

# All aspects of Borrowing under FEMA

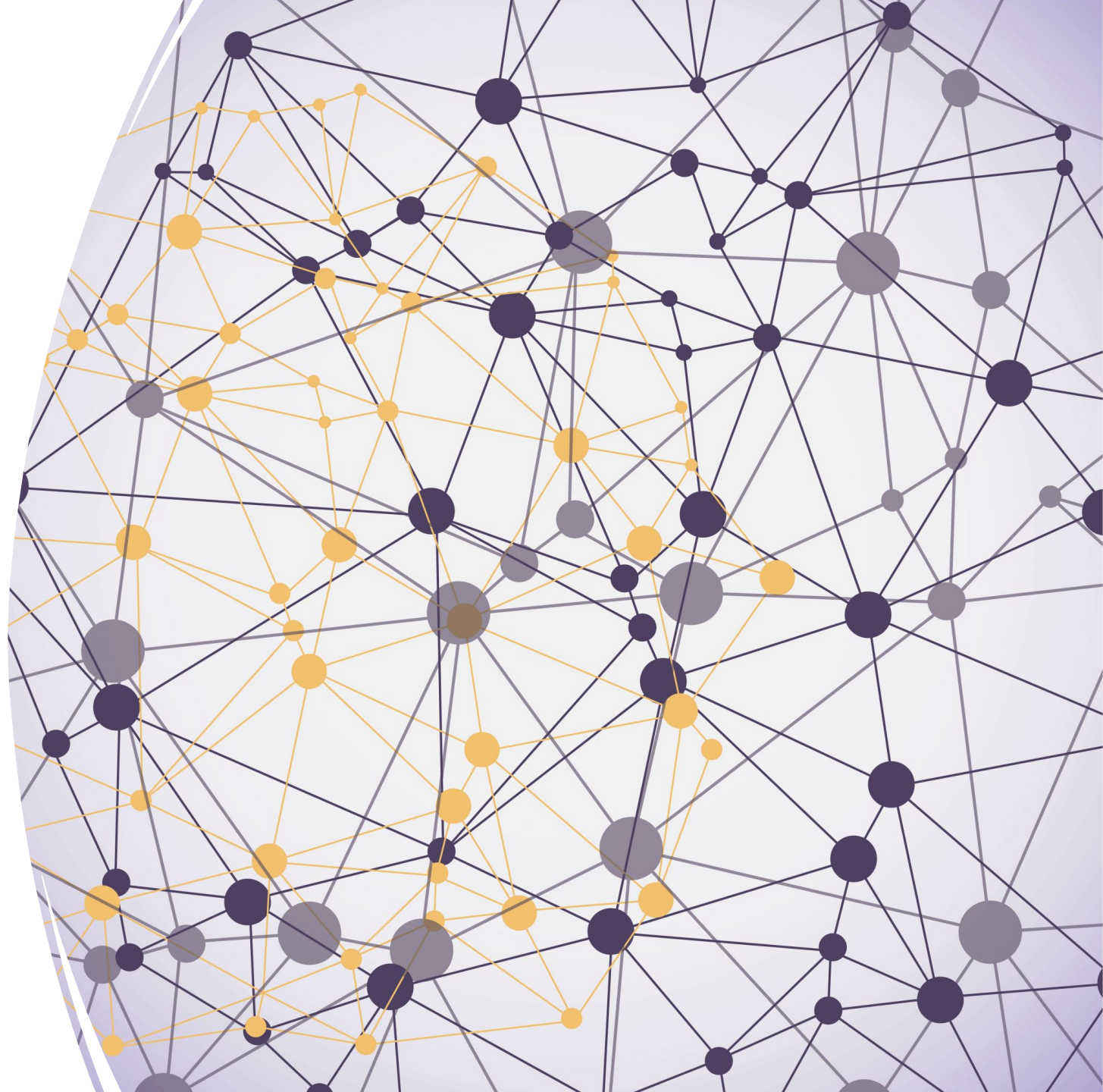
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# Relevant Regulations Under FEMA for Borrowings

FEM (Debt Instruments) Regulations,  
2019

FEM (Borrowing and Lending)  
Regulations, 2018 – “ECB Regulations”

- (NOTIFICATION No. FEMA 3(R)/2018-RB 17th December 2018)

FEM (Deposit) Regulations, 2016

FEM (Guarantee) Regulations, 2026

ECB REGULATIONS REVAMPED BY NOTIFICATION NO. 3 (R) (5) /2026-RB DT. 9 FEB 2026



# MASTER DIRECTIONS

(452 kb)

**Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations (Updated as on February 16, 2026) (Supersedes Master Direction - External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers (Updated as on November 22, 2018))**

**RBI/FED/2018-19/67****FED Master Direction No.5/2018-19****March 26, 2019****(Updated as on February 16, 2026)****(Updated as on January 12, 2026)****(Updated as on December 22, 2023)****(Updated as on September 30, 2022)****(Updated as on August 01, 2022)****(Updated as on June 09, 2022)****(Updated as on December 10, 2021)****(Updated as on April 12, 2021)****(Updated as on August 08, 2019)**

To

All Authorised Dealer Category – I banks and Authorised Banks

Madam / Dear Sir,

**Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations**

Transactions on account of External Commercial Borrowings (ECB) and Trade Credit (TC) are governed by [sub-section 2](#) of section 6 of the Foreign Exchange Management Act, 1999 (FEMA). Various provisions in respect of these two types of borrowing are included in the following Regulations framed under FEMA:

- i. Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, notified vide [Notification No. FEMA 3R/2018-RB dated December 17,](#)

[2026](#)[2025](#)[2024](#)[2023](#)[2022](#)[2021](#)[2020](#)[2019](#)[2018](#)[2017](#)[Archives](#)

# REVISED ECB FRAMEWORK – KEY HIGHLIGHTS

Higher Borrowing Limits – higher of the following

- USD 1 Billion per Borrower
- Three times of the Net worth

Uniform Maturity – 3 years MAMP for most borrowers

More eligible borrowers – LLPs and Additional Resident Entities included

Eligible Lender List Broadened – Foreign Individuals and IFSC units included

End Use Broadened – Relaxation for select real estate and corporate actions such as merger, demerger, arrangement

# Source of Finance

## Non-Debt Instruments

- Equity Shares
- Compulsorily Convertible Preference Shares
- Compulsorily Convertible Debentures
- Share Warrants
- Convertible Notes

## Debt Instruments

- Optionally Convertible Preference Shares
- Optionally / Non- Convertible Debentures
- Bonds / Commercial Papers
- Secured Loan
- Unsecured Loan
- Fixed Deposit
- Trade Credits

# Borrowing from Person Resident Outside India – Provisions under the Companies Act

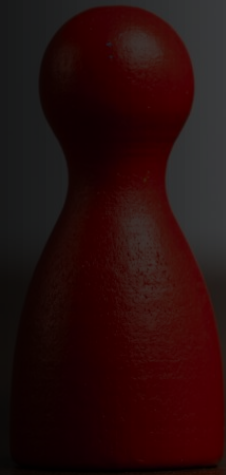
Rule 2 (c) Deposit – does not include

(ii) **any amount received from** foreign Governments, foreign or international banks, multilateral financial institutions foreign Governments owned development financial institutions, foreign export credit agencies, foreign collaborators, foreign bodies corporate and foreign citizens, foreign authorities or persons resident outside India subject to the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) and rules and regulations made there under;

- *Loan from PROI*
- *Loan from members beyond permissible limit under Co. Act*
- *Loan from Director / Relative of Director*
- *Advance from customer*



# FEM (Borrowing and Lending) Regulations 2018



# Different Forms of Borrowings under ECB

- 🕒 Loan including Bank Loans
- 🕒 Securitized Instruments
- 🕒 Non-convertible, Optionally convertible or Partially convertible Preference Shares / Debentures
- 🕒 Buyers' Credit / Suppliers' Credit (Beyond Original Maturity Period of 3 years)
- 🕒 FCCB / FCEB
- 🕒 Financial Lease

However, ECB framework is not applicable in respect of the investment in Non-convertible Debentures (NCDs) in India made by Registered Foreign Portfolio Investors (RFPIs) and Non-Resident Individuals.

# Borrowings Not Considered as ECB

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- 🏠 Trade Credit with original maturity up to 3 years
- 🏠 Export Advance (if utilized or returned within stipulated period)
- 🏠 Investment received in terms of Debt Instruments Regulations
  - 🏠 Non-Convertible Debentures / bonds issued by Indian Cos. as per SEBI guidelines
  - 🏠 Listed Non-Convertible Preference Shares
- 🏠 Convertible Notes issued by Start Ups in accordance with Non-Debt Instrument Reg
- 🏠 Investment received from FVCI through Debt Instruments as per Non-Debt Instrument Rules

# Borrowings – ECB Guidelines

**Automatic Route** – Cases are examined by the Authorised Dealer – approval is given on the basis of certification given by CA/CS.

**Approval Route** – application is forwarded to the Reserve Bank of India



# Analyzing ECB Transaction

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- Borrower
  - Lender
  - End Use
  - Amount of Loan
  - Cost of Borrowings
  - Maturity Period
  - Security
-

# Eligible Borrowers

## OLD PROVISION

### I) All entities eligible to receive FDI - Company

- ✓ Manufacturing
- ✓ Software Development
- ✓ Software Services
- ✓ Service Sector
- ✓ Hospitals
- ✓ Infrastructure
- ✓ Trading
- ✓ Consultancy
- ii) Port Trusts;
- iii) Units in SEZ;
- iii) SIDBI; and
- iv) EXIM Bank of India.

## NEW PROVISION

Any Person In India (Other than Individuals)  
Incorporated, Established Or Registered Under Central Or State Act

Company?

LLP?

Partnership?

Sole Proprietor?

# MINIMUM AVERAGE MATURITY PERIOD

- Minimum Average Maturity Period is 3 (three) years
- Manufacturing Sector can have MAMP between 1 to 3 years
- MAMP provisions are not applicable for the following cases :
  - Conversion of ECB into Non-Debt Instruments
  - Repayment of ECB proceeds from the Non-Debt Instruments
  - Refinance of ECB
  - Waiver of Debt by the Lender
  - Repayment of ECB on account of merger, demerger, arrangement or liquidation

## MINIMUM AVERAGE MATURITY PERIOD

LOAN AMOUNT		EURO	5,00,000		15-03-2022
XYZ Systems Private Limited					
DATE OF DRAWAL/ DATE OF REPAYMENT	DRAWAL	REPAYMENT	BALANCE	NO OF DAYS BALANCE WITH THE BORROWER	PRODUCT (COL 4 * COL 5)/ (LOAN AMOUNT * 360)
COL 1	COL 2	COL 3	COL 4	COL 5	COL 6
(MM/DD/YYYY)					
03-15-22	5,00,000	-	5,00,000	1	0.003
03-15-26	-	1,00,000	4,00,000	1,461	3.247
06-15-26	-	1,00,000	3,00,000	92	0.153
09-15-26	-	1,00,000	2,00,000	92	0.102
12-15-26	-	2,00,000	-	91	-
	5,00,000	5,00,000			3.505

**Whether repayment of ECB can start before the prescribed MAMP**

# Recognized Lenders

## OLD PROVISION

- The lender should be resident of FATF or IOSCO compliant country, including on transfer of ECB. However,
  - a) Multilateral and Regional Financial Institutions where India is a member country will also be considered as recognised lenders;
  - b) Individuals as lenders can only be permitted if they are foreign equity holders or for subscription to bonds/debentures listed abroad; and
  - c) Foreign branches / subsidiaries of Indian banks are permitted as recognised lenders only for FCY ECB (except FCCBs and FCEBs).
  - d) Direct and Indirect Foreign Equity Holder

## NEW PROVISION

- Person Resident Outside India
  - Foreign Citizen
  - NRI
  - OCI
  - Foreign Entity
  - Foreign Banks/ Financial Institutions
- A branch outside India of an entity regulated by RBI
- A financial institution or a branch of Financial Institution set up in IFSC.

# END USE - Limited Negative List

- ECB shall not be utilized for following purposes
  - Chit Fund
  - Nidhi Company
  - Real Estate Business and Construction of Farmhouses
    - (Restriction does not apply to Real Estate Development and infrastructural development)
  - Agricultural and animal husbandry, except –
    - (i) Floriculture, horticulture and cultivation of vegetables and mushrooms under controlled conditions;
    - (ii) Development and production of seeds and planting material;
    - (iii) Animal husbandry (including breeding of dogs), pisciculture, aquaculture and apiculture; and
    - (iv) Services related to agro and allied sectors
  - Plantation except tea, coffee, rubber, cardamom, palm oil tree, olive oil tree plantation
  - Trading in Transferrable Development Rights (TDR);

## END USE - Limited Negative List

- (g) Transacting in listed/unlisted securities, except for transactions undertaken by an Indian entity for corporate actions such as merger, demerger, amalgamation, arrangement, or acquisition of control in accordance with the Act under which the entity is incorporated/established, [Securities and Exchange Board of India \(Substantial Acquisition of Shares and Takeovers\) Regulations, 2011](#), Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and [Insolvency and Bankruptcy Code, 2016](#), as applicable;
- (h) **Repayment of a domestic INR loan** (i) which was availed for an end-use restricted under this regulation; or (ii) which is classified as a non-performing asset (NPA) as per the applicable prudential norms.
- (i) On-lending for any of the purposes for which funds cannot be borrowed and utilised in this regulation.

# ECB for Permitted Real Estate Activities

“real estate business” means purchase, sale or lease of land or immovable property with a view to earning profit from there and does not include purchase, sale and lease (not amounting to transfer) of land or immovable property for the following purposes:

1. construction and development of industrial parks, integrated townships and SEZ;
2. development of new industrial project, modernisation and expansion of existing units;
3. any activity under ‘infrastructure sector’;
4. construction-development project;
5. commercial or residential properties for own use of the borrower;
6. real estate broking services.



# Cost of Borrowing

Includes following expenses in FC or INR

- Interest
- Upfront fee, Management Fee,
- Commitment Fee
- Other fees & expenses,
- Guarantee fees

But does not include

- commitment fees in INR
- withholding tax in INR

All in cost ceiling should be complied on an annual basis

## **Alternative Reference Rate (ARR)**

widely accepted interbank rate or ARR of 6-month tenor, applicable to the currency of borrowing

# Cost of Borrowing

The cost of borrowing shall be in line with prevailing market conditions.

In case of eligible ECBs with average maturity period of less than three years,

- the cost of borrowing shall be in compliance with cost ceiling specified for Trade Credit under these regulations.

**Arm's length principle** – ECB from a related party shall be on an arm's length basis.

# Alternative Reference Rates

- The Secured Overnight Financing Rate (SOFR) has been recommended by the Alternative Reference Rates Committee (ARRC) as the preferred alternative reference rate.
- SOFR is an overnight reference rate that broadly measures the cost of borrowing cash with U.S. Treasuries as collateral.
- It was introduced in 2018 by the Federal Reserve Bank of New York.

180-days SOFOR For USD	4.48306%
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180-days SONIA For Euro	3.17790%
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# Currency of Borrowing

- Can be raised in any freely convertible foreign currency as well as Indian Rupees.
- Change of one foreign currency to another foreign currency or Indian Rupees is permitted.
- Change of currency of ECB into INR can be at the exchange rate prevailing on the date of the agreement (or less) between the parties concerned for such change.
- **Change of INR to FC is now permitted.**

# Guarantees BY BANKS IN INDIA/NBFCs

- Issuance of guarantee, standby letter of credit, letter of undertaking or letter of comfort by banks, financial institutions and NBFCs relating to ECB is **not permitted**.
- Standby Letter of Credit can be issued by AD Banks on behalf of their customers only for availing short term trade finance.

## Permissible Security

Mortgage

Hypothecation

Pledge of Shares

Corporate Guarantee

Personal Guarantee

# Parking of ECB proceeds abroad

- Till utilisation, these funds can be invested in the following liquid assets
  - (a) deposits or Certificate of Deposit or other products offered by banks rated not less than AA (-) by Standard and Poor/ Fitch IBCA or Aa3 by Moody's;
  - (b) Treasury bills and other monetary instruments of one year maturity having minimum rating as indicated above and
  - (c) deposits with overseas branches/ subsidiaries of Indian banks abroad.

# Parking of ECB proceeds domestically

- ECB proceeds meant for Rupee expenditure should be repatriated immediately for credit to their Rupee accounts with AD Category I banks in India.
- ECB borrowers are also allowed to park ECB proceeds in term deposits with AD Category I banks in India for a maximum period of 12 months cumulatively. (Renewal of term deposit beyond 12 months not permitted)
- These term deposits should be kept in unencumbered position.

## OLD PROVISION

- **Eligibility:** An entity recognised as a Start-up
- **Maturity:** Minimum average maturity period will be 3 years.
- **Recognised lender:**
  - Lender / investor shall be a resident of a FATF compliant country.
  - However, foreign branches/subsidiaries of Indian banks and overseas entity in which Indian entity has made overseas direct investment as per the extant Overseas Direct Investment Policy will not be considered as recognized lenders under this framework
- **Forms:** The borrowing can be in form of loans or non-convertible, optionally convertible or partially convertible preference shares.
- **Currency :** FC or INR

# ECB for Startups

Cos., LLPs and Firms registered as Startups permitted to avail ECB

NOW NO SEPARATE SCHEME FOR STARTUPS

# Conversion of ECB into Equity:

**PERMITTED Subject to following conditions :**

The activity is under Automatic Route

Foreign Equity Holding after such conversion is within sectoral cap and

Pricing of shares is as per fair value applicable on the date of conversion

For part conversion, it is to be reported in Monthly ECB-2 Return.

For full conversion, the entire portion is to be reported in Form FC-GPR, ECB 2 Return should be done

# Process Involved

Drafting of Loan Agreement

Preparing all the ECB Documents –

- Form ECB-1 and
- Documents as required by AD

Certification of Form ECB -1

Coordination with Authorised Dealer in obtaining Loan Registration Number

Certification of monthly reporting – Form ECB-2

Reporting any modification in the original terms and conditions of ECB

# Post LRN Compliance

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- **File Form ECB-2 Return (Monthly Return)**
  - Effective from the date of LRN
  - Provides details of drawdown, utilization, Debt Servicing
  - ~~Needs certification of CA/CS~~
  - Required to be filed **only during the drawdown and Debt Servicing**
  - Should reach Department of Statistics and Information Management (DSIM) within 7 working days from the end of the month through AD

# Post LRN Compliance

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- **Any change**
  - to be communicated within 7 working days
  - Filing **“Revised Form ECB-1”**
  - Change can be with respect to
    - change in name of the borrower or lender
    - Change in drawdown schedule, repayment schedule
    - Change in interest rate
    - Change in utilization

# LATE SUBMISSION FEE FOR DELAY

Type of Return	Applicable LSF
Form ECB-1, Form ECB-2, Revised Form ECB-1 or any other return which captures flows or returns which capture reporting of non-fund transactions or any other transactional reporting	7500 + (0.025% × A × n)

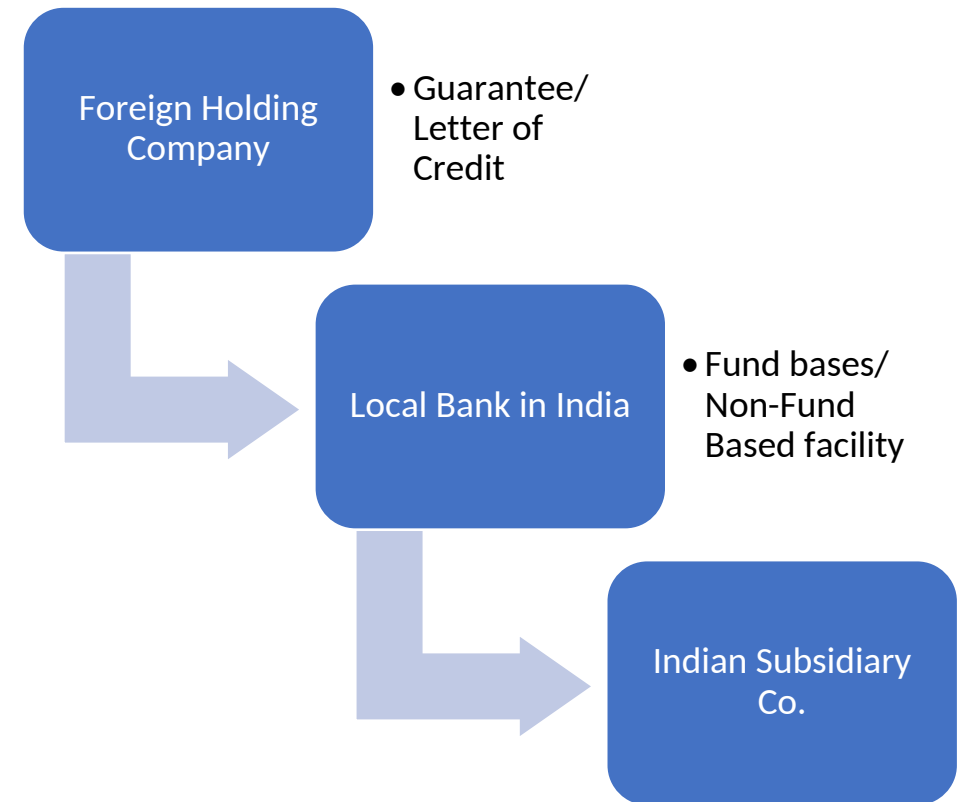
- a) “n” is the number of years of delay in submission rounded-upwards to the nearest month and expressed up to 2 decimal points.
- b) “A” is the amount involved in the delayed reporting.
- c) LSF amount is per return. However, for any number of Form ECB-2 returns, delayed submission for each LRN will be treated as one instance for the fixed component. Further, ‘A’ for any ECB-2 return will be the gross inflow or outflow (including interest and other charges), whichever is more.
- d) Maximum LSF amount will be limited to 100 per cent of ‘A’ and will be rounded upwards to the nearest hundred.

# Standby letter of Credit by Parent Company

## Non-resident guarantee for domestic fund based and non-fund based facilities:

Borrowing and lending in Indian Rupees between two residents does not attract any provisions of the Foreign Exchange Management Act, 1999.

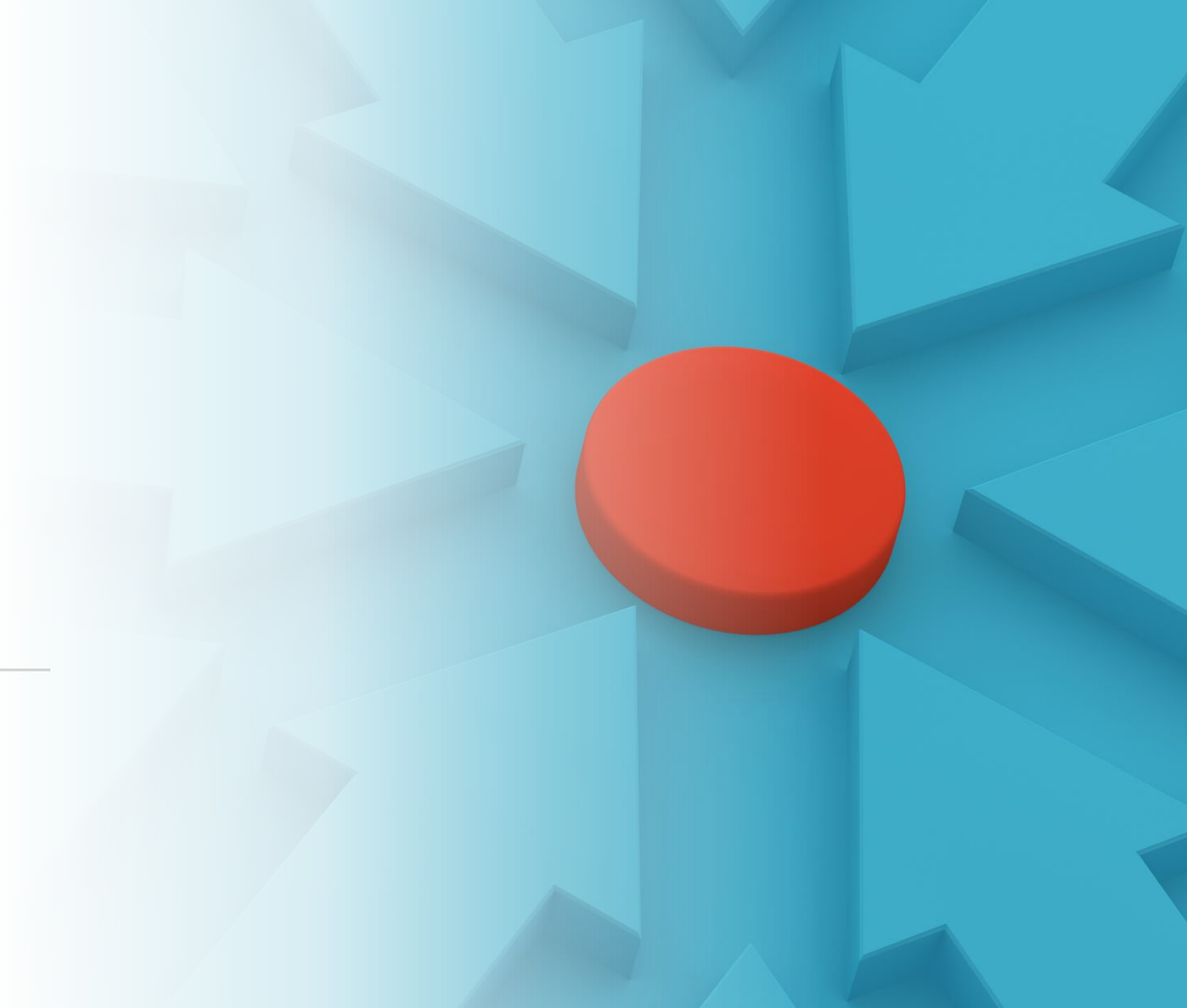
In cases where a Rupee facility which is either fund based or non-fund based (such as letter of credit / guarantee / letter of undertaking / letter of comfort) or is in the form of derivative contract by residents that are subsidiaries of multinational companies, is guaranteed by a non-resident (non-resident group entity in case of derivative contracts), there is no transaction involving foreign exchange until the guarantee is invoked and the non-resident guarantor is required to meet the liability under the guarantee.





# Other Permissible Modes of Borrowing

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# TRADE CREDITS FOR IMPORTS

'Buyers' credit and suppliers' credit for three years come under the category of External Commercial Borrowings (ECB) which are governed by ECB guidelines.

AD banks are permitted to approve trade credits for imports into India up to USD 20 million per import transaction with a maturity period up to one year from the date of shipment of non-capital goods or the operating cycle whichever is less and 3 (three) years for capital goods.

# TRADE CREDITS FOR IMPORTS



No roll-over/extension will be permitted beyond the permissible period.



AD banks shall not approve trade credit exceeding USD 20 million per import transaction.



All in Cost Ceiling – 6 months ARR + 300 Basis Points or such rate as may be prescribed by RBI and for INR denominated + 250 Basis points



Authorised Dealers reporting requirement – Monthly Reporting to RBI in Form TC. Each Trade Credit may be given UIN by AD.

## FEM (DEPOSIT) REGULATIONS (schedule 7) - Deposits from NRIs/ PIOs on Non-Repatriation basis

- Indian proprietorship concern/firm or company (including non-banking finance company registered with Reserve Bank)
- Deposits are received under Private Arrangement or Public Deposit Scheme – **subject to compliance with all applicable laws**
- Amount shall be received by debit to NRO account only, provided that the amount of the deposit shall not represent inward remittances or transfer of funds from NRE/FCNR(B) accounts into the NRO account.
- Rate of interest shall not exceed ceiling prescribed under the Companies Act, 2013

## **FEM (DEPOSIT) REGULATIONS (schedule 7) - Deposits from NRIs/ PIOs on Non-Repatriation basis**

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- Deposits from NRIs/ PIOs on Non-Repatriation basis
    - Maturity period should not exceed 3 years
    - Shall not be used for on lending or agri/plantation/real estate business
    - The deposits accepted shall not be allowed to be repatriated outside India
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# Loan Against NRE or FCNR (B) Deposits

[FEM (DEPOSIT) REGULATIONS (schedule 1 & 2) – NRIs and PIOs]

- Against the collateral of NRE or FCNR (B) Deposit
- Period to co-terminus with the NRE or FCNR (B) Deposit
- The loan should be utilised for personal purposes or for carrying on business activities
- End use not allowed :-
  - For the purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business.
- No direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities

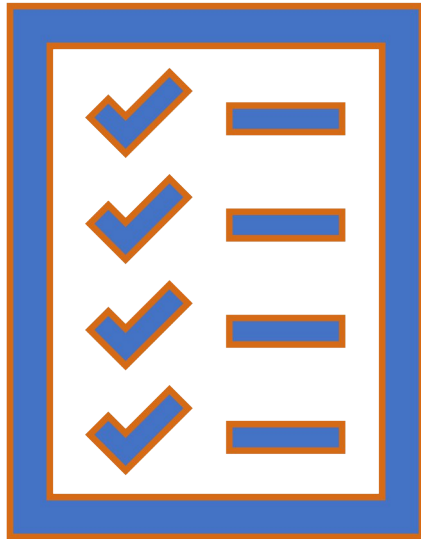


# Usual Contraventions applied for compounding

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- Drawdown of ECB before obtaining LRN
  - Delay in filing ECB-2 Returns
  - Changes in terms not intimated within 7 working days
  - Availed ECB for restricted end use
  - Loan from unrecognized lender
  - Deemed ECB – advance against supply of goods pending for more than 1 year
-

# Audit – ECB



- Obtain copies of following documents :
  - Loan Agreement
  - Form ECB-1 / Form 83 and Loan Registration No. thereon
  - Monthly ECB-2 Returns filed with AD

Check whether the Company has obtained ECB as per prevailing ECB guidelines

Check whether the draw-down and utilization has been made as per Form ECB filed

In case of any modification, whether revised Form ECB has been filed

Check monthly returns filed within 7 days from the end of the month

# Borrowings by exporters

A person resident in India may borrow,

- whether by way of loan or
- overdraft or
- any other credit facility,
- from a bank situated outside India,

Where,

- export of goods or services is proposed to be made on deferred payment terms
- or in execution of a turnkey project or a civil construction contract,
- provided the terms and conditions stipulated by the authority which has granted the approval to the arrangement are in accordance with the Foreign Exchange Management (Export of goods and services) Regulations, 2015, notified vide Notification No. FEMA.23(R)/2015-RB dated January 12, 2016, as amended from time to time.

# Borrowing by an Individual

An individual resident in India may borrow a sum not exceeding USD 250,000/- or its equivalent, or any other amount as decided by the Reserve Bank from time to time,

from his/her relatives outside India

and subject to such terms and conditions as specified by the Reserve Bank from time to time in consultation with the Government of India.

# Borrowings by individual studying abroad



An individual resident in India studying abroad may raise loan outside India not exceeding USD 250,000/- or its equivalent, or any other amount as decided by the Reserve Bank from time to time,



for the purposes of payment of education fees abroad and maintenance subject to terms and conditions as specified by the Reserve Bank from time to time in consultation with the Government of India.

## Case Study No. 1 – Loan From NRI Director

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Mr. Ramesh Nayar is a Non-Resident Indian and director of Plasto Automotive Pvt. Ltd. Mr. Nayar sold his immovable property in India for Rs. 5 Crores and deposited the amount in his Non-Resident Ordinary Rupee Account (NRO) maintained with HDFC Bank.

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Mr. Nayar proposes to provide unsecured loan to Plasto Automotive Pvt. Ltd. for a period of 5 years at an interest rate of 12.5% p.a.

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*(SCHEDULE 7 - Acceptance of deposits by Indian proprietorship concern/firm or company - Foreign Exchange Management (Deposit) Regulations, 2016)*

## Case Study No. 2 – Loan from NRI Director – Money remitted from Abroad

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Mr. Ramesh Nayar is a Non-Resident Indian and director of Plasto Automotive Pvt. Ltd. Mr. Nayar regularly remits money from UAE to his NRO Account in India maintained with HDFC Bank.

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Mr. Nayar proposes to provide unsecured loan to Plasto Automotive Pvt. Ltd. for the business purpose for a period of 5 years at an interest rate of 12.5% p.a. out of the funds held on NRO Account.

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*(SCHEDULE 7 - Acceptance of deposits by Indian proprietorship concern/firm or company - Foreign Exchange Management (Deposit) Regulations, 2016)*

## Case Study No. 3- Loan from Foreign Holding Co.

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PQR trading private limited is a wholly owned subsidiary of PQR automation gmbh, germany. The paid-up share capital of PQR india is rs. 25.00 lacs. PQR india is engaged in the business of importing products of PQR gmbh and sale the same to the customer in india. The entire sale is on B2B basis.

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PQR gmbh proposes to provide financial assistance of euro 5 million to PQR india to meet its working capital requirement.

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What would be the answer, if PQR trading is an LLP.

## Case Study No. 4- Loan from Foreign Bank

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- XYZ India Private Limited availed a foreign currency loan from a foreign bank for the purpose of modernization of its manufacturing plant.
- XYZ credited the ECB proceeds to its Cash Credit Account and used the proceeds for modernization purpose.

## Case Study No. 5 – Change in End Use

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- XYZ Industries Private Limited availed a foreign currency loan from its Parent Company for CAPEX purpose.
- The average maturity period of the said loan was 2 years.
- XYZ now wants to change the purpose and utilize the loan to meet its working capital requirement.
- What would be the answer, if the loan is availed from a foreign bank.

## Case Study No. 6 – Purchase of land

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- XYZ Industries Private Limited wants to avail foreign currency loan for setting up a manufacturing plant in India.
- The project cost includes purchase of land (Rs. 2 Cr) + Construction of Building (Rs. 4 cr.) + purchase of plant & machinery (Rs. 5 Cr)
- Whether the end uses mentioned above is permitted under the extent ECB policy.

## Case Study No. 7- Payment of Customs Duty

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- XYZ Industries Private Limited has availed ECB loan for import of machinery with a repayment period of 2 years. Out of the total ECB loan amount, XYZ will be utilizing Rs. 50 lacs for the purpose of payment of import duty.
- Whether payment of customs duty is an eligible end use?

## Case Study No. 8 – Conversion into Equity Shares

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- XYZ Industries Private Limited has availed ECB loan of USD 1,500,000 from its parent company in the year 2019-20 @5% p.a.. The loan is to be repaid on or before 31<sup>st</sup> March 2025. Interest outstanding on the aforesaid loan is USD 1,50,000.
- XYZ proposes to convert the loan + interest payable thereon into equity shares.
- Whether conversion of interest into equity capital is permitted ?

## Case Study No. 9 - Real Estate Development

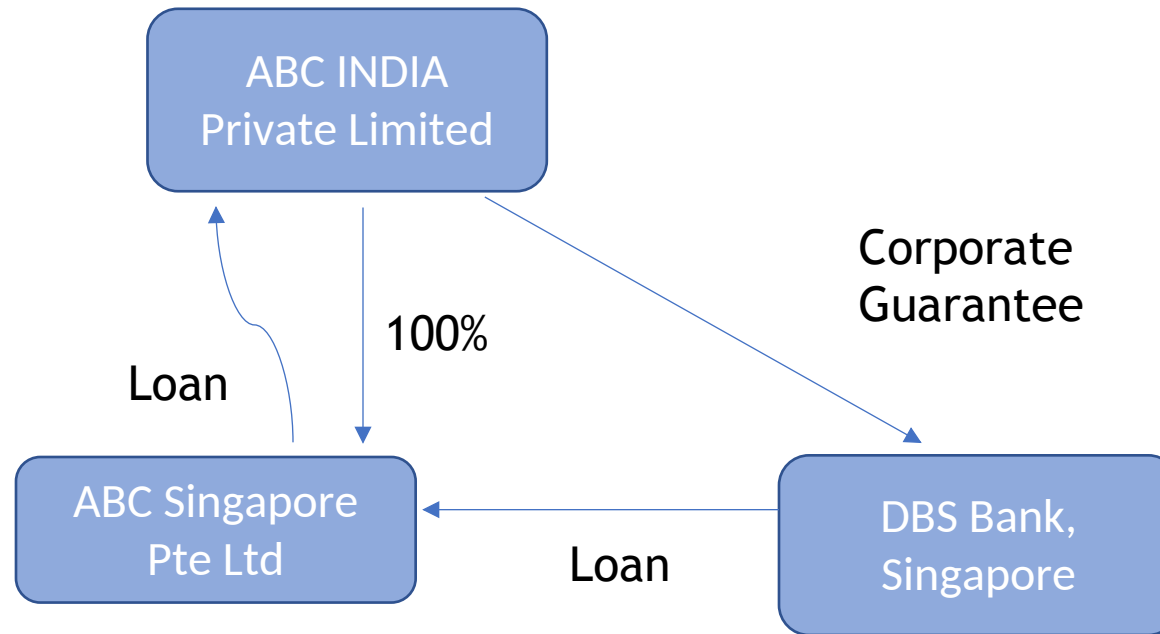
- Mr. A, a NRI proposes to become a partner in PQR Real Estate LLP which is engaged in a real estate development activity.
- Mr. A proposes to bring in Rs. 1 Crore as fixed capital and Rs. 3 Crore as current capital
- The Current Capital would carry interest @12% per annum
- The Current Capital is repayable on demand
- *Analyse this arrangement from FEMA point of view*

## Case Study No. 10 – On-lending

- ABC Private Limited is an operating-cum-holding company engaged in manufacture of automotive components.
- XYZ Private Limited is a subsidiary of ABC Private Limited. XYZ is engaged in the business of running hotels.
- ABC is raising ECB to the tune of USD 10 Mio which would be used as follows:
  - USD 2 Million for acquiring land for its expansion
  - USD 3 Million for purchase of machinery
  - USD 1 Million for working capital
  - USD 4 Million for on-lending to XYZ which would be used to meet the CAPEX requirement as well as for working capital purpose

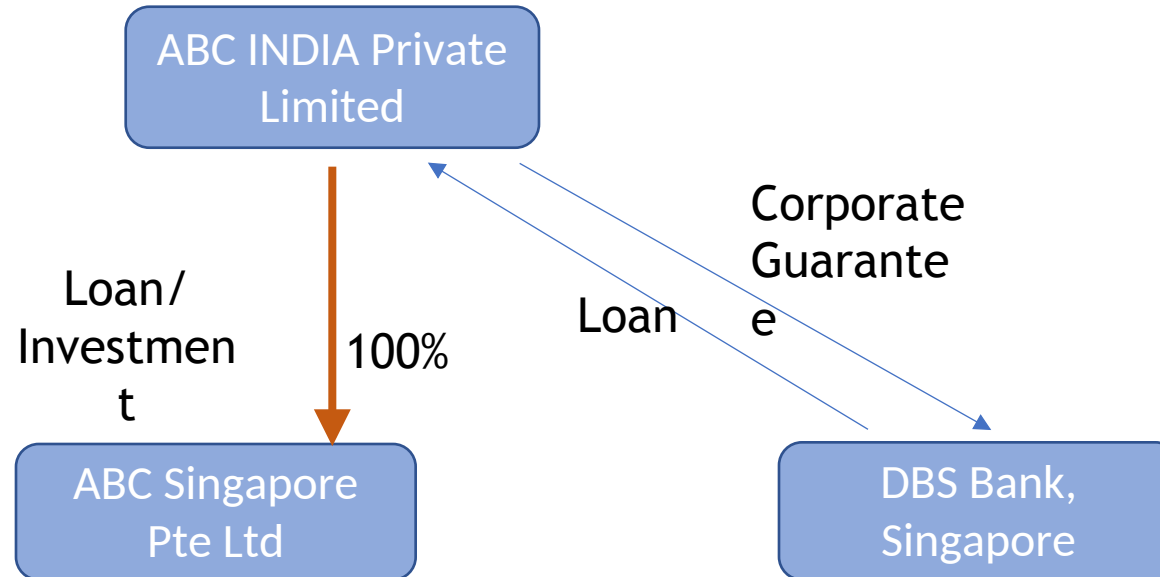
## Case Study No. 11

### LOAN FROM OVERSEAS SUBSIDIARY



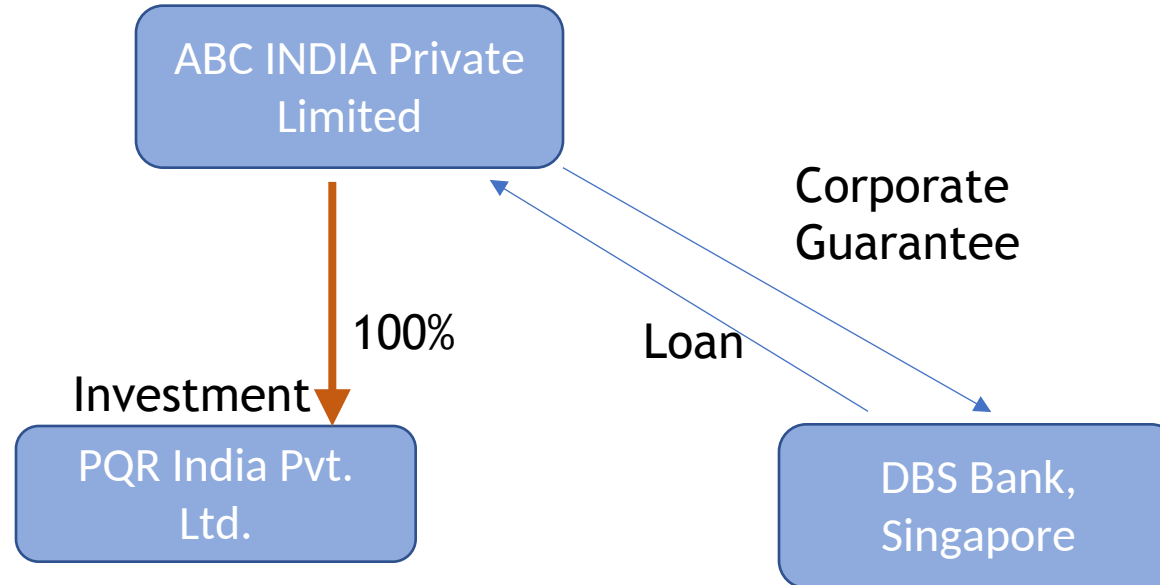
## Case Study No. 12

### Downstream Investment - OVERSEAS



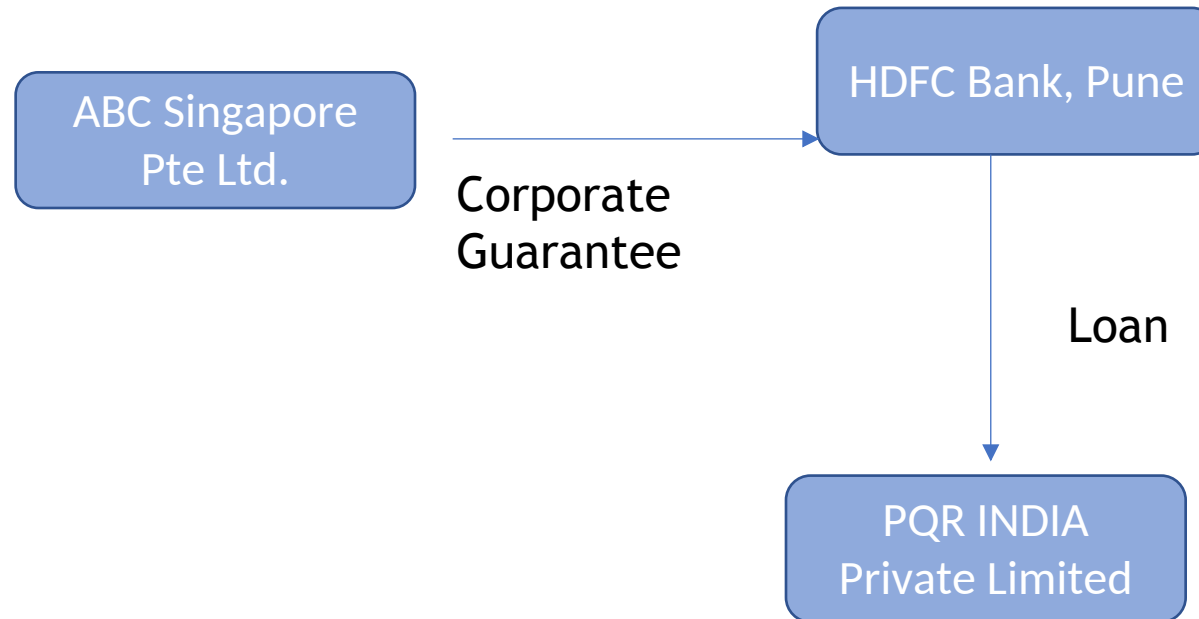
## Case Study No. 13

### Downstream Investment - Domestic



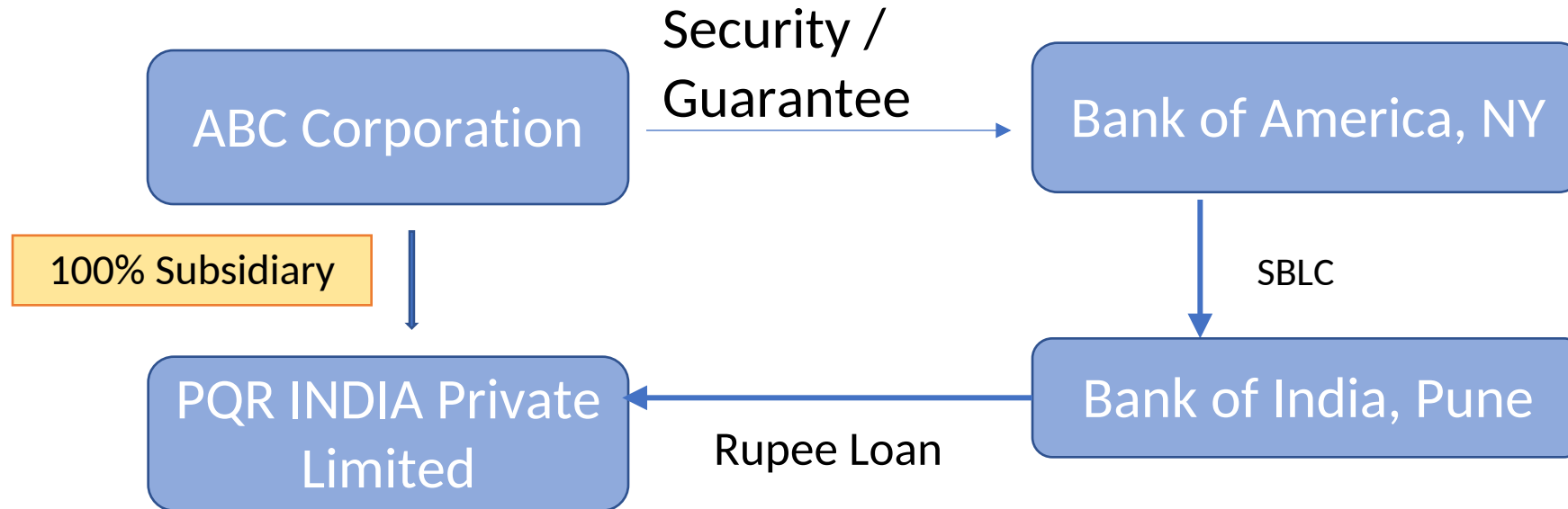
- Poser No. 14

## Guarantee by Non-Resident to avail FC Loan



**Case Study No. 15**

**Loan Against SBLC from Foreign Bank**





# THANK YOU

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