreign investment

Sole proprietorships and partnership firms are generally unsuitable. Their primary drawback is unlimited personal liability, which exposes an investor's personal assets to the business's debts. A LLP, while offering the crucial benefit of limited liability, is highly restrictive for foreign investment. An LLP can only receive FDI under the automatic route in sectors where 100% FDI is permitted and where there are no FDI-linked performance conditions. This immediately disqualifies LLPs from participating in many key sectors of the Indian economy where FDI is permitted but is capped or requires government approval.

The company structure is the most preferred vehicle for foreign investment because the entire Indian foreign investment policy is designed around it. It has the most relaxations and provides the clearest, most established path for foreign capital. A company can receive foreign investment in all permissible sectors, whether they fall under the automatic route or the government approval route. This provides maximum flexibility.

Furthermore, the structure of a company is governed by a robust and detailed law (the Companies Act, 2013) that provides a globally recognized framework that mandates higher standards of corporate governance, transparency, and reporting. It offers a clear structure for board management, shareholder rights, and future scalability (like raising more capital or listing on a stock exchange).

2. Regulation of companies in India

The Companies Act, 2013 is the primary legislation for companies in India. It introduced enhanced corporate governance standards regarding independent directors, audit, Corporate Social Responsibility (CSR), mandatory valuation for private placements, cross-border mergers, and class action suits.

In addition to the Companies Act, listed or proposed to be listed companies shall also comply with the regulations framed by Securities Exchange Board of India (SEBI), including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The type of business activity being conducted may trigger regulation of certain laws.

3. Types of companies in India

For doing business in India a company may be incorporated as private company, public company or one person company. The table below describes the key differences between such companies.

Private Limited Company	Public Limited Company	One Person Company
Number of members		
Minimum: 2 | Maximum: 200	Minimum:3 | Maximum:15	Minimum:1 | Maximum:15
Public deposits		
Free to accept deposits only from its members, directors and its relatives	Free to accept publicdeposits	No such requirement
Transferability of shares		
Not freely transferrable	Freely transferrable	No such requirement
Issue of securities to public		
Not permitted	Permitted	No such requirement
Managerial remuneration		
Not subject to any limits or restrictions	Subject to certain limits or restrictions	Not subject to any limits or restrictions

In India, companies may be limited by shares (having share capital), limited by guarantee (not necessary to have share capital) or unlimited, wherein there is no limit on the liability of the members. Further, a public company may be a listed company or an unlisted company. In India, the most prevalent corporate structure is the company limited by shares.

4. Form and ownership of shares

i. Types of shares

The Indian law allows two types of shares that may be issued by an company. These are:

- Equity shares, which includes the voting right and dividend right. It may have differential rights as to voting, dividend and/or otherwise. Shares having differential voting rights are subject to certain regulations.
- Preference shares which places a preference over equity shares in terms of fixed dividend. If separately provided, the preference shareholders may have voting and/or other rights. Depending on their specific terms, preference shares may be categorized as follows:
    a. **Cumulative or Non-Cumulative:** Indicates whether unpaid dividends are carried forward and payable in subsequent years.
    b. **Participating or Non-Participating:** Determines whether the holder is entitled to share in surplus profits beyond the fixed dividend.
    c. **Redeemable or Irredeemable:** Refers to whether the company has the option or obligation to repurchase the shares after a specified period.
    d. **Convertible or Non-Convertible:** Specifies whether the shares may be converted into equity shares at a later date

ii. Significant beneficial ownership

A significant beneficial owner is the individual who ultimately owns specified percentage of shares or rights of a company or control of a company, directly or indirectly through a chain of trusts or persons. The law mandates disclosure requirements for such individuals for promoting corporate transparency and preventing the misuse for illicit purposes by companies.

iii. Dematerialised form of shares

All the companies including private and public companies, except small companies, are required to issue the securities only in dematerialised form. Small company is a sub-type of private company, which is classified as such if the paid-up share capital and turnover of a private company does not exceed INR 4 crore and INR 40 crore respectively.

5. Protection of shareholders

i. Minority shareholders

The law does not define "minority shareholders". Instead, it provides several rights and protection to minority shareholders. These inter-alia include:

- Applying to the National Company Law Tribunal (NCLT) for relief against oppression;
- Class action suits;
- Blocking special resolutions such as amendments to charter documents, reduction of share capital, winding up, etc, which requires 75% of votes;
- Option to exit where an acquirer, post-restructuring by any means, holds 90% or more of the

issued share capital; and

- Appointment of small shareholder director in a listed company.

ii. Majority shareholders

Shareholders holding more than 50% of the issued share capital have the right to decide upon several matters of business through ordinary resolution, which requires approval of shareholders holding 50% value of share capital. The matters that can be passed by way of an ordinary resolution inter-alia include:

- Altering capital clause of the memorandum of association, provided the articles of association allows such alteration;
- Declaring dividend;
- Approving audited financial statements; and
- Appointing and fixing the remuneration of auditors.

Similarly, shareholders who hold 75% value of shares or more of the issued share capital have the right to decide upon several matters of business through special resolution, which requires approval of shareholders holding 75% value of share capital. The matters that can be passed by way of an special resolution include among the others:

- Altering the charter documents;
- Selling significant assets;
- Approving a buyback; and
- Reduction of share capital.

6. Foreign investment in Indian subsidiary

An Indian company may be funded by a non-resident or foreign entity in the following manners:

- Subscribing to securities or instruments such as:
  - Equity shares;
  - Preference shares that may be redeemable or non-redeemable and/or fully convertible, partially convertible, optionally convertible;
  - Debentures that may be redeemable or non-redeemable and/or fully convertible, partially convertible, optionally convertible;
  - Share warrants;
  - Convertible notes for investing in startups, eligible for tax benefits and lesser regulatory burden;
- Lending as per external commercial borrowing (ECB) norms.

7. Director: Appointment and obligations

i. Eligible individuals for appointment of director

The law of India allows an individual, i.e., a natural person, to be a director of the company. Such individual cannot hold more than 20 directorship at the same time provided the upper limit for directorship in public companies is 10. Further, a non-resident may be appointed as a director provided a minimum of one director of the company stays in India for at least 182 days during the financial year.

ii. Obligations of a director

Duties of directors are expressly stated under the Indian law. It includes:

- Acting in accordance with the articles of association of the company.
- Acting in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- Exercising duties with due and reasonable care, skill and diligence and independent judgment.
- Not involving in a situation in which the director may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- Not achieving or attempting to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners, or associates and if such director is found guilty of making any undue gain, such director shall be liable to pay an amount equal to that gain to the company.
- Not assigning his/her office and any assignment so made shall be void.

The duties for an independent director are in addition to a regular director's duties and are specifically detailed under the law. Other obligations of directors, inter-alia, include disclosures and reporting requirements such as disclosure of substantial shareholding in other companies.

8. Corporate social responsibility

The law mandates, the companies having crossed a certain threshold of net worth, turnover or net profit, to constitute a committee for corporate social responsibility and expend at least 2% of their average net profits of last three financial years. For companies which have not been in existence for three years, only the completed years are counted for calculation of the average net profits.

9. Corporate governance norms

The law, inter-alia, provides the following corporate governance norms:

- **Board appointments:** Mandatory appointment of independent directors and at least one woman director for certain companies.
- **Subsidiary boards:** At least one independent director from the parent listed company must also serve on the board of its material unlisted subsidiaries.
- **Shareholder representation:** Appointment of small shareholders' directors on the boards of listed companies.
- **Board committees:** Certain companies must form a nomination and remuneration committee, a stakeholders relationship committee and an audit committee.
- **Whistleblowing:** A mandatory vigil mechanism is required for certain companies, allowing employees and directors to report concerns with safeguards against victimization.
- **Key personnel:** Mandatory appointment of key managerial personnel (like managing director, chief executing officer, chief financial officer, etc.) for certain classes of companies.
- **Transactions:** Stringent policies for related party transactions and inter-corporate transactions.
- **Accounting:** Compliance with prescribed accounting standards.
- **Rotation:** Mandatory rotation of independent directors and auditors after their term.

- **Audits:** Secretarial audits are required for the company and its material unlisted subsidiaries.
- **Minority rights:** Various minority protection measures as discussed above.

Listed companies and their subsidiaries shall also comply with the following norms:

- **Board composition:** Companies shall have a specific number of independent, non-executive directors (at least 50% of the board must be non-executive directors) and at least one woman director.
- **Board composition:** The top 1,000 listed entities shall also have at least one independent woman director.
- **Board committees:** Companies shall create committees for audit, stakeholders, and risk assessment.
- **Reporting requirements:** Companies shall report board meeting outcomes, specific events to stock exchanges, and submit quarterly corporate governance compliance reports.
- **Monitoring transactions:** Companies shall periodically review the related party transactions policy. The audit committee must pre-approve these transactions, and material related party transactions require a shareholders resolution.
- **Internal control:** The audit committee shall review the financial statements of subsidiaries. The CEO and compliance officer must report any deficiencies in internal controls to the audit committee.

10. Voting through proxy

A member of a company who is entitled to attend and vote at a meeting can appoint another person as their proxy to attend and vote, subject to specific compliances. However, for companies having a share capital, a proxy is not entitled to speak at the meeting and can only vote on a poll. An exception exists for private companies if their articles of association provide otherwise. For companies without a share capital, i.e., a company limited by guarantee, the articles of association may prescribe restrictions that apply to proxies.

11. Electronic statutory meeting

The law permits board meetings to be held through video conferencing or other audio-visual means, provided the prescribed procedure is followed. Further, every listed company, or a company with 1,000 or more shareholders, are obligated to provide its members a facility to vote at general meetings by electronic means. Certain business, such as buy-back of shares or giving loans/guarantees in excess of specified limits, shall only be transacted by means of a postal ballot. This requirement does not apply to one person companies or companies with up to 200 members.

12. Restrictions on distribution of profits

The payment of dividends are required to be made from:

- Undistributed profits of the current or previous financial years (after providing for depreciation).
- Free reserves, provided the amount is first used to set off losses incurred in the financial year before any dividend on equity shares is declared.

A company cannot declare dividend if:

- It is paid from reserves other than free reserves.
- Carried over previous losses and depreciation not provided in previous years are not set off against the current year's profits
- It has failed to comply with provisions on the acceptance or repayment of deposits (this prohibits dividend payment on equity shares).

13. Getting listed

Specified securities (such as equity shares) may be listed through an initial public offering (IPO), which may be a public issue or an offer for sale as per the regulations prescribed by SEBI. An issuer may use either a fixed price or the book building process to determine the issue price. Companies undertaking an IPO are required to comply with several laws. A company is eligible for an IPO only if it meets several conditions, such as:

- **No debarment:** The company, its directors, promoters, promoter group, and selling shareholders shall not be debarred from accessing capital markets by SEBI.
- **Promoter/director status:** Its promoters and directors are not wilful defaulters, fraudulent borrowers or fugitive economic offenders.
- **No outstanding convertibles:** There shall be no outstanding convertible securities or rights to receive equity shares after the IPO (with exceptions for stock options and convertibles that convert before filing the red herring prospectus).
- **Financial track record:** The company shall meet certain financial criteria for the preceding three full years relating to their net tangible assets, average operating profit, net worth, etc.
- **Name change:** If the company changed its name in the last year, at least 50% of its revenue for that year shall come from the activity implied by the new name.
- **Alternative eligibility:** A company that fails the financial tests can still conduct an IPO if it uses the book building process and allots at least 75% of the net offer to qualified institutional buyers.

The IPO process:

- **Preparation:** The company performs vendor due diligence for doing assessment and getting ready for the IPO. Thereafter, it appoints SEBI registered merchant bankers, amends its articles of association and aligns its board with the SEBI regulations.
- **Filing:** A draft offer document (or draft red herring prospectus) is filed with SEBI and the stock exchanges.
- **Public review:** The draft red herring prospectus is made public for twenty-one days for comments.
- **SEBI observations:** SEBI issues its observations and company files a draft red herring prospectus showing all changes.
- ROC filing: After receiving in-principle approval from stock exchanges, the red herring prospectus (which includes the price band) is filed with the Registrar of Companies (ROC), a regulatory body for regulation of companies.
- **Bidding period:** The bidding period runs for a minimum of three and a maximum of ten working days. Retail bidders can bid at cut-off prices.
- **Price determination:** After bidding closes, the issuer and merchant bankers determine the final price using the book building process.
- **Final prospectus:** A final prospectus (with the final price and number of securities) is filed with the ROC.
- **Allotment & listing:** The issuer shall receive a minimum subscription of 90% of the issue size (for a fresh issue). If met, the issuer allots the specified securities and applies to the stock exchanges for final listing and trading approvals.

E. Private Equity funds in India

1. Foreign PE Investors

Foreign private equity (PE) investors are not recognized as a distinct category of foreign investor. The standard investment routes and conditions governing foreign investment in India are equally applicable to investments from foreign PE investors.

2. Forming a PE fund in India

It is possible to raise funds and establish a PE fund within India. This process involves registering the fund with SEBI as an 'alternative investment fund' (AIF). This registration is governed by the relevant regulations and is subject to fulfilling minimum corpus and other investment requirements.

These AIFs are classified into three distinct categories. Category I AIFs are funds designated for investment in areas considered socially or economically desirable by the government or regulators. This encompasses investments in start-ups, early-stage ventures, social ventures, small or medium enterprises, and infrastructure. Examples include venture capital funds, SME funds, social venture funds, and angel funds.

Category II AIFs include funds not classified under the other two categories. Finally, Category III AIFs are those that employ diverse or complex trading strategies. These funds may use leverage, including investments in listed or unlisted derivatives. This category commonly includes hedge funds, funds seeking short-term returns, or open-ended funds that do not receive specific incentives or concessions.

3. Non-resident investment in AIFs

Non-residents are permitted to invest in Indian AIFs, an activity which is regulated. These investments are subject to the general conditions that apply to foreign investment, such as pricing norms and sectoral caps. An AIF may also issue its units to a non-resident through a swap of equity instruments of a special purpose vehicle (SPV), in cases where the AIF proposes to acquire that SPV.

4. AIF investment with foreign capital

The ability of an Indian AIF to invest freely in India is contingent upon the status of its sponsor and investment manager. An investment by an AIF is classified as indirect foreign investment if the sponsor, manager, or investment manager is either owned and controlled by non-residents or is not owned and not controlled by resident Indian citizens. If these sponsors or managers are individuals, they are required to be resident Indian citizens for the AIF's downstream investment to be treated as domestic. This resulting indirect foreign investment is subject to specific conditionalities.

A specific restriction applies to a Category III AIF that has received foreign investment. It is permitted to make portfolio investments only in those securities or instruments that an FPI (Foreign Portfolio Investor) is also allowed to invest in.

5. Typical minority PE investor rights

While the precise spectrum of rights for a PE investor in a minority acquisition can vary based on deal-specific considerations, a typical gamut of rights is generally expected.

These rights often include governance provisions, such as the right to appoint nominee directors to the board and its committees, where the nominee's presence may be essential to constitute quorum. This is commonly paired with limited affirmative voting rights on a pre-defined list of reserved matters, alongside fundamental information and inspection rights.

Investors also typically secure protections for their shareholding and exit. This includes anti-dilution rights to prevent the dilution of their stake, and a liquidation preference, which ensures they receive a payout in

preference to other shareholders. A package of transfer rights is also common, such as pre-emptive rights, a right of first refusal, tag-along rights, and a right of first offer (which investors usually prefer).

The agreement will almost always contain a pre-decided exit mechanism, granting a clear path to liquidity, which can include an IPO, a strategic sale, or a buyback of shares.

6. Rights in a majority acquisition

While the full spectrum of rights for a PE investor can differ based on specific deal considerations, a typical gamut of rights in a majority acquisition is common. This primarily includes significant control provisions, such as the power to appoint the majority of the board of directors and their committees, with their presence often being essential for quorum. This control extends to appointing the chairman of the board (with or without a casting vote) and the company's key employees, supplemented by extensive affirmative voting rights on reserved matters.

Financial and shareholding protections are also standard. Anti-dilution rights are included to prevent the dilution of the investor's controlling interest. A liquidation preference is also typical, granting the investor a payout in preference to other shareholders in a liquidation event.

The rights package contains comprehensive transfer and exit provisions. These normally include pre-emptive rights, a right of first offer (which investors usually prefer), or a right of first refusal, alongside both tag-along and drag-along rights. A pre-decided exit mechanism is fundamental, identifying options like an IPO, a strategic sale, or a buyback. The investor also typically receives extensive information and inspection rights.

7. Typical affirmative veto rights

The scope of affirmative vote rights for a PE investor typically depends on their stake. An investor acquiring a majority stake generally possesses extensive rights, whereas a minority investor's rights are often relatively limited.

These rights commonly cover fundamental corporate and capital matters. This includes any issuance of securities, variation of share capital or classes of securities and the declaration of dividend. They also extend to major structural changes like any listing, merger, demerger, scheme of arrangement, voluntary liquidation, or other forms of restructuring, as well as any amendment or restatement of the company's charter documents (the articles or memorandum of association).

Veto rights are central to financial and asset management. This encompasses the incurrence of material indebtedness, the creation of security over the target's assets, and the redemption of preference shares. Investors also typically have a say over the sale, lease, license, or disposal of any material assets, undertakings, businesses, or subsidiaries. Further, these rights apply to the appointment or termination of auditors and any change in accounting, tax, or revenue recognition practices.

Investors usually seek control over strategic business direction. This includes vetoes on undertaking acquisitions or joint ventures, the commencement of any new line of business, substantially changing the business, or shutting down an existing business line. Rights also cover entering into, amending, or terminating material contracts and any new or amended related party transactions.

Finally, the rights often cover key personnel and legal matters, such as the appointment or termination of key employees and the commencement or settlement of any material litigation, claim, or proceeding.

8. Negative covenant limitations

Negative covenants in a shareholder's agreement usually include non-compete, non-solicitation, confidentiality and anti-disparagement obligations.

Under the relevant law, contracts that are deemed 'in restraint of trade' are considered void and unenforceable, non-compete contracts are questionable on this basis. An exception exists for non-compete contracts related to the sale of goodwill, which are expressly enforceable. However, even these are subject to limitations on geography, time and scope.

Despite the limited enforceability of non-compete clauses in India, they remain a standard provision in PE investment agreements. Their primary purpose is to restrict the promoter group from indulging in any competing business.

9. PE investor exit options

The selection of an exit route is influenced by several considerations. These factors include the target company's performance, its valuation, pricing considerations, tax implications, and any guaranteed returns. The exit options typically available to a PE investor include:

- An IPO
- A third-party sale
- A strategic sale
- A financial sale
- The exercise of a put option

F. Takeover laws in India: An overview

1. Overview of takeover regulations

The regulations governing substantial acquisitions and takeovers in India apply to publicly listed companies ("Targets"). These rules, known as the SEBI Takeover Regulations, are primarily designed to ensure fair treatment and an exit opportunity for public shareholders when a significant change in ownership or control occurs.

2. Triggers for a mandatory tender offer

A mandatory tender offer (also called an open offer) is triggered under three main circumstances. The first and most common trigger is when an "acquirer", together with any "persons acting in concert" (PACs), seeks to acquire shares or voting rights that would entitle them to 25% or more of the Target. PACs are persons cooperating towards the common objective of an acquisition, and their shareholdings are aggregated for all calculations. The second trigger, known as "creeping acquisition", applies to shareholders who already hold between 25% and 75% of the Target; such persons can only acquire up to an additional 5% of the voting rights in any single financial year. Acquiring more than 5% in one year triggers a mandatory offer. The third trigger is the acquisition of 'control' over the Target, which is defined as the right to appoint a majority of the directors or to control management or policy decisions, irrespective of whether any shares are actually acquired.

3. Application to indirect acquisitions

These takeover obligations apply to both direct and indirect acquisitions. An indirect acquisition, such as acquiring an overseas company that in turn holds a significant stake in the Indian Target, will also trigger an open offer.

4. Mandatory offer mechanics and pricing

When a mandatory offer is triggered, the acquirer is required to make an offer to all public shareholders to purchase a minimum of 26% of the Target's total shares. Hostile and competitive offers are permitted. If a competing bid is made, all offers are run on an identical timeline to ensure a level playing field. The offer price is not discretionary, it is regulated and set at the highest of several metrics, including the price negotiated for the trigger transaction, the highest price paid by the acquirer in the preceding twenty-six weeks, and the sixty days average market price. Payment can be made in cash, listed securities, or a combination. However, a cash option is required if the acquirer paid cash for more than 10% of the Target's shares in the fifty-two weeks prior to the offer.

5. Obligations of the target company

During the offer period, the Target's board is required to remain neutral and must conduct business only in the ordinary course. A committee of independent directors is required to provide a reasoned recommendation on the offer to the shareholders. The Target is generally prohibited from taking any "frustrating" actions, such as issuing new shares, selling material assets, or changing its capital structure without a special resolution from its shareholders. An acquirer may also state an intent to delist the Target as part of the open offer, which then integrates the delisting regulations into the process.

6. Exemptions from the open offer

While the obligation to make an offer is strict, certain exemptions are available. These include inter-se transfers between promoters or long-term PACs, acquisitions through inheritance, or acquisitions made pursuant to a resolution plan or a court-approved scheme of arrangement (like a merger). SEBI also retains the power to grant specific, case-by-case exemptions.

G. Insider trading

1. The core prohibition

The primary rule is that an "insider" is prohibited from trading in securities while in possession of Unpublished Price Sensitive Information (UPSI). Furthermore, an insider cannot communicate, counsel or tip such information to any other person, except where such communication is required for a legitimate business purpose or legal obligation.

2. Defining the 'Insider' and 'UPSI'

The definition of an "insider" is broad. It covers any connected person (such as directors, employees, or bankers) who has an association with the company. Crucially, it also includes any person who is in possession of UPSI, regardless of how they obtained it or whether they work for the company. UPSI refers to information that is not yet generally available but, if disclosed, would materially affect the stock price. This specifically includes financial results, dividends, changes in capital structure, mergers/acquisitions and changes in key managerial personnel.

3. Trading restrictions and 'Designated Persons'

To manage internal risks, listed companies identify "Designated Persons", who are the employees and senior officials having access to UPSI based on their role. These persons, along with their immediate relatives, are subject to a "trading window". The window is mandatorily closed during sensitive periods (typically starting from the end of a financial quarter until 48 hours after the financial results are declared). Even when the window is open, these persons usually require pre-clearance from the company's compliance officer before trading.

4. Sharing information for Due Diligence (Legitimate Purpose)

For a foreign investor considering an acquisition, it is vital to know that UPSI can be shared during due diligence under specific conditions. The communication must be in furtherance of a "legitimate purpose". If the transaction triggers an open offer under the SEBI takeover regulations, the information can be shared if the target company's board believes it is in the best interests of the company. If the deal does not trigger an open offer, the information can still be shared, provided that the UPSI is made generally available to the public at least two trading days prior to the execution of the transaction. In all such cases, confidentiality agreements must be signed.

5. Structured Digital Database

One of the compliance requirement for listed companies is the maintenance of a Structured Digital Database (SDD). This is a tamper-proof internal record that logs the nature of UPSI shared, the names of the persons who shared it and the names of the recipients (including their Permanent Account Numbers or PAN). This creates a permanent audit trail, allowing the regulator to trace the flow of information in the event of a leak or an investigation.

6. Disclosures by insiders

The regulations impose significant disclosure obligations. Designated Persons must disclose to the company the details of their immediate relatives and any persons with whom they share a material financial relationship. Additionally, details such as the names of educational institutions they attended and their past employers must be disclosed on a one-time basis. This data helps SEBI establish connections between insiders and traders during investigations.

H. Delisting of securities

1. Delisting process

Delisting of securities is the process of removing a listed company's securities from a stock exchange. As a consequence, the securities of that company are no longer tradable on that exchange. This process is governed by specific SEBI regulations. The regulations permit four primary kinds of delisting. These are:

- Voluntary delisting;
- Compulsory delisting;
- Delisting by operation of law; and
- Delisting of Small Companies

2. The voluntary delisting process

This is the most common route for an acquirer or promoter who wishes to take a company private. To delist from all stock exchanges, a strict process must be followed. It requires approval from the company's board of directors and from its shareholders. This shareholder approval is a high bar as it requires a special resolution (75% of all shareholders) AND that the votes cast by public shareholders in favour are at least two-thirds of the votes cast by public shareholders. In-principle approval from the stock exchanges is also required.

3. The exit opportunity and price discovery

The most critical aspect of a voluntary delisting is that the acquirer must provide an exit opportunity to all public shareholders. The acquirer does not set the exit price. Instead, the price is determined through a Reverse Book Building (RBB) process. In an RBB, public shareholders are invited to tender their shares, placing bids at the minimum price at which they are willing to sell. The "discovered price" is the price at which the acquirer (along with their existing shares) can reach the 90% ownership threshold.

4. Pricing, counter-offers, and fixed price

The acquirer must first set a "floor price" (a minimum price calculated as per the regulations). They may also state an "indicative price" (which must be higher than the floor price) to encourage shareholders to participate. If the "discovered price" from the RBB is too high for the acquirer, they have two choices, (i) reject the price and let the delisting offer fail; or (ii) make a counter-offer at a lower price (which must still be higher than the floor price). As an alternative to the RBB, for frequently traded companies, an acquirer can opt for a "fixed price process." Here, the acquirer offers a single, fixed price upfront (which must be at least a 15% premium to the floor price). If the 90% threshold is met at this price, the acquirer is bound to accept.

5. Successful delisting

A voluntary delisting offer is only considered successful if the acquirer's total shareholding (combining their existing shares and the shares accepted in the offer at the final price) reaches 90% of the company's total issued shares. If the 90% threshold is not met, the delisting fails, and any shares tendered by the public are returned.

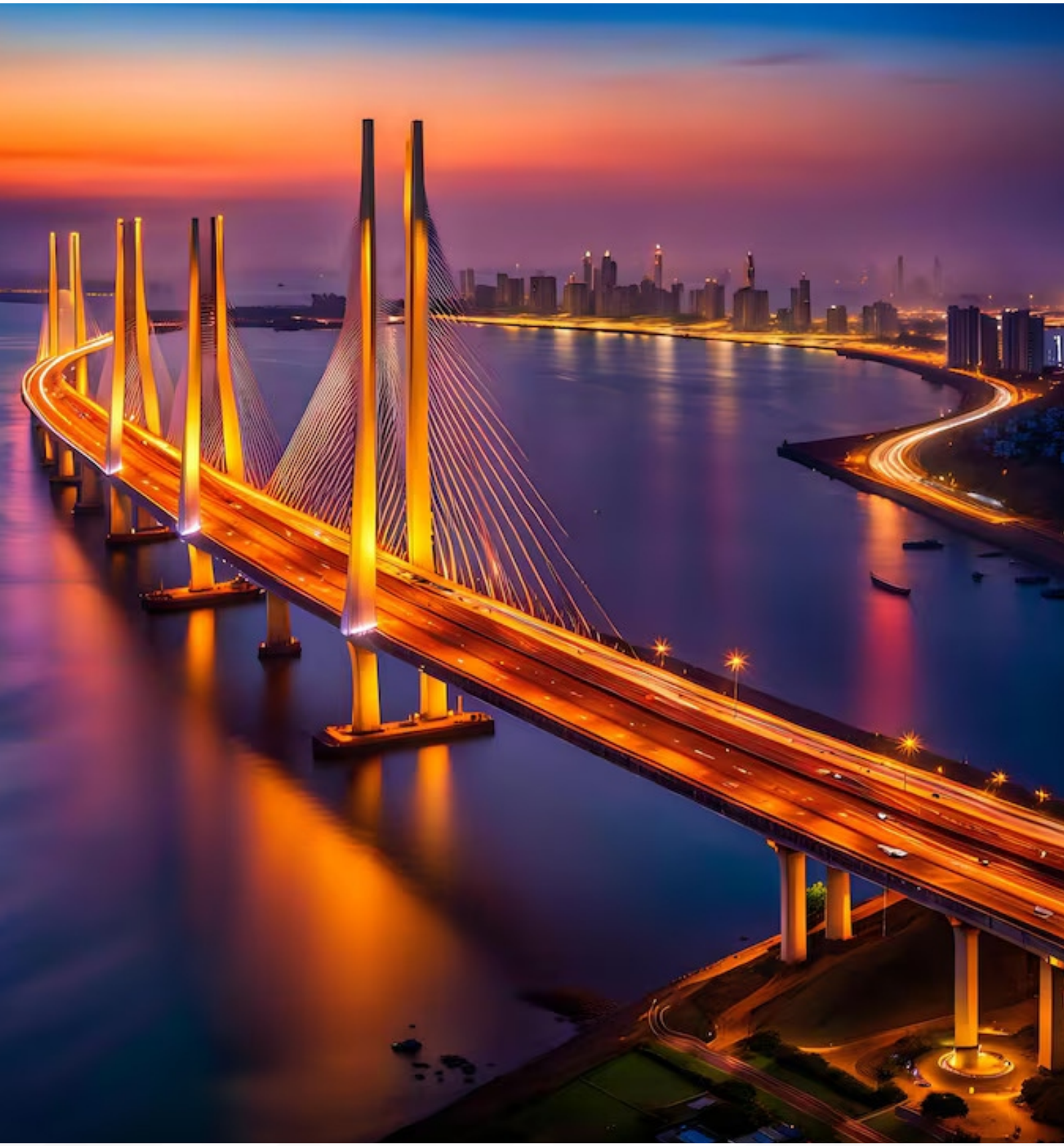
6. Compulsory delisting

A stock exchange can forcibly delist a company for non-compliance or other prescribed grounds. This is a severe penalty. In this scenario, an independent valuer is appointed to determine the "fair value" of the shares. The company's promoters are then obligated to purchase the shares from the public at this determined value. The consequences are strict, the company, its promoters, and whole-time directors are

banned from accessing the securities market for a period of ten years.

7. Relisting

A company can relist its shares, but not immediately. A voluntarily delisted company must shall for a period of three years. A compulsorily delisted company faces a ban for a period of ten years, before it can attempt to relist.



I. Slump sale and asset sale

1. Comparison: business transfer and asset sale

A business transfer, also known as slump sale, involves the purchaser acquiring the entire business undertaking as a whole, on a going concern basis. This undertaking is transferred 'as-in-where-is' and includes all elements essential to constitute a standalone business activity, such as its assets, liabilities, employees, and goodwill.

Conversely, an asset sale is a piece meal transaction. The purchaser acquires only specific, identified assets and/or liabilities as agreed upon with the seller. A major advantage of this structure is that it allows the buyer to cherry-pick the assets it wishes to acquire and, crucially, choose which liabilities, if any, to take over.

This difference extends to the consideration. A business transfer typically involves a lump-sum consideration for the entire undertaking, without assigning specific values to individual assets and liabilities (except where required for purposes like stamp duty). In an asset sale, the price is either specifically identified and apportioned to each asset, or a single price may be identified for the entire basket of assets being transferred.

2. Approvals for slump or asset sales

The current foreign exchange regulatory regime permits foreign companies to acquire business undertakings or assets in India for the purpose of their operations. The corporate approvals required for a slump sale or asset sale vary depending on the company type. A private company generally only needs the approval of its board of directors, unless its constitutional documents specify otherwise. An unlisted public company requires both board approval and a special resolution from its shareholders, provided the transfer meets certain materiality parameters set by the law. For listed public companies undertaking a sale above these materiality thresholds, the requirements are stricter: in addition to board approval and a special resolution, the transaction also requires approval from a majority of the public shareholders, where votes in favour exceed votes against. Beyond corporate resolutions, specific approvals from lenders, employees, third parties, and regulatory authorities may also be necessary, as applicable.

Labour laws provide specific protections for workmen when an undertaking is transferred. This transfer typically attracts retrenchment compensation and prior notice obligations. These obligations may be avoided if the workmen are absorbed by the new employer, their service is considered uninterrupted, their new employment terms are not less favourable, and the new employer accepts liability for any future retrenchment based on the workman's continuous service.

3. Timeline for private transfers

The process for a business transfer or asset transfer conducted by private arrangement typically takes between four to six weeks, though it can extend longer. The final duration depends on the scope of the due diligence, the time required for negotiations between the parties, and the process of obtaining all necessary approvals and consents. Additional formalities, particularly for the transfer of immoveable properties, can lengthen this time line.

4. Private arrangement vs court process

A business transfer can be executed through two main routes, (i) a private arrangement, by executing a business transfer agreement, or (ii) through a court-approved scheme. The latter is subject to satisfying other eligibility conditions as prescribed under the applicable laws.

While a court-approved scheme is a significantly more time-consuming process, it offers a distinct logistical advantage. A court-sanctioned scheme is binding on minority creditors and shareholders. Furthermore, the transfer of all regulatory and other approvals is facilitated through the scheme's single sanction, which

brings a high degree of certainty to the parties.

In contrast, a private arrangement requires the parties to obtain separate and independent approvals from all relevant shareholders, creditors, regulatory authorities, and third parties for the transfer of the undertaking itself, as well as its associated licenses and business-related agreements.

5. Cross-border mergers in India

The merger of a foreign company into an Indian company, and vice versa, is permitted under the law. This process is subject to receiving prior approval from the RBI. It also requires that the foreign company be incorporated in a territory that has been notified by the Central Government of India for this purpose.

Any cross-border merger will also have to comply with the standard requirements for domestic mergers. This includes procedural requirements such as filing an application before the NCLT, conducting meetings of shareholders and creditors, providing notification to statutory and income tax authorities, and obtaining approvals from SEBI (for listed companies) or other sectoral regulators as applicable.

The RBI has issued the Foreign Exchange Management (Cross Border Merger) Regulations, 2018, which provide the definitive framework for mergers, amalgamations, and arrangements between Indian and foreign companies, covering both inbound and outbound investments.

Fast Track Merger As an alternative, it is important to note the fast-track merger route. This is a faster process specifically because it avoids the court process and its associated timelines. A reverse flip, which involves a wholly-owned subsidiary Indian company acquiring its foreign holding company, is allowed under this fast-track merger route, making it significantly faster than the standard court process.

J. Dispute resolution and enforcement

1. Enforcing foreign judgments in India

The law permits certain foreign decrees from a superior court of a reciprocating territory (as notified by the Central Government) to be executed in India. When a judgment for a sum of money is from such a territory, which includes jurisdictions like the United Kingdom, UAE and Singapore, it may be enforced directly, as if the said decree has been passed by a court in India, subject to certain conditions.

In contrast, for a judgment from a non-reciprocating territory, the process is different. A fresh suit is required to be filed in India. This suit is filed upon the foreign judgment itself, not the original cause of action, and the judgment holds evidentiary value. Such a suit shall be filed within three years from the date of the foreign judgment, similar to any other suit to enforce a civil liability in India.

A judgment rendered by a court outside India is considered conclusive regarding any matter it has directly adjudicated. However, it will not be considered conclusive if it is established that the judgment was not pronounced by a court of competent jurisdiction or was not given on the merits of the case.

2. Commercial arbitration in India

With the increase in international trade, international commercial arbitration has emerged as the preferred option for resolving cross-border commercial disputes. It is seen as an efficient mechanism that helps preserve business relationships. India is actively taking steps to establish itself as a hub for international arbitration.

The law relating to arbitration in India is based on the UNCITRAL Model Law. It provides rules for arbitrations seated in India and, separately, for the enforcement of foreign awards. It is important to distinguish arbitration from. Conciliation, or mediation, is a process where a neutral person helps parties negotiate an amicable settlement. In contrast, arbitration is a more formal procedure where an arbitrator issues a binding decision.

For the purpose of determining if an arbitration is an international commercial arbitration, the place of incorporation is the only deciding factor for a company's nationality. A company incorporated in India will not be considered a foreign party, even if its central management and control is exercised from outside India.

3. Enforcing foreign arbitral awards

The law outlines the process for enforcing foreign arbitral awards. These are defined as awards rendered outside India that are considered 'commercial' under the law in force in India.

For an award to be enforceable, it shall originate from a country that meets two conditions, (i) it is a party to the New York Convention or the Geneva Convention, and (ii) it has been officially notified by India as a reciprocating territory.

Once a court is satisfied that the award is enforceable and rejects any objections, the award is then deemed to be a decree of an Indian court. It will be enforced accordingly. This same enforcement process also applies to awards rendered at a foreign seat, even if the arbitration was between two Indian parties.

4. Interim remedies from tribunals

The law empowers an arbitral tribunal to grant interim measures that are necessary to preserve the subject matter of the dispute. These measures can include, for example, securing the amount in dispute or ordering the detention, preservation, or inspection of any property related to the arbitration. Any orders issued by the arbitral tribunal granting interim measures are enforceable as if they are orders of the court. A breach of such an order could result in contempt proceedings.

Parties involved in India-seated arbitrations also have the right to approach the tribunal for emergency relief under Section 17(1). The resulting emergency awards are enforceable by the courts under Section 17(2).

In cases of a foreign-seated arbitration, a High Court has held that the law does not provide for the direct enforcement of orders passed by an emergency arbitrator (EA), noting there is no provision in Part II of the law that is similar to Section 17(2). However, that court also held that an order from a foreign-seated EA is an additional factor that an Indian court can take into account when it is considering a related application for interim relief under Section 9 of the law.

5. Time limit for arbitral awards

For an India-seated arbitration, the arbitral tribunal is required to complete all arbitrations within twelve months from the date on which the parties' pleadings are completed. The law also requires that the parties submit their pleadings within a six-month period from the date all the arbitrators are appointed.

This period of twelve months may be extended for a further six months by the agreement of the parties. If an award has not been rendered within that extended period, the parties may then approach the appropriate court to seek an extension. The court may grant this if it is satisfied that the delay is due to a sufficient cause; if it is not satisfied, the mandate of the arbitrators is terminated. It is clarified that the arbitrator's mandate does continue while the application for such an extension is pending before the court.

However, this time limit of twelve months is not mandatory for international commercial arbitrations. In such cases, the arbitrators are encouraged to act expeditiously and endeavour to dispose of the matter within the prescribed period of twelve months.

6. Common arbitral institutions

To resolve commercial disputes in India, parties commonly turn to several well-regarded foreign arbitral institutions. These include the SIAC, the ICC, and the LCIA.

Alongside these, a number of Indian arbitral institutions are also frequently used. These include the Delhi International Arbitration Centre, the Mumbai Centre For International Arbitration, the International Arbitration and Mediation Centre, Hyderabad, and the India International Arbitration Centre. Other prominent domestic institutions are the Indian Council of Arbitration, the Construction Industry Arbitration Council, The International Centre for Alternative Dispute Resolution, and the Nani Palkhivala Arbitration Centre.

K. Indian competition law

1. Overview of Indian competition law

India's competition law, which is overseen by the Competition Commission of India (CCI), a regulator, is a crucial factor for any foreign investor. The law is designed to ensure a fair and competitive marketplace and affects investors in two primary ways, (i) Acquisitions and Mergers and, (ii) Business Operations.

2. Merger control: Acquisitions and approvals

India has a mandatory and suspensory merger control regime. This means you shall notify the CCI and get approval before you complete an acquisition or merger if you meet certain financial thresholds. You cannot close the deal until the CCI approves it or a review period passes. Such notification is required if the parties to the transaction, including their group companies, exceed significant financial thresholds based on their assets or turnover. For transactions that are clearly non-problematic, "green-channel" route may be used. It grants a deemed approval immediately upon filing, making it very fast.

3. Antitrust compliance for business operations

Once you own an Indian company, it must comply with the antitrust laws. The law primarily prohibits two types of anti-competitive behaviour, (i) Anti-competitive agreements, and (ii) Abuse of dominance.

4. Anti-competitive agreements

Anti-competitive agreements involves any agreement that harms the competition. The law is extremely strict on horizontal agreements (agreements with competitors), such as price-fixing, market-sharing, or bid-rigging. These are often presumed to be illegal. The rules also apply to vertical agreements (e.g., between a manufacturer and its distributors), such as setting minimum resale prices, if they are proven to harm competition.

5. Abuse of dominance

It is not illegal to be a large, successful company. However, a company that holds a position of strength in a market is forbidden from abusing that position. Examples of abuse include imposing unfair or predatory pricing, limiting production or technical development, or using your strength in one market to unfairly enter another.

L. India's insolvency framework for investors

1. India's insolvency framework for investors

The Insolvency and Bankruptcy Code (IBC) is India's primary law for handling financially distressed companies. For a foreign investor, this law is critical as it has significantly improved the ease of doing business by creating a time-bound process that, most importantly, opens up major opportunities to acquire Indian companies as going concerns.

2. The corporate insolvency resolution process (CIR process)

The primary mechanism is the Corporate Insolvency Resolution Process (CIR Process). This is a rescue process, not a liquidation. It begins when a company defaults on a debt of specified threshold. An application to the NCLT may be filed by a financial creditor (like a bank), an operational creditor (like a supplier), or the company itself.

3. Immediate effects of admission

Once the NCLT admits the case, two immediate and powerful things happen:

i. A moratorium (freeze) is declared. This immediately stops all lawsuits, recovery actions, and foreclosure attempts against the company. This creates a calm period for the rescue to be organized.

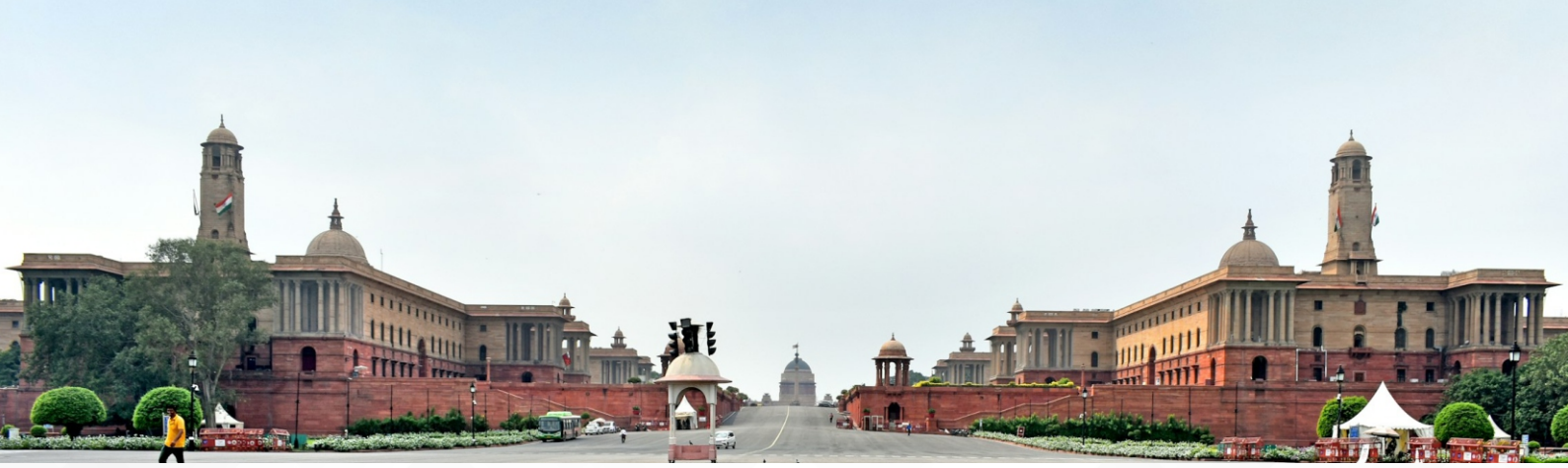
ii. The board is Suspended. The company's board of directors loses its powers, which are vested in an insolvency professional (RP). This professional takes over the management of the company to keep it running.

4. The resolution plan and investor opportunity

A Committee of Creditors (CoC), primarily composed of the company's unrelated financial lenders, is formed. This CoC becomes the new decision-making body. Their main job is to approve a resolution plan, a formal proposal to rescue the company. This is where an investor comes in. The RP, on behalf of the CoC, will invite bids from potential resolution applicants (like a foreign investor). The plan may propose a variety of solutions, including acquiring the company's shares, merging it, or restructuring its debt. The entire process is intended to be completed within a strict timeline, with an upper limit of three hundred and thirty days.

5. Liquidation as a last resort

Liquidation is the last resort and only happens if the CIR Process fails to produce an approved rescue plan within the deadline.



Abbreviation	Full Form	Abbreviation	Full Form
ADR	American Depositary Receipt	**InvITs**	Infrastructure Investment Trusts
AIF	Alternative Investment Funds	**IOSCO**	International Organization of Securities Commissions
CCI	Competition Commission of India	**IPO**	Initial Public Offering
CEO	Chief Executing Officer	**IRDA**	Insurance Regulatory and Development Authority
CFO	Chief Financial Officer	**IT**	Information Technology
CIAC	Construction Industry Arbitration Council	**LCIA**	London Court of International Arbitration
CIC	Core Investment Companies	**LLP**	Limited Liability Partnership
CIR	Corporate Insolvency Resolution Process	**MAMP**	Minimum Average Maturity Period
CoC	Committee of Creditors	**MCIA**	Mumbai Centre For International Arbitration
CPC	Civil Procedure Code	**NBFC**	Non-Banking Financial Companies
CSR	Corporate Social Responsibility	**NCLT**	National Company Law Tribunal
DIAC	Delhi International Arbitration Centre	**NPAC**	NaniPalkhivalaArbitrationCentre
DPIIT	Department for Promotion of Industry and Internal Trade	**NRI**	Non-resident Indians
EA	Emergency Arbitrator	**OCI**	Overseas Citizen of India
ECB	External Commercial Borrowing	**PAC**	Persons Acting in Concert
EEFC	Exchange Earners' Foreign Currency	**PE**	Private Equity
FATF	Financial Action Task Force	**PIO**	Persons of Indian Origin
FCCB	Foreign Currency Convertible Bonds	**QIB**	Qualified Institutional Buyers
FCEB	Foreign Currency Exchangeable Bonds	**RBB**	Reverse Book Building
FDI	Foreign Direct Investment	**RBI**	Reserve Bank of India
FEMA	Foreign Exchange Management Act	**REIT**	Real Estate Investment Trusts
FPI	Foreign Portfolio Investment	**RFC**	Resident Foreign Currency
FVCI	Foreign Venture Capital Investor	**ROC**	Registrar of Companies
GDP	Gross Domestic Product	**RP**	Resolution Professional

Abbreviation	Full Form	Abbreviation	Full Form
GDR	Global Depository Receipt	**SEBI**	Securities Exchange Board of India
G-Sec	Government Security	**SEZ**	Special Economic Zones
IAMC	International Arbitration and Mediation Centre, Hyderabad	**SIAC**	Singapore International Arbitration Centre
IBC	Insolvency and Bankruptcy Code	**SPV**	Special Purpose Vehicle
ICA	Indian Council of Arbitration	**SR**	Superior Voting
ICADR	The International Centre for Alternative Dispute Resolution	**UAE**	United Arab Emirates
ICC	International Chamber of Commerce	**UNCITRAL**	United Nations Commission on International Trade Law
IGP	Innovators Growth Platform	**USD**	United States Dollar
IHC	Investment Holding Company	**VCF**	Venture Capital Fund
IIAC	India International Arbitration Centre	**VCU**	Venture Capital Undertakings
INR	Indian Rupee		

SUPREME LAW PARTNERS
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Office: WeWork Enam Sambhav,
C-20, G Block, Bandra-Kurla Complex, Mumbai - 400 051
Contact: +91 9860397591
Email: contact@supremelawpartners.in
Website: www.supremelawpartners.in