

Foreign Investment in LLP

CA. Viswanath D



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Aatma Capital
Nurturing Relationships



Presentation schema

Eligible LLP

Eligible Investor

Eligibility of
Investment

Pricing

Mode of Payment

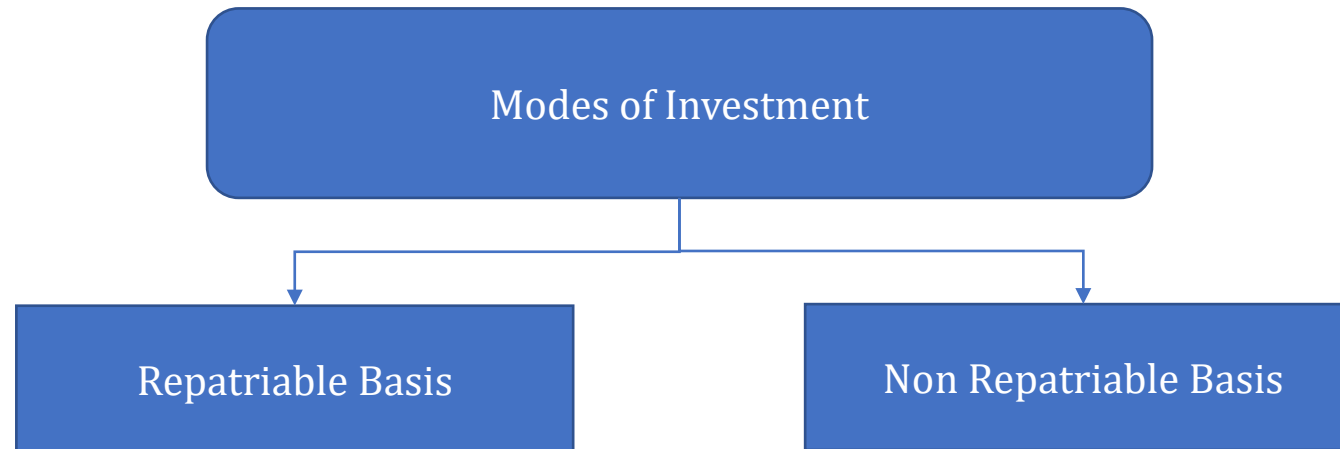
Reporting

Caveat

Legends

Abbreviation	Full Form
Bang	Bangladesh
CA	Chartered Accountant
CG	Central Government
ECBs	External Commercial Borrowings
FCNR	Foreign Currency Non-Resident Account
FI	Foreign Investment
FII	Foreign Institutional Investor
FPI	Foreign Portfolio Investor
FVCI	Foreign Venture Capital Investor
OCI	Overseas Citizen of India
LLP	Limited Liability Partnership
NRE	Non Resident External Account
NRI	Non-Resident Indian
Pak	Pakistan

Modes of investment



Repatriable basis



Eligible LLP

LLPs operating in sectors/activities where **100% FI is allowed through the automatic route** and there are **no FI-linked performance conditions**.



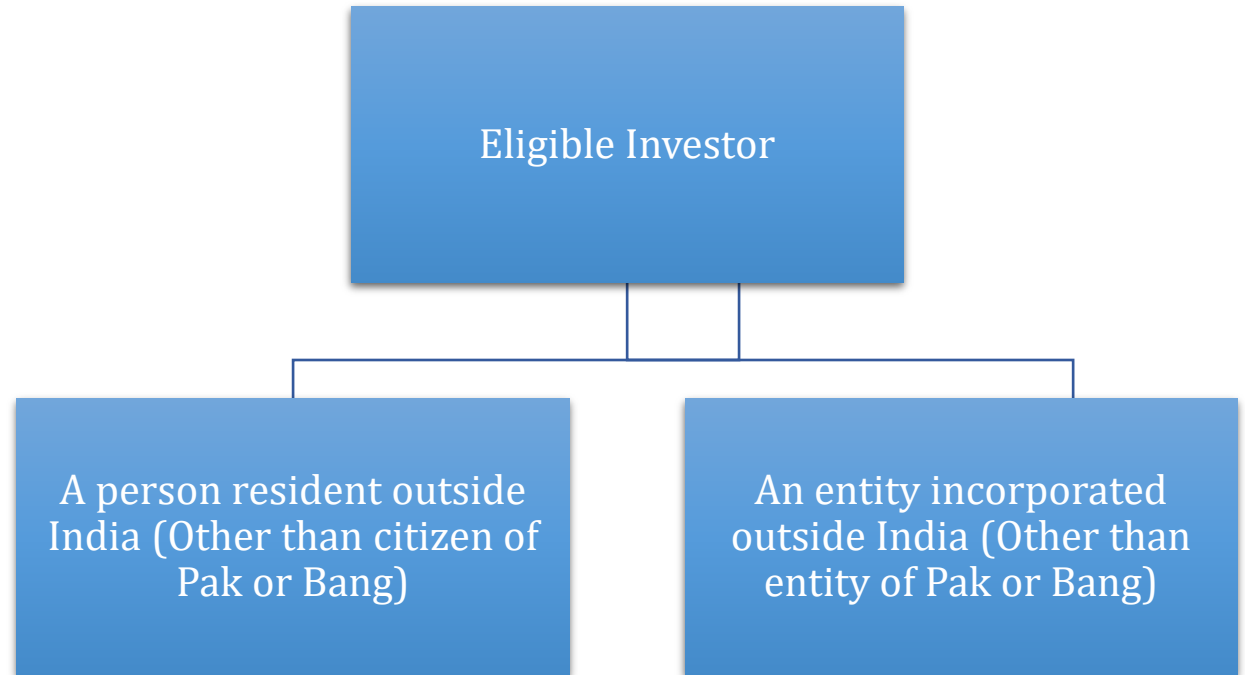
An Indian company or an LLP, having foreign investment, will be permitted to make **downstream investment** in another company or LLP subject to same condition as above



A **company having FI can be converted into an LLP** under the automatic route only subject to same condition as above



Eligible Investors



FPI FII FVCI registered in not eligible to contribute to the capital of LLP

Eligible Investment

Capital contribution
or
by way of
acquisition/transfer
of profit shares in
the capital structure
of an LLP

Not permitted to receive ECBs

Pricing



In case of transfer of capital contribution/profit share

Resident to Non resident

Non resident to Resident

\geq Fair Price

\leq Fair Price

More than or equal to Fair price

Valuation certificate to that effect shall be issued by CA or by a practicing Cost Accountant or approved valuer maintained by CG

Mode of payment



Investment in LLP

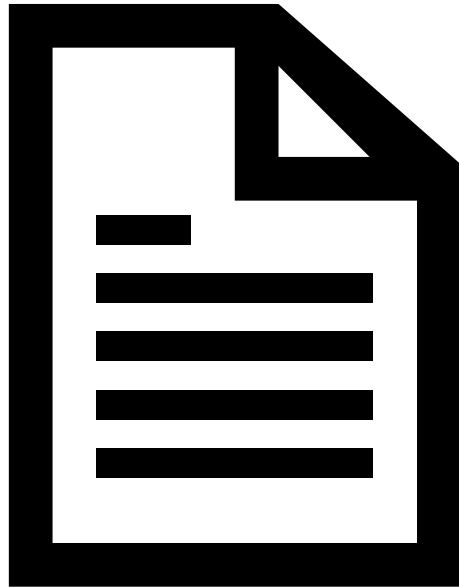
Inward remittance through banking channels

debit to NRE / FCNR(B) account

Remittance for disinvestment proceeds

Can be remitted outside India

Credit to NRE / FCNR(B) account



Reporting



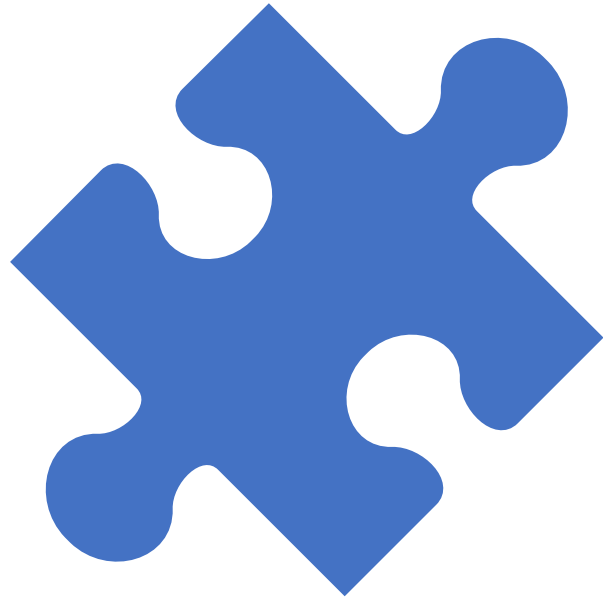
Annual return on foreign assets and liabilities
15th day of July of each year



Form LLP (I)- For receiving Foreign investment- Within 30 days of receipt



Form LLP II- The disinvestment between a resident and a non-resident- Within 60 days from the date of receipt of funds.



Caveats

- Not permitted to avail ECBs
- FIIs, FVCI and FPIs not permitted to invest
- Prior permission to make non cash/ intangible contribution to the capital of LLP

Non Repatriable basis



Investment on Non-Repatriation Basis

A NRI or an OCI, including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs or OCIs, may invest on non-repatriable basis without any limit

No Pricing or reporting requirements

No conditions for receipt of foreign investment

Disinvestment proceeds only to be credited to NRO Account

The contribution and capital appreciation shall not be repatriated



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