

FEMA Ke Fundae

#FamiliarwithFEMA

Acquisition or transfer
of shares by way of
deferred payment

Issue No : 98

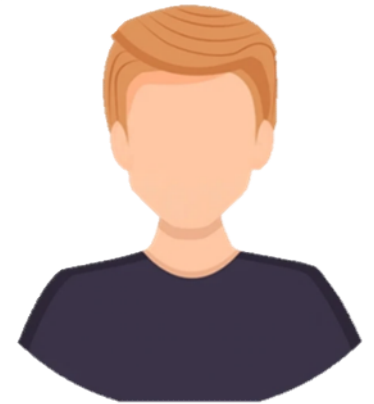
Date : 24-04-2024





Virat
(Indian Resident)

Hello FEMA GYANI! I am Virat, an Indian resident. I want to purchase 1000 equity shares of **Anushka Inc, an US Entity** for **USD 1 million**. Since, I am not having enough funds right now , therefore, I am planning to make entire payment of 1000 million in two tranches ,i.e, Firstly, I will pay 400 million on 1st May,2024 and then 600 million on 30th September,2024. So, Can I do so?



The FEMA Gyani

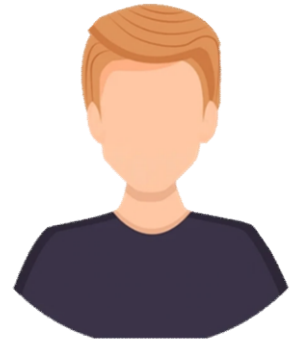
Hi Virat ! **Thankfully Yes!** You can acquire shares of Anushka US Inc. or purchase them from non-resident by way of Deferred payment. Deferred payment is a new concept which is recently introduced by **OI Regulations**, before that there was no such concept in FEMA Provisions



Virat
(Indian Resident)

Oh Great!
Since I am unaware about deferred payment, so can you brief me about the same?

Sure! Deferred payment means an **agreement to pay something at a later date**. It is **not a loan and does not charge any interest**.



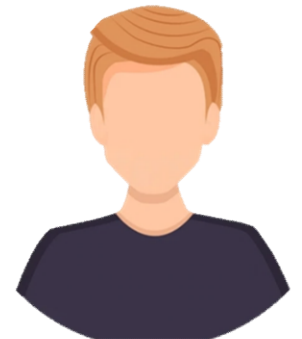
The FEMA Gyani



Virat
(Indian Resident)

Okay!
Are there any provisions or conditions which are required to be fulfilled for acquiring or purchasing shares through deferred payment?

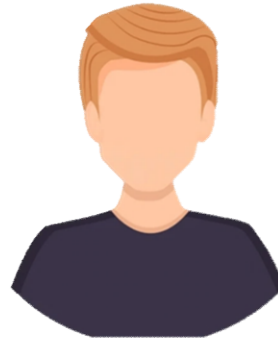
YUP! Following few conditions are required to be fulfilled.



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All the shares shall be issued upfront by the seller

The total consideration of all the equity shares should be fixed and freezed on the date of agreement.

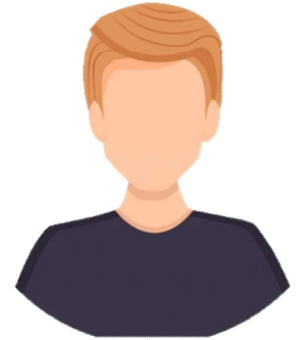


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The period of deferment have to be definite

Deferred part of the consideration shall be treated as Non-fund based commitment.

Also there are few reporting requirement which need to be fulfilled by you.



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**Before 1ST
May,2024**

(a) Filling of Form FC (Part A&B) through designated AD bank for USD 400 million as investment in equity capital.
(b) Filling of Form FC (Part C, D&E) through designated AD bank for USD 600 million as Non-Fund Based Commitment

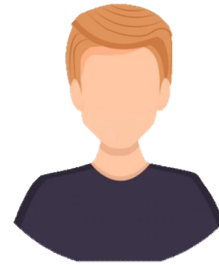
**Before
30th
September
,2024**

Filling of Form FC (Part C) through designated AD bank for USD 600 millions investment in equity capital. Along with it, the Form FC (Part A&B) filled for USD 400 million on 1st May, 2024, should be attached

Annually

Form APR and Form FLA is also required to be filled annually for this investment.

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoa>

<https://jainshrimal.com/>



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