



Foreign Liabilities and Assets

STEEL USERS FEDERATION OF INDIA

**A UNITED PLATFORM FOR STEEL
FRATERNITY**

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Foreign Liabilities and Assets

Under the FEMA, 1999 Foreign Liabilities and Assets (FLA) reporting of the following transactions has to be done

Foreign Direct Investment (FDI)

Overseas Direct Investment (ODI)

What is FDI and ODI?

What is Foreign Direct Investment (FDI)

- When a non resident entity makes an investment in any Indian entity, such investment is called a Foreign Direct Investment.

What is Overseas Direct Investment (ODI)

- When any Indian entity makes an investment in a foreign entity, such an investment is called a Overseas Direct Investment.

Applicability:

Compiled by

SYNTHESIS
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Investment in or from India

Foreign Direct Investments in the Reporting Indian Entity

Overseas Direct Investments by a Reporting Indian Entity

Investment by a Non-resident (NR) in the form of equity, preference or debt securities.

Loans from a NR is also required to be reported.

Portfolio Investments are also liable for such reporting.

Transactions existing on the last date of the FY, i.e 31.3.2018 have to be reported.

Non repatriable investments made by a NR is not considered as FDI and hence is not required to be reported.

Investment by a Reporting Indian Entity in an overseas entity in the form of equity, preference or debt securities.

Loans given to a NR are also required to be reported in this form.

Portfolio Investments are also liable for such reporting.

Transactions existing on the last date of the FY, i.e 31.3.2018 have to be reported.

Reporting:

Reporting Type: "As on" type reporting.
• Required to be done only if the entity has such transactions reflected in its financials as on 31st March

Due Date: 15th July
• If books not audited by 15th July: report based on the unaudited provisional figures.
• In case of any deviation post finalization, revised records should be uploaded by September-end.

CIN based reporting
• In case of a non-corporate entity, Dummy CIN has to be requested from the RBI

Reporting format
• Reporting using an excel based utility.
• Market value* as on 31 March to be reported.

Uploading: Communication via email on: fla@rbi.org.in
• Financial Statements not required to be sent along with the form.

Query resolution
• In case of queries and clarifications send mail on: surveyfla@rbi.org.in

*Market Value:

Listed Entity

- Market value will be calculated on the basis of closing value of share as at 31st March.

Any other Entity

- Own funds of book value (OFBV) method should be used for calculation of market value of shares.

Calculation of own funds of book value

$$\text{OFBV} = (\text{Net worth of the company}) * (\% \text{ non-resident equity holding})$$

Net worth of the company = (Paid up capital + Participative preference share capital + reserves & surplus)

Note- The non-participative preference shares will not form a part of the net worth and shall not be included for deriving the value of the same.

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

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

Non-Compliance



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Non-Compliance

Such non compliance is considered as a violation of Foreign Exchange Management Act, 1999.

Penalty applicable under the FEMA, 1999 shall be levied.

Compounding provisions are applicable in case of failure of such compliance.

Points for consideration:

Other relevant points

- If the reporting period is different from Indian reporting period, i.e 31st March, the reporting shall still be done as on 31st March.
- If the entity does not have any outstanding investment or liability in its Books of Accounts (BOA) as on 31st March, the FLA compliance is not required to be done.
- If the amounts received are in the nature of **share application money**, where no allotment has been made until year end, such details are not required to be reported.
 - Companies Act provisions need to be evaluated in case of non-allotment
- Even if no fresh transactions have been entered into during the reporting period, the reporting is mandatory as long as the closing balances show such transactions in the BOA.
- FLA applies to assets and liabilities recorded in the BOA. Guarantees given or received need not to be reported unless materialised.
 - However, provisions of Companies Act need to be evaluated.
- Participative preference shares are included in the paid-up capital. However, non-participative preference shares, are considered as other capital.

Annexure



Transactions to be reported:

The transactions in the form have been divided into 6 sections, each section has a separate set of applicability-

Section I:

Basic details such as Name, PAN, contact details are to be submitted.

The NIC code in case of more than source of revenue shall of the source which earns the maximum revenue.

This section is mandatory to fill.

1. Name and Address of the Indian Company:

Name of the Company: [text box]

Address: [text box]

City: [text box] State: [text box] -Select-

Pin: [text box]

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

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

4. Contact Details:

Name of the CONTACT PERSON: [text box] Designation: [text box]

Telephone No: [text box] Fax: [text box]

e-mail: [text box] Web- Site (if any): [text box]

5. Account closing date. DD MMM YYYY

6. Nature of Business -Select-

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

7. Whether your Company Name has changed during the latest financial year (April - March)? -Select-

8. Whether the Company is listed? -Select-

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

10. Whether the Company is Asset Management Company? -Select-

11. Whether the Company has Technical Foreign collaboration? -Select-

12. Whether the company has any business activity during April 2017 to March 2018? -Select-

Section II:



This section is applicable only in case of holdings by non-residents in the Indian reporting entity.

The financial details of the entity like total paid up capital of Indian company, holdings by non-resident persons as on 31st March have to be reported.

The details of the capital should include the cumulative details as on 31st March and not only the fresh issues made during the year.

The details regarding the P&L A/c and Reserves & Surplus are also required to be reported in this section.

In case the reporting Indian company is a subsidiary (i.e. holding greater than 50%) of a foreign country, the details of the comparative years of sales (both domestic and exports) and purchases (both domestic and imports) are to be filled.

Compulsorily convertible debentures shall not form a part of the paid-up capital, while reporting the same in this section.

Block 1: Financial Details of Reporting Company

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

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

| Item | End-of March 2017 | | End-of March 2018 | |
|---|----------------------------|-------------------|----------------------------|-------------------|
| | Number of Shares in actual | Amount in Rs lakh | Number of Shares in actual | Amount in Rs lakh |
| 1.0 Total Paid-up Capital (1.0 = 1.1 + 1.2) | 0 | 0.00 | 0 | 0.00 |
| 1.1 Total Equity & Participating Preference Share capital (1.1 = 1.1(a) + 1.1(b)) | 0 | 0.00 | 0 | 0.00 |
| (a) Ordinary/Equity Share* | | | | |
| (b) Participating Preference Share | | | | |
| 1.2 Non-participating Preference Share# | | | | |



2.0 Non-resident Holdings (a. face value in Rs lakh)

| 2.1 Equity & Participating Preference share capital (Sum of item-1 to item-12) | 0 | 0.00 | 0 | 0.00 |
|--|---|------|---|------|
| 1 Individuals | | | | |
| 2 Companies | | | | |
| 3 Foreign Institute Investors (FIIs) | | | | |
| 4 Foreign Venture Capital Investors (FVCIs) | | | | |
| 5 Foreign Trusts | | | | |
| 6 Private Equity Funds | | | | |
| 7 Pension/ Provident Funds | | | | |
| 8 Sovereign Wealth Fund (SWF) | | | | |
| 9 Partnership/ Proprietorship firms | | | | |
| 10 Financial Institutions | | | | |
| 11 NRIs/PIO | | | | |
| 12 Others non-resident holdings | | | | |
| 2.2 Non Participating Preference share | | | | |

3.0 Non Resident Equity & Participating Preference share capital %

Note

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

Non-participating Preference Share do not have following rights.

(a) to receive dividend, out of surplus profit after paying the dividend to equity shareholders.

(b) to have share in surplus assets remaining after the entire capital is paid in case of winding up of the company.

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

| Item | Amount in Rs lakh (During the year) | |
|--|-------------------------------------|-------------------------|
| | April 2016 - March 2017 | April 2017 - March 2018 |
| 3.1 Profit (+) / Loss (-) before tax (During the Year) | | |
| 3.2 Profit (+) / Loss (-) after tax (During the Year) | | |
| 3.3 Dividend (Interim & Final Dividend) | | |
| 3.4 Tax on Dividend (if any) | | |
| 3.5 Retained Profit (= 3.2 - 3.3 - 3.4) | 0.00 | 0.00 |



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

| Item | Amount in Rs lakh as at the end of | |
|--|------------------------------------|------------|
| | March 2017 | March 2018 |
| 4.1 Reserves (Excluding Profit and Loss account balance) | | |
| 4.2 Profit (+) and Loss (-) account balance | | |
| 4.3 Reserves and Surplus (= 4.1 + 4.2) | 0.00 | 0.00 |
| 4.4 Net worth of Company (= 1.1 + 4.3) | 0.00 | 0.00 |

Block 1D: Sales and Purchase made during the financial year

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

| Item | Amount in Rs lakh (During the year) | |
|----------------------------------|-------------------------------------|-------------------------|
| | April 2016 - March 2017 | April 2017 - March 2018 |
| 5.1 Domestic Sales | | |
| 5.2 Exports | | |
| 5.3 Total Sales (= 5.1 + 5.2) | 0.00 | 0.00 |
| 5.4 Domestic purchase | | |
| 5.5 Imports | | |
| 5.6 Total Purchase (= 5.4 + 5.5) | 0.00 | 0.00 |

Section III:

This section is applicable only in case of investments by non-residents in the Indian reporting entity.

It deals with foreign liabilities, i.e the investments in FDI made by NR persons in the Reporting Indian entity.

The details of the specified blocks depend on whether the holding in the reporting entity is greater than or less than 10%.

The investments in the form of portfolio investments made are also required to be reported in this section.

The debt investments in the form of borrowing of funds, debt securities including non-participative preference shares, trade credits, financial leasing, share application money etc are also required to be reported in Block 2A/2B in this section under the head of Other capital.

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

2. Investments made in India:

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

Block-2A: Investment in India under Foreign Direct Investment (FDI) scheme (10% or more Equity Participation)

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

| Name of the non-resident Company/ Individual | Type of Capital | Country (code) of non-resident investor | Equity & Participating Preference share capital holding per cent as at the end of 2017 (%) | Amount in Rs lakh as at the end of | |
|--|--|---|--|------------------------------------|------------|
| | | | | March 2016 | March 2017 |
| | 1.0 Equity Capital (= 1.1 - 1.2) | | | 0.00 | 0.00 |
| | 1.1 Liabilities to Direct Investor | -Select- | | | |
| | 1.2 Claims on Direct Investor (Reverse investment) | | | | |
| | 2.0 Other Capital (= 2.1-2.2) # | | | 0.00 | 0.00 |
| | 2.1 Liabilities to Direct Investor | | | | |
| | 2.2 Claims on Direct Investor | | | | |

Block 2B: Investment in India under Foreign Direct Investment (FDI) scheme (Less than 10% Equity Holding)

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

Country-wise consolidated information should be provided below:

| Type of Capital | Country (code) of non-resident investor | Equity & Participating Preference share capital holding per cent as at the end of 2017 (%) | Amount in Rs lakh as at the end of | |
|--|---|--|------------------------------------|------------|
| | | | March 2016 | March 2017 |
| 1.0 Equity Capital (= 1.1-1.2) | | | 0.00 | 0.00 |
| 1.1 Liabilities to Direct Investor | -Select- | | | |
| 1.2 Claims on Direct Investor (Reverse investment) | | | | |
| 2.0 Other Capital (= 2.1-2.2) # | | | 0.00 | 0.00 |
| 2.1 Liabilities to Direct Investor | -Select- | | | |
| 2.2 Claims on Direct Investor | -Select- | | | |

2C. Portfolio Investment in India

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

| Portfolio Investment | Equity & Participating Preference share capital holding per cent as at the end of 2017 (%) | Amount in Rs lakh as at the end of | |
|--|--|------------------------------------|------------|
| | | March 2016 | March 2017 |
| 1.0 Equity Securities (at Market Value) | | | |
| 2.0 Debt Securities (= 2.1+2.2) | | 0.00 | 0.00 |
| 2.1 Money Market Instruments (original maturity upto 1 year) | | | |
| 2.2 Bonds and Other instruments (original maturity more than 1 year) | | | |

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

Section IV:

The reporting is done by converting the currency in which the financial statements of the non-resident are prepared to the Indian currency by using the RBI reference rate as at the year end.

This section deals with foreign assets, i.e the investments made by the reporting entity in the non-resident persons.

Details of the total investment in the NR and the share of the reporting entity in the NR has to be reported along with details of the P&L A/c balance and reserves and surplus balance as on the 31st of March.

The reporting is done in specified blocks depending upon the holding in the non-resident being either greater than or less than 10%.

The specified reporting is also required to made on the basis of the market value.

The particulars of investments in the form of portfolio investments made in the form other than that of ODI are also required to be reported in this section.

Block-3A: Equity Capital (PUC), Reserves & Surplus of Direct Investment Enterprise (DIE) Abroad (10% or more equity holding by Indian reporting company).

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

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| Name of the DIE | Item | Currency | Amount in Foreign Currency as at the end of (in actual) | |
|-----------------|--|----------|---|--------------|
| | | | Previous March | Latest March |
| | 3.1 Total Equity of DIE (Paid up capital of DIE) | -Select- | | |
| | 3.2 Equity of DIE held by you (at face value) | | | |
| | 3.3 Reserves (Excluding P&L Account) | | | |
| | 3.4 Profit and Loss Account balance | | | |
| | 3.5 Reserve and Surplus (3.5=3.3+3.4) | | 0 | 0 |
| | 3.6 Net Worth of DIE (3.6=3.1+3.5) | | 0 | 0 |
| | 3.7 Exchange rate in Rs per unit foreign currency* | | | |

*: Exchange rate of reporting foreign currency against Indian Rs should be given as on closing date of reference period.

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



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

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

| Name of the non-resident Direct Investment Enterprise (DIE) | Type of Capital | Country of non-resident DIE | Equity holding as at the end of latest year (%) | Amount in Rs lakh as at the end of | |
|---|--|-----------------------------|---|------------------------------------|--------------|
| | | | | Previous March | Latest March |
| | 1.0 Equity Capital (1.0=1.1+1.2) | | | 0 | 0 |
| | 1.1 Claims on Direct Investment Enterprise | -Select- | | | |
| | 1.2 Liabilities to Direct Investment Enterprise (Reverse investment) | | | | |
| | 2.0 Other Capital (2.0=2.1+2.2) # | | | 0 | 0 |
| | 2.1 Claims on Direct Investment Enterprise | | | | |
| | 2.2 Liabilities to Direct Investment Enterprise | | | | |

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

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

| Type of Capital | Country of non-resident DIE | Equity holding as at the end of latest year (%) | Amount in Rs lakh as at the end of | |
|--|-----------------------------|---|------------------------------------|--------------|
| | | | Previous March | Latest March |
| | | | 0 | 0 |
| 1.0 Equity Capital (1.0=1.1+1.2) | | | | |
| 1.1 Claims on Direct Investment Enterprise | -Select- | | | |
| 1.2 Liabilities to Direct Investment Enterprise (Reverse investment) | | | | |
| | | | 0 | 0 |
| 2.0 Other Capital (2.0=2.1+2.2) # | | | | |
| 2.1 Claims on Direct Investment Enterprise | -Select- | | | |
| 2.2 Liabilities to Direct Investment Enterprise | -Select- | | | |



Block-5: Portfolio Investment Abroad

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

| Portfolio Investment | Country of non-resident enterprise | Amount in Rs lakh as at the end of | |
|--|------------------------------------|------------------------------------|--------------|
| | | Previous March | Latest March |
| 1.0 Equity Securities (at Market Value) | -Select- | | |
| 2.0 Debt Securities (2.0=2.1-2.2) | | | |
| 2.1 Money Market Instruments (original maturity upto 1 year) | -Select- | 0 | 0 |
| 2.2 Bonds and Other instruments (original maturity more than 1 year) | -Select- | | |



Section IVA:

This section is applicable to an Indian company which has a subsidiary in a foreign country.

When the reporting Indian company has a subsidiary (i.e holding greater than 50%) in a foreign country, the details of the comparative years of sales (both domestic and exports) and purchases (both domestic and imports) are to be filled.

The reporting under this section is required to be done in the foreign currency in which the financial statements of the non-resident are prepared for the reporting period.

Section IV-A

<< Back

Outward Foreign Affiliates Trade Statistics (Outward FATS)

Please provide the amount in foreign currency (in actual) in all blocks of Section IV-A

Block-3B: Imports, Exports, Total Sales and Total Purchase of Direct Investment Enterprise (DIE) Abroad (more than 50% equity holding by Indian reporting company).

| Name of the DIE | Item | Currency | Amount in Foreign Currency actual (During the year) | |
|-----------------|------------------------|----------|---|------------------------------|
| | | | Previous Year (April - March) | Current Year (April - March) |
| | 3.8 Total Sales | | | |
| | 3.8.1 of which Exports | | | |
| | 3.9 Total Purchase | | | |
| | 3.9.1 of which Imports | | | |

Section V:

This section requires the reporting of transactions with **unrelated parties**. The transactions in the nature of Trade credit, loans, currency & deposits and other receivables and payables have to be reported.

It is important to note that the details required are only of unrelated parties which have to be reported in this section. The details regarding related parties are to be reflected in Section III Block 2B.

<< Back

Section V

(Other Assets and Liabilities with foreign unrelated parties)

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

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

| Other Investment | Outstanding Liabilities with foreign unrelated parties | | Outstanding claims on foreign unrelated parties | |
|---|--|--------------|---|--------------|
| | Amount in Rs lakh as at the end of | | | |
| | Previous March | Latest March | Previous March | Latest March |
| 6.1 Trade Credit | | | | |
| 6.2 Loans | | | | |
| 6.3 Currency & Deposits | | | | |
| 6.4 Other receivable and payable accounts | | | | |



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References-

- 1- Foreign Exchange Management Act, 1999
- 2- www.rbi.org.in
- 3- Circulars and notifications issued by RBI from time to time

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