



Morning Bytes

a simple take on everything legal.



MOONSTONE PARTNERS





Do the overseas investment rules
simplify investment by Indians in
foreign entities?

ROUND TRIPPING

Round-tripping prohibition is applicable only where it results in a structure with more than two layers of subsidiaries

FINANCIAL SERVICES

Profitable Indian entities (not engaged in financial services) can invest in foreign entities engaged in financial services, except banking and insurance.

SOURCE OF FUNDS

ODI in foreign startups can be made only through internal accruals of Indian entity and personal funds of Indian resident individual..

Overseas investment Rules

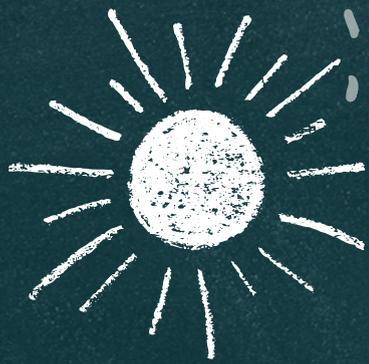
NOC FROM LENDER

Wilful defaulters, NPA-account holders and persons under investigations can invest overseas with a NOC from concerned lender or authority.

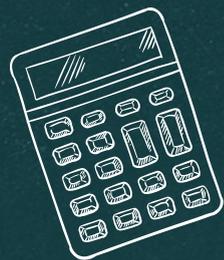
TOTAL LIMIT

Total financial commitment of an Indian entity in all foreign entities taken together cannot exceed 400% of its net worth as on the date of last audited balance sheet.





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