dhruva

A Ryan LLC Affiliate

Beyond Borders

Guide to structuring overseas investments from India

January 2026

FOREWORD

India's engagement with global markets has matured significantly over the past decade. Indian businesses, entrepreneurs, family offices, and resident individuals are today increasingly pursuing overseas investments as part of long-term growth, diversification, and risk management strategies. This evolution has necessitated a regulatory framework that enables cross-border capital deployment while preserving transparency, discipline, and systemic integrity.

The introduction of the Foreign Exchange Management (Overseas Investment) Regulations, 2022, together with the accompanying Rules and Master Directions, represents a decisive step in that direction.

At Dhruva Advisors, we have consistently observed that while the overseas investment framework is significantly liberal than earlier regimes, it also demands a deeper appreciation of regulatory intent and careful execution. The practical challenges do not arise merely from understanding the law, but from navigating its application across complex ownership structures, financial instruments, valuation methodologies, and evolving global business models.

This publication has been curated to provide a consolidated and practical guide to India's overseas investment framework. It brings together the legal provisions, regulatory nuances, and compliance considerations that are most relevant for Indian entities and resident individuals contemplating or undertaking overseas investments. The objective is not only to explain the law, but to assist stakeholders in structuring overseas investments that are both commercially sound and regulatory-compliant.

I trust that this compilation will serve as a valuable reference for businesses, promoters, investors, and advisors investing overseas. We would be delighted to have your inputs/suggestions.

Warm regards,

Dinesh Kanabar

Chairman & CEO
dinesh.kanabar@dhruvaadvisors.com

TABLE OF CONTENTS

AUTHORS

Vaibhav Gupta
Partner
vaibhav.gupta@dhruvaadvisors.com

Samudra Acharyya
Partner
samudra.acharyya@dhruvaadvisors.com

Jagrit Khanna
Principal
jagrit.khanna@dhruvaadvisors.com

Pooja Agarwala
Principal
pooja.agarwala@dhruvaadvisors.com

Pratik Baid
Principal
pratik.baid@dhruvaadvisors.com

Ashish Agarwal
Manager
ashish@dhruvaadvisors.com

Sarabhjeet Singh Talwar
Manager
sarabhjeet.singh@dhruvaadvisors.com

PREFACE

The Foreign Exchange Management (Overseas Investment) Regulations, 2022 and the corresponding Rules and Master Directions have brought much-needed clarity by consolidating disparate provisions into a cohesive framework governing outbound investments by Indian entities and resident individuals.

This publication has been prepared with the objective of providing a structured and practical reference to the overseas investment regime under FEMA. It distils the key legal principles, regulatory conditions, and compliance obligations governing Overseas Direct Investment and Overseas Portfolio Investment, while also addressing areas that frequently give rise to interpretational and implementation challenges.

Particular focus has been placed on issues such as financial commitment limits, investments in the financial services sector, round-tripping restrictions, pricing and valuation norms, deferred consideration, restructuring of overseas entities, and reporting requirements.

Consistent with Dhruva's philosophy, this compilation emphasises clarity over complexity and practical application over theoretical exposition. While the regulatory framework is enabling in nature, it requires careful evaluation at the structuring stage and disciplined compliance thereafter.

This document should be read in conjunction with the applicable statutory provisions, regulatory circulars, and clarifications issued by the Reserve Bank of India and other authorities from time to time.

Introduction to Overseas Investments

Prior to August 2022, India's foreign exchange regime imposed relatively stringent controls on overseas investments by Indian residents. The earlier framework primarily recognised overseas investments only in the form of joint ventures or wholly owned subsidiaries, with no specific regulations on portfolio investment. It also restricted non-financial sector entities from investing in overseas financial sector entities, provided thresholds for writing off overseas investments and scrutinized every round-trip structure.

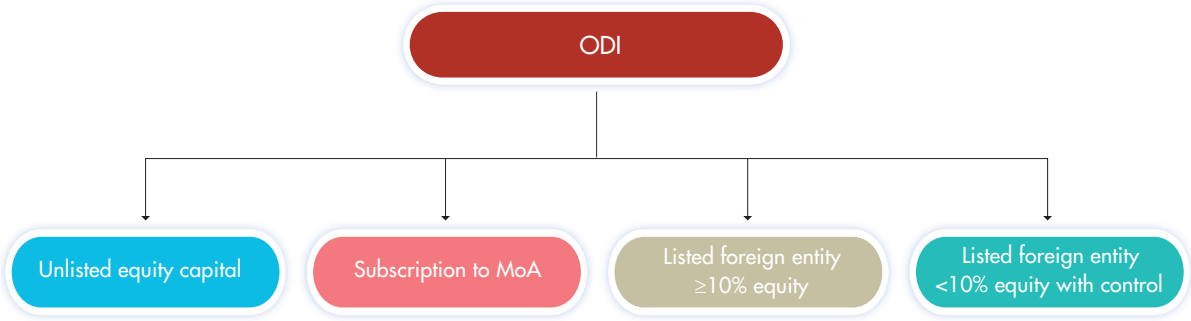
With the growing globalisation of markets and increasing opportunities for international diversification, Indian residents, businesses as well as family offices have increasingly shown greater interest in making investments overseas. Recognizing this, India's foreign exchange regime has progressively been liberalized over the years, culminating in the introduction of the **Foreign Exchange Management (Overseas Investment) Regulations, 2022** and **Foreign Exchange Management (Overseas Investment) Rules, 2022** in August 2022, along with corresponding **Master directions – Overseas Investment (together referred as OI law)** that now comprehensively govern overseas investments by Indian residents.

The liberalization of India's overseas investment regime provides an enhanced flexibility to Indian entities to structure their overseas investments through equity, debt and guarantees. While the OI law provides an enabling platform for Indian residents to diversify globally, they also impose significant restrictions and compliance obligations. The intent of the overseas investment framework is not only to encourage legitimate international investments but also to safeguard against misuse, such as round-tripping, or investments in prohibited sectors like real estate and financial sector. Accordingly, a clear understanding of the overseas investment provisions, as well as the practical issues surrounding their implementation, is essential for Indian residents seeking to invest abroad.

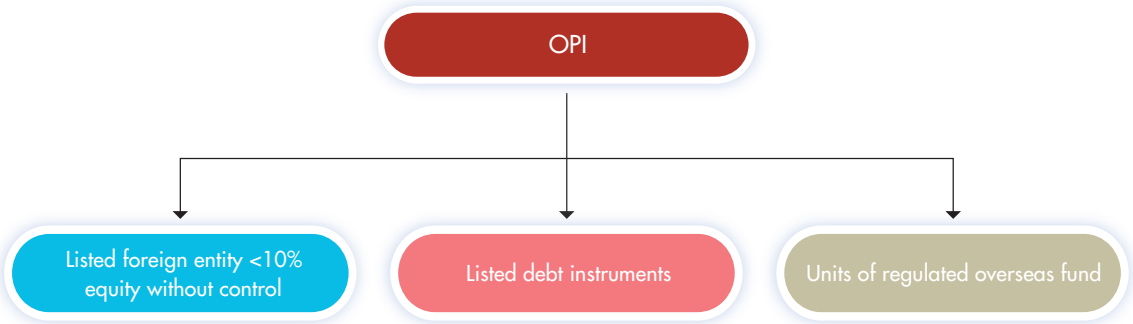
Permissible modes of overseas investments

The OI law categorically bifurcates overseas investment by Indian residents into two modes

a. Overseas Direct Investment (ODI) and



b. Overseas Portfolio Investment (OPI)



ODI

- ODI includes the following:
  - Investment in the equity capital of an unlisted foreign entity
  - Subscription to the Memorandum of Association ("MoA") or other charter documents of a foreign entity
  - Investment in the equity capital of a listed foreign entity with control
  - Investment in 10% or more of the equity capital of a listed foreign entity
- The term control means the right to appoint a majority of directors, or to control management or policy decisions, or to exercise 10% or more of voting rights.
- It is a settled provision that once an overseas investment qualifies as ODI, it will always be treated as ODI. For example, if an Indian resident acquires 15% of the equity capital of a listed foreign entity, such investment will continue to be treated as ODI even if the shareholding later falls below 10%.

OPI

- OPI refers to investments in foreign securities other than ODI. Investment in an overseas investment fund is treated as OPI, provided that the fund or its fund manager is regulated in the overseas jurisdiction.

RBI has clarified that an OPI in a listed foreign entity will continue to be treated as OPI even after such entity is delisted. However, any further investment in the equity capital of that entity after delisting will be treated as ODI.

- However, OPI cannot be made in
  - Unlisted debt instruments. Debt instruments that are redeemable, non-convertible, or optionally convertible into equity capital
  - Any security issued by a person resident in India, other than those set up in the Gift City — for example, ADRs/GDRs issued by Indian residents outside India
  - Any derivatives, unless specifically permitted
  - Any commodities, including Bullion Depository Receipts

The two modes (ODI and OPI) are subject to different conditions regarding investment limits, reporting requirements, and repatriation obligations. ODI is more regulated and primarily intended to facilitate overseas investments in unlisted entities or those involving management control.

OPI, on the other hand, is primarily used by investors for investment in listed foreign securities.


Overseas investments by Indian entity

ODI by an Indian entity

An "Indian entity" is defined under the OI law as follows:

- A company incorporated under the Companies Act, 2013
- A body corporate incorporated under any applicable law
- A Limited Liability Partnership ("LLP") formed under the LLP Act, 2008
- A partnership firm registered under the Indian Partnership Act, 1932

As a general principle, an Indian entity is permitted to make ODI in a foreign entity, provided that such foreign entity is engaged in a bonafide business activity. ODI may be undertaken directly or through step down subsidiary or special purpose vehicle.

Ceiling for making ODI

An Indian entity is permitted to undertake a total financial commitment (equity investments, debt, guarantees, etc.) of up to 400% of its net worth based on the last audited balance sheet of the Indian entity. The limit is to be tested at the time of making financial commitment.

Manner of making ODI by an Indian entity

An Indian entity may make ODI in a foreign entity through various modes, including

- subscription to MoA
- purchase of equity capital
- rights or bonus issue
- conversion of receivables into shares
- swap of securities
- merger, demerger or any corporate restructuring

A few nuances in relation to these investment options are discussed below:

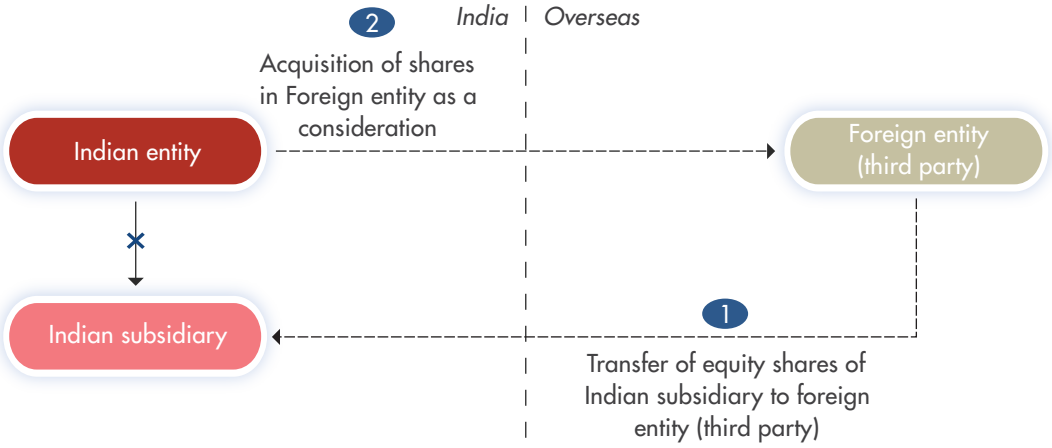
Rights issue

An Indian entity holding equity shares in a foreign entity is permitted to participate in a rights issue and buy additional equity shares of the foreign entity. Further, Indian entity can also renounce such rights in the foreign entity in favour of any person, whether resident or not.

Swap of securities

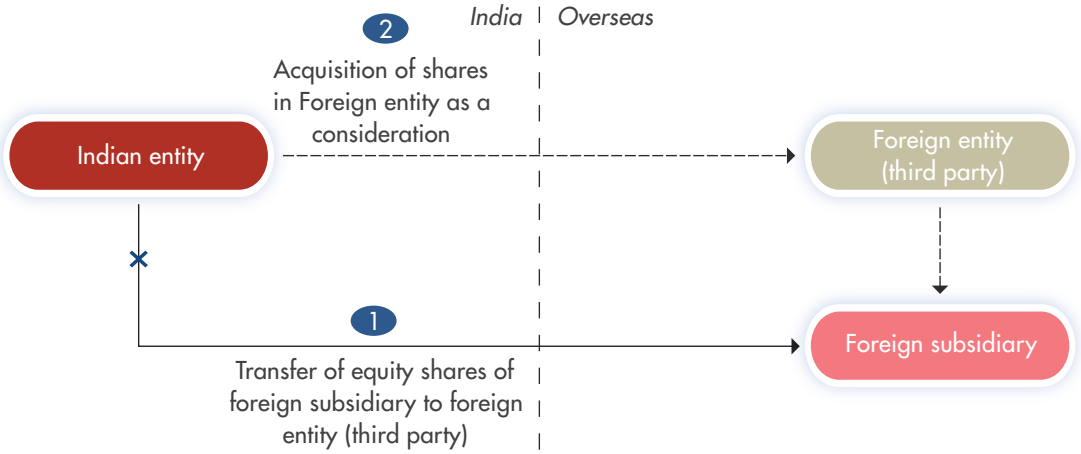
An Indian entity may make ODI in a foreign entity by way of swap of securities, provided both legs of the swap are in compliance with FEMA provisions. We have provided below few illustrations for reference:

i. ODI-FDI swap



An Indian entity is transferring equity shares of its Indian subsidiary to a third party foreign entity in exchange for equity shares of the third party foreign entity. Such transaction must comply with FEMA rules relating to foreign investments, in addition to OI law.

ii. ODI-ODI swap



An Indian entity is transferring equity shares of its foreign subsidiary to a third party foreign entity in exchange for equity shares of the third party foreign entity. In such a case, the pricing conditions, restrictions and compliances are required to be undertaken as per the OI law.

ODI in financial sector

A foreign entity is considered to be engaged in the business of financial services activity, if it undertakes an activity, which if carried out by an entity in India, requires registration with or is regulated by a financial sector regulator in India.

a. Indian entity in financial services sector

An Indian entity, which is already engaged in financial services activity in India, is allowed to make ODI in a foreign entity, engaged in financial services activity, provided such Indian entity is profitable during the last 3 FYs. The Indian entity should also be registered or regulated by an Indian financial sector regulator and must have approval from Indian financial sector regulator as well as its overseas counterpart, if any.

b. Indian entity in non-financial services sector

An Indian entity not engaged in financial services activity in India, can make ODI in a foreign entity, engaged in financial services activity, provided such Indian entity is profitable during the last 3 FYs. However, the foreign entity is not allowed to be engaged in banking or insurance business. In this case, there is no requirement to obtain approval from any financial sector regulator.

Debt by an Indian entity

An Indian entity may provide financial assistance to a foreign entity by way of lending money or investing in the debentures or redeemable/ optionally convertible preference shares, issued by the foreign entity, in case such Indian entity has made ODI and has control (voting rights ≥ 10% or right to appoint majority of directors or control of management) in the foreign entity as on that date. Also, the Indian entity should have a loan agreement in place with the foreign entity and the rate of interest should be charged on arm's length basis. However, the Indian entity cannot lend money directly to its overseas step down subsidiary.

OPI by Indian entity

OPI by Indian entity

- Listed Indian entities can make OPI, including by way of reinvestment. There are no restrictions on the manner in which such OPI can be made.
- Unlisted Indian entities, however, can make OPI only through the following modes:
  - Rights or bonus issue
  - Capitalization of dues
  - Swap of securities
  - Restructuring schemes, including mergers or demergers
- **Investment limits -** Indian entities (listed or unlisted) may make OPI up to 50% of their net worth.

Overseas investments by Resident Individuals

OI law defines a resident individual as under:

- The person is a Resident in India, and
- The person is a natural person

A resident individual is allowed to make overseas investment up to an overall ceiling limit of USD 250,000 per financial year (as provided under the Liberalised Remittance Scheme ('LRS')). As discussed earlier, OI law categorizes such investments broadly into ODI and OPI, depending on the nature of the asset and the level of ownership or control. The key permissible investment avenues for resident individuals are discussed below:

Investment in Listed Shares

Resident individuals may acquire shares of a listed foreign entity as part of an OPI, provided their holding is less than 10% and does not confer control in the foreign company. The investment can be made through stock exchanges abroad, subscription to rights issues, or participation in global Employee Stock Option Plans (ESOPs). If the shareholding reaches or exceeds 10%, or if control is acquired, the investment automatically reclassifies as ODI.

Investment in Unlisted Shares

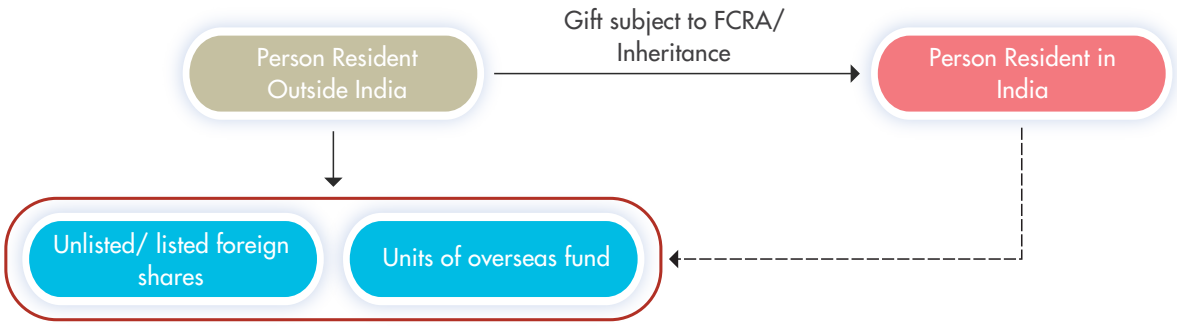
Acquisition of unlisted equity shares of a foreign entity is treated as ODI.

A resident individual cannot make or hold ODI in a foreign entity which has a subsidiary, where such resident individual has control over such foreign entity. However, where acquisition of shares is made through acquisition of sweat equity shares/ ESOPs and minimum qualification shares, then the same shall qualify as OPI where the acquisition is less than 10% of the equity capital, listed or unlisted, of the foreign entity without control.

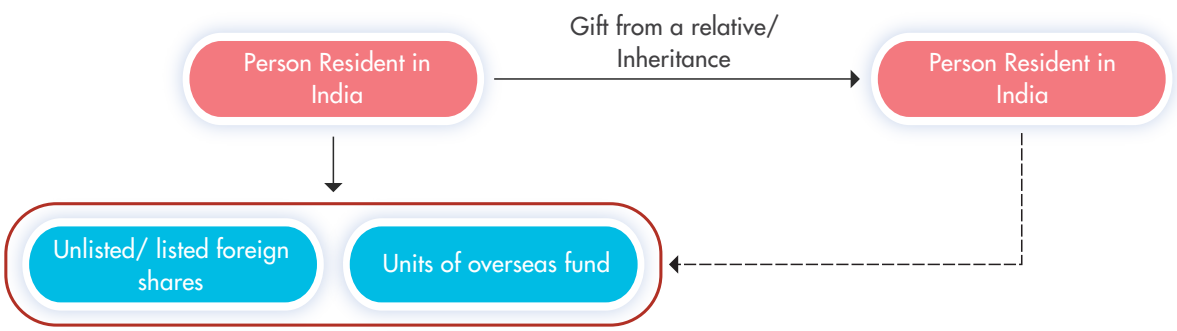
Acquisition by way of Gifts and Inheritances

A resident individual is allowed to acquire overseas investments outside India both from gifts and inheritances. The same is explained with the help of diagrams below:

- From a Person Resident Outside India



- From a Person Resident in India



The LRS limits shall not be applicable for acquisition of overseas investments by resident individuals from resident/ non-resident individuals through inheritance. Further, LRS limit is not applicable when a resident individual acquires overseas investments as gift from another resident individual, who is a relative of the recipient.

Swap of securities on account of merger, demerger, amalgamation or liquidation

OI law also recognises the acquisition of foreign securities through a swap of securities by a resident individual pursuant to a scheme of merger, demerger, amalgamation, or liquidation. This provision expands the scope of permissible overseas investment methods beyond cash or gift-based transactions, offering greater flexibility for cross-border M&A integrations.

Both legs of such transactions must comply with the applicable FEMA provisions. Accordingly, where the swap of securities results in the acquisition of equity capital in a foreign entity, such acquisition must adhere to the OI law. In case of any non-compliance, the acquired equity capital must be disinvested within six months from the date of acquisition.

Further, any acquisition of foreign securities through these swap arrangements will continue to be subject to the annual LRS limits. Hence, if the value of securities acquired by a resident individual under a merger, demerger, amalgamation, or liquidation exceeds the prescribed LRS limits, prior approval from the RBI would be required.

Employee Stock Option Plans / Employee Benefits Scheme and Sweat Equity Shares

The acquisition of overseas investments by resident individuals through ESOPs/ Employee Benefits Scheme (EBS) or sweat equity shares are recognized and regulated forms of overseas investments under India's foreign exchange framework. OI law permits such acquisitions when offered by a foreign entity where the resident individual is an employee or director of:

a. an office in India of such foreign entity
b. a branch in India of such foreign entity
c. a subsidiary in India of such foreign entity
d. an Indian entity in which such foreign entity has direct or indirect holding

Notably, such acquisitions must be part of a globally uniform scheme offered by the foreign entity, ensuring equitable treatment of employees across jurisdictions.

Investment in financial services sector

Unlike Indian entities, resident individuals are generally not permitted to make ODI in a foreign entity engaged in financial services activities. However, this restriction does not apply to resident individuals in following cases:

i. acquisition through inheritance
ii. acquisition of sweat equity shares
iii. acquisition of minimum qualification shares issued for holding a management post in a foreign entity
iv. acquisition of shares under ESOPs or Employee Benefits Scheme

Loans to Foreign Companies

Lending or extending loans to foreign entities by resident individuals is prohibited under the OI law.

Investment in Debt Instruments

Resident individuals are not permitted to invest in unlisted debt instruments (such as bonds, debentures, or other debt securities) issued by overseas companies.

Guarantees

Resident individuals, as promoters of an Indian entity, may issue personal guarantees in respect of financial commitments made by such Indian entity. Such guarantees are counted towards the financial commitment limits applicable to the Indian entity i.e. 400% of the net-worth of the Indian entity. However, guarantees extended independently by resident individuals, without promoter status or connection to an Indian investing entity, are generally not permitted.

Investment in Immovable Property

A resident individual may acquire immovable property abroad for residential or commercial purposes under the LRS limits.

Gift of an overseas immovable property between Indian residents is permissible. An Indian resident can also inherit overseas immovable property from a non-resident.

In summary, a resident individual may invest abroad mainly through listed and unlisted equity shares, listed debt instruments under the OI law. Direct lending or investment in unlisted debt instruments, however, remains outside the permissible ambit of individual overseas investment activities.

Overseas investments by other Indian residents

Overseas investments by AIFs/ VCFs/ MFs

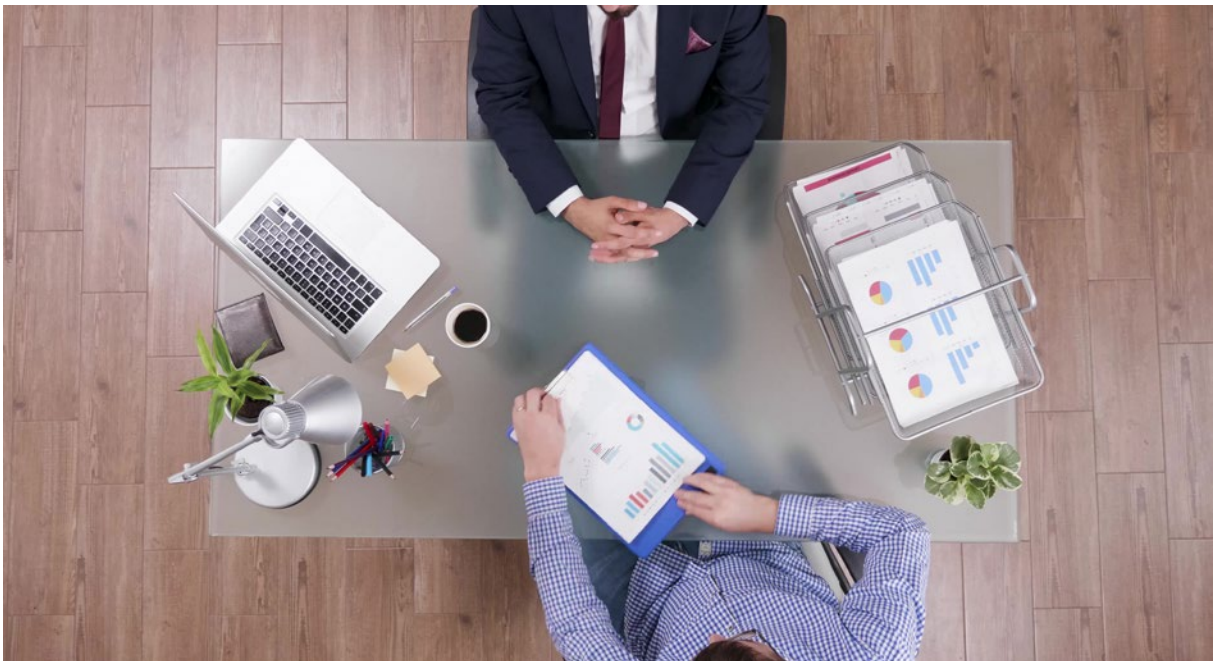
- Overseas investments by Alternative Investment Funds (AIFs)/ Venture Capital Funds (VCFs), and Mutual Funds (MFs) are governed by the OI law and the applicable SEBI regulations and can invest overseas in securities as stipulated by SEBI within an overall cap of USD 1.5 billion and USD 7 billion, respectively.
- It is important to note that the operational modalities including eligibility criteria, individual limits, aggregate ceilings, and other conditions are prescribed by SEBI and RBI. AIFs, VCFs, and MFs are required to specifically approach SEBI for approval before making any overseas investment.
- Irrespective of the nature of instruments, overseas investments by AIFs, VCFs, and MFs are treated as OPI under the OI law.

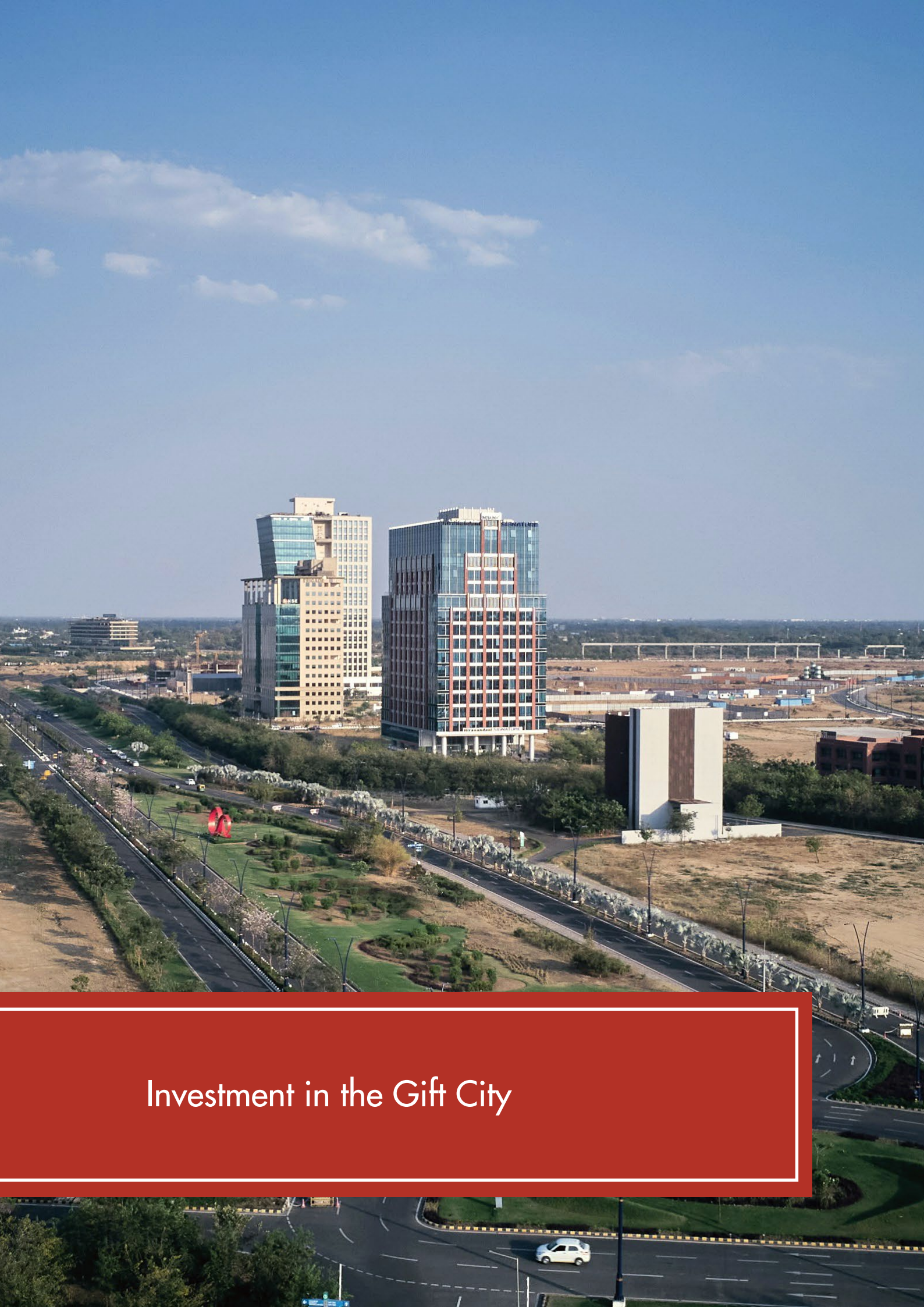
Overseas Investments by Trusts/ Societies

- Trusts and societies are generally not permitted to make overseas investments.
- However, registered trusts or societies that are engaged in the education sector or own hospitals in India are allowed to make ODI in a foreign entity engaged in the same sector (education or healthcare), subject to prior approval from the Reserve Bank of India (RBI)

Such registered trusts or societies must also comply with the following conditions:

- The trust/society must have been in existence for at least three years
- The foreign entity must be engaged in the same sector as the Indian trust/society
- The charter documents of the trust/ society must permit overseas investments
- The approval of the trustees or governing committee must be obtained
- Any special permission or licence required from relevant authorities must be obtained, wherever applicable





Investment in the Gift City

Leveraging IFSC framework for undertaking overseas investment

India's maiden International Financial Services Centre (IFSC), GIFT City in Gandhinagar, Gujarat is considered as an overseas jurisdiction from a FEMA perspective and certain relaxations have been carved out in the OI law to foster growth in IFSC. These relaxations are discussed hereunder:

a. An Indian resident is allowed to make investments (including sponsor contribution) in the units of investment funds in IFSC (like AIF, Family investment funds, ETF, REIT, InvIT, etc.) as an OPI – this enables an unlisted Indian entity to make investments in IFSC up to 50% of their net worth under OPI route, in addition to resident individuals (up to LRS limit of USD 2,50,000) and listed Indian companies (up to 50% of net worth).

b. The prohibition on resident individuals making ODI in a foreign entity engaged in financial services sector (except in banking and insurance) is not applicable to investments made in IFSC. The said foreign entity may also have subsidiary/ step down subsidiary in IFSC. However, in case such subsidiary/ step down subsidiary of IFSC entity is outside India, such subsidiary/ step down subsidiary should not be controlled by resident individual.

c. An Indian entity (not engaged in financial services sector) is not required to meet the profitability criteria during the last 3 FYs, for making ODI in an IFSC based entity which is engaged in financial services sector (other than banking and insurance).

Other provisions

Restructuring of a foreign entity

- Where a foreign entity, in which an ODI has been made, is incurring losses, the OI law permits restructuring of the balance sheet of such foreign entity without prior RBI approval, subject to the following conditions:
  - The foreign entity has been incurring losses for the past two consecutive years, based on its audited financial statements
  - The reduction in the Indian resident's investment shall not exceed the accumulated losses of the foreign entity, proportionate to its shareholding
  - Where the original investment exceeds USD 10 million or the reduction exceeds 20% of the total investment value, such reduction must be certified by a valuer
- In respect of outstanding loans between the Indian entity and the foreign entity, restructuring may be carried out through write-off of loans. In contrast, restructuring of equity capital may be undertaken through capital reduction or similar routes.

Transfer/ disinvestment of overseas investments

- An Indian resident is permitted to transfer equity capital (by way of sale) to either a non-resident or another Indian resident who is eligible to make overseas investments under the OI law.
- If the transfer arises on account of amalgamation, demerger, buyback, or liquidation, such transfer must be supported by approvals from the relevant authorities, as applicable.

Additional provisions for transfer/ disinvestment

- An Indian resident is allowed to transfer ODI only after the expiry of one year from the date of investment, implying a lock-in period of one year on ODI.
- Further, in the case of full transfer of ODI, the Indian resident must not have any outstanding dues from the foreign entity, except where the transfer is by way of liquidation.
- The above two conditions do not apply in the following cases:
  - A merger or demerger between two wholly owned foreign entities of the same Indian entity, or
  - Situations where there is no change in the aggregate equity holding of the Indian entity in the consolidated foreign entity.

Repatriation

- **Proceeds from ODI –** All dues, including sale proceeds arising from ODI, must be repatriated to India within 90 days. Such proceeds cannot be reinvested overseas.
- **Proceeds from OPI –** All dues, including sale proceeds related to OPI, must be repatriated to India within 180 days (for individuals)/ 7 days (for non-individuals), where such proceeds are not reinvested in accordance with the applicable OI law.

Pricing guidelines

- Under the OI law, any acquisition or transfer of an overseas investment must be undertaken at an arm's length price ("ALP").
- The AD banks are responsible for ensuring compliance with the ALP requirement. In doing so, they must consider the valuation of the overseas investment in accordance with internationally accepted pricing methodologies.

  Typically, AD banks require submission of a valuation report to substantiate that the transaction is at ALP.
- AD banks also maintain internal policies to verify compliance with pricing norms. Such policies may provide for exceptions where a valuation report is not required, generally in the following cases:
  - Transfers undertaken pursuant to a restructuring scheme (such as amalgamation or demerger), where the price has been approved by the competent authority; or
  - Transactions where the price is readily available on a recognised stock exchange i.e. in case of shares of listed foreign entities.

Requirements for No Objection Certificate ('NOC')

If any Indian resident:

- Has an account which is classified as a Non-Performing Asset (NPA), or
- Is classified as a wilful defaulter, or
- Is under investigation by a financial service regulator or by investigative agencies in India such as the CBI, ED, or SFIO,

then the Indian resident must obtain a NOC from the concerned lender or regulatory authority before making or disinvesting an ODI.

If the concerned authority does not issue the NOC within 60 days, it will be deemed to be considered as approved.

Deferred consideration

- In case of acquisition or transfer of ODI between an Indian resident and a non-resident, a part of the consideration may be deferred for a definite period, provided such period is specifically mentioned in the agreement and the total consideration is agreed upfront at an ALP.
- It is important to note that the OI law does not prescribe any cap on either the amount or the duration of the deferred consideration.

  The only requirements are that the definite period and the agreed total amount must be clearly stated in the agreement.

  Although the OI law does not impose a cap on deferred consideration, in practice, AD banks may have their own internal policies prescribing a maximum permissible limit on the amount or tenure of such deferred consideration.

Restrictions on overseas investments

Sector specific restrictions

- An Indian resident is not permitted to make ODI in a foreign entity engaged in any of the following activities:
  - Real estate activity
  - Gambling
  - Trading in financial products linked to the Indian Rupee, unless specifically approved by the RBI
- The term "real estate activity" refers to buying and selling of real estate or trading in Transferable Development Rights. It does not include activities such as the development of townships, construction of residential or commercial premises, or infrastructure projects such as roads and bridges, whether undertaken for sale or lease.

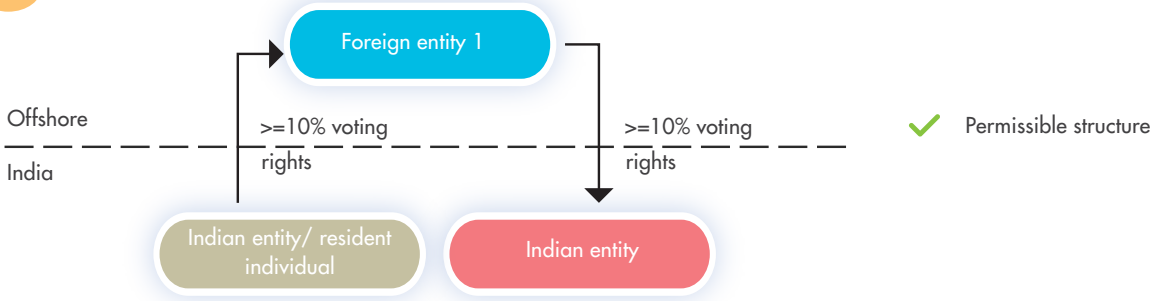
  It is important to note that investment in a foreign entity holding real estate is generally considered to be an investment in real estate activity and is therefore prohibited under the OI law.
- Any ODI in a recognized foreign start-up must be made only out of internal accruals of Indian entity or own funds of resident individual.

Round-tripping restrictions

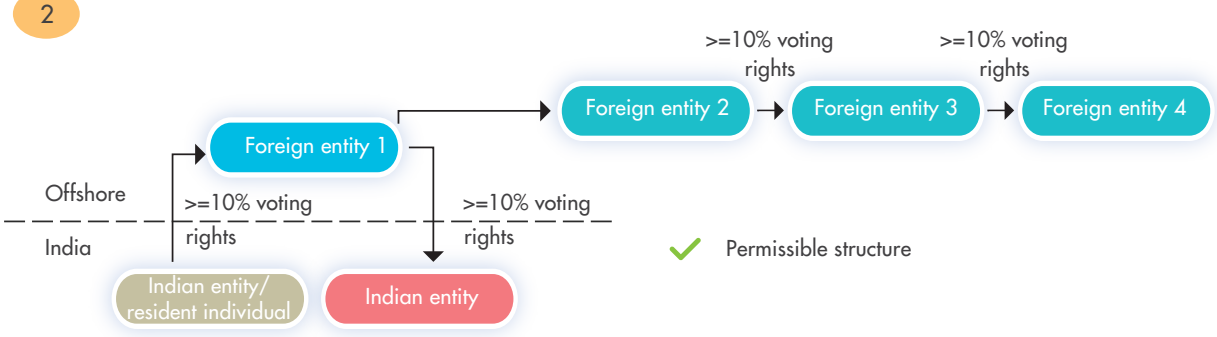
- Round-tripping occurs when an Indian resident invests in a foreign entity, and that foreign entity subsequently invests in an Indian entity, either directly or indirectly.
- Prior to August 2022, round-tripping was strictly prohibited unless explicit approval was obtained from the RBI.

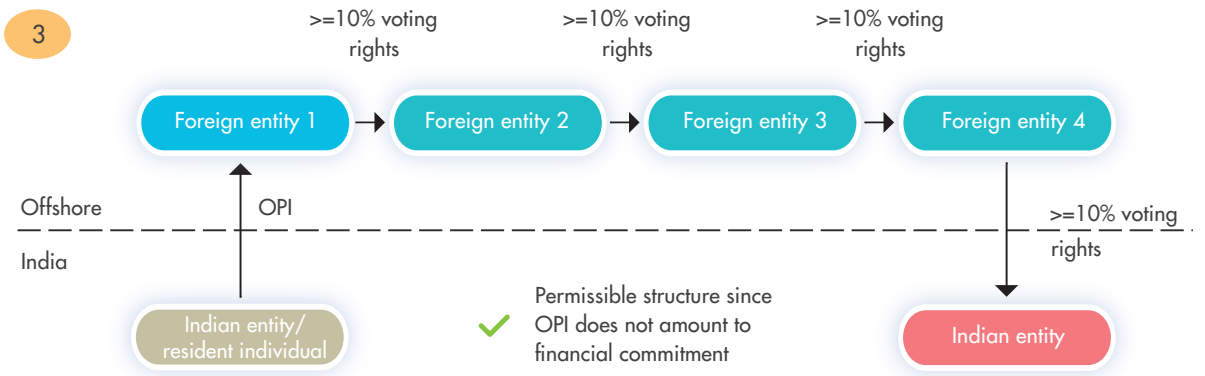
  Under the current OI law, an Indian resident is not allowed to make ODI in a foreign entity that directly or indirectly invests in India, if such investment results in a structure exceeding two layers of subsidiaries (>=10% voting rights) – Such structure is permitted only if the resultant structure does not exceed two layers of subsidiaries.
- Pictorial representations of some round-trip structures are provided below:

1



2





- It is pertinent to note that the foreign entity should be engaged in a bonafide business activity.
- The round-tripping restrictions do not apply to OPI made by Indian residents. Further, the prohibition also does not apply to the following Indian entities:
  - Banking companies
  - Systematically Important Non-Banking Financial Companies (NBFCs)
  - Insurance companies
  - Government companies

Reporting

Compliances under the OI law

Indian residents making overseas investments are required to submit specified filings to the RBI within the prescribed timelines.

The various filing requirements are summarized in the table below:

Event	Relevant form	Timelines	Exception
ODI			
At the time of overseas investment	Form FC	At the time of outward remittances or making financial commitment, whichever is earlier	-
At the time of disinvestment/ restructuring	Form FC	**Within 30 days** of receipt of proceeds/ restructuring	-
Annual filing	Annual Performance Report ("**APR**") for an accounting year applicable to the foreign entity	On or before December 31 *(if the accounting year of the foreign entity ends on December 31, then APR needs to be filed on or before December 31 of the next year)*	Not applicable to Indian residents holding less than 10% equity without control and there is no other financial commitment (except by way of equity) or foreign entity is under liquidation
Annual filing	Annual Return on Foreign Liabilities and Assets (FLA)	On or before July 15 of every year	Not applicable to resident individuals
OPI			
At the time of making/ transferring OPI	Form OPI	Within 60 days from the end of the half-year in which investment/ transfer occurs	Not applicable to resident individuals
At the time of acquisition of ESOPs – *filing to be made by Indian company*	Form OPI		-

Delayed filings can be submitted within three years from the original due date, subject to payment of the applicable late submission fee

Conclusion

The overseas investment framework under FEMA provides Indian residents with a structured and liberalized regime to undertake investments outside India, while ensuring adequate regulatory oversight. The OI law clearly distinguishes between ODI and OPI, covering eligibility, permissible instruments, financial limits, sector-specific restrictions, and reporting obligations. Although the framework is more liberal than earlier regimes and provides greater flexibility to Indian entities and resident individuals, it also places strong emphasis on compliances and timely disclosures. Key areas such as round-tripping restrictions, investments in the financial services sector, pricing norms, and repatriation requirements require careful consideration. Accordingly, Indian residents planning overseas investments must undertake proper evaluation at the outset and ensure ongoing compliance with overseas investment provisions to mitigate regulatory and compliance risks.

Glossary

Abbreviation	Meaning
ADR	American Depositary Receipts
AIF	Alternate Investment Fund
ALP	Arm's Length Price
APR	Annual Performance Report
EBS	Employee Benefits Scheme
ESOP	Employee Stock Option Plan
ETF	Exchange Traded Fund
FCRA	Foreign Contribution (Regulation) Act, 2010
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
GDR	Global Depositary Receipts
IFSC	International Financial Services Centre
INR	Indian Rupees
InvIT	Infrastructure Investment Trust
LRS	Liberalised Remittance Scheme
MF	Mutual Fund
MoA	Memorandum of Association
NoC	No Objection Certificate
ODI	Overseas Direct Investment
OI law	Foreign Exchange Management (Overseas Investment) Regulations, 2022, Foreign Exchange Management (Overseas Investment) Rules, 2022 and Master Directions, Overseas Investments
OPI	Overseas Portfolio Investment
RBI	Reserve bank of India
REIT	Real Estate Investment Trust
SEBI	Securities and Exchange Board of India
USD	United States Dollar
VCF	Venture Capital Fund

About Dhruva Advisors

Dhruva Advisors India Pvt. Ltd., a Ryan LLC affiliate, is a leading tax and regulatory advisory firm delivering high-impact solutions across India and key global markets. In a rapidly evolving tax environment, we help clients navigate complexity with clear, practical, and insight-driven guidance.

Founded in 2014, Dhruva has grown into one of India's most respected tax firms, operating from 12 offices across India and international locations in Dubai, Abu Dhabi, Saudi Arabia, and Singapore. Our leadership team includes 24 Partners, 8 Senior Advisors, 15 Associate Partners, and 50 Principals, supported by nearly 500 professionals with deep technical expertise and a strong commitment to client outcomes.

Dhruva Advisors has been consistently recognized by International Tax Review, earning the 'India Tax Firm of the Year' award for five consecutive years (2017–2021) and maintaining a 'Tier 1' ranking through 2026. These accolades reflect our focus on accountability, innovation, and a client-first mindset.

Our expertise spans tax disputes, global structuring, advisory, and regulatory strategy. We support clients across industries including Aerospace & Defense, Agro & Chemicals, Automotive, Conglomerates, Education, Energy & Resources, Financial Services, Healthcare, IT & ITeS, Manufacturing, Pharma & Life Sciences, Private Equity, Real Estate, Transportation, Telecom, and Media.

Wherever tax complexity exists, Dhruva delivers clarity.

Dhruva Advisors has consistently been ranked as 'Tier 1' firm in General Corporate Tax, Indirect Tax, and Transfer Pricing, maintaining top-tier rankings through 2026.

Awarded 'India Tax Firm of the Year' at the ITR Asia Tax Awards for five consecutive years (2017–2021).

Recognized as the 'India Disputes and Litigation Firm of the Year' at the ITR Asia Tax Awards in 2018 and 2020.

Dhruva Consultants achieved ITR World Tax Ranking 2026:

- Tier 1 – Indirect Tax
- Tier 2 – General Corporate Tax, Transfer Pricing, Transactional Tax
- Other Notable: Tax Controversy

www.dhruvaadvisors.com

Follow us on:

Our Offices

Mumbai
Dhruva Advisors India Pvt. Ltd.
1101, One World Center,
11th Floor, Tower 2B,
Senapati Bapat Marg
Elphinstone Road (West),
Mumbai - 400013
Maharashtra, India
Tel:+91 22 6108 1000/1900

Ahmedabad
Dhruva Advisors India Pvt. Ltd.
402, 4th Floor, Venus Atlantis,
100 Feet Road, Prahladnagar,
Ahmedabad - 380 015, India
Tel: +91 79 6134 3434

Bengaluru
Dhruva Advisors India Pvt. Ltd.
67/1B, Lavelle Road 4th Cross
Bengaluru Karnataka - 560001
India

Delhi/NCR
Dhruva Advisors India Pvt. Ltd.
305-307, Emaar Capital
Tower - 1, MG Road,
Sector 26, Gurugram
Haryana - 122 002, India
Tel: +91 124 668 7000

New Delhi
Dhruva Advisors India Pvt. Ltd.
1007-1008, 10th Floor
Kailash Building,
KG Marg, Connaught Place
New Delhi - 110001, India
Tel: +91 11 4295 3180

Gift City
Dhruva Advisors IFSC LLP
510, 5th Floor, Pragya II, Zone-1,
GIFT SEZ GIFT City,
Gandhinagar - 382050,
Gujarat.
Tel: +91 78785 77277

Kolkata
Dhruva Advisors India Pvt. Ltd.
4th Floor, Camac Square,
Unit No 403 & 404B, Camac St
Kolkata - 700016, West Bengal
India
Tel: +91 33 6637 1000

Pune
Dhruva Advisors India Pvt. Ltd.
406, 4th Floor, Godrej Millennium
Koregaon Park, Pune - 411001
Maharashtra, India
Tel: +91 20 6730 1000

Abu Dhabi
Dhruva Consultants
1905 Addax Tower, City of Lights,
Al Reem Island
Abu Dhabi, UAE
Tel: +971 2 678 0054

Dubai
Dhruva Consultants
Emaar Square, Building 4,
2nd Floor, Office 207
Downtown, Dubai, UAE
Tel: +971 4 240 8477

Saudi Arabia
Dhruva Consultants
308, 7775 King Fahd Rd,
Al Olaya, 2970
Riyadh 12212
Saudi Arabia

Singapore
Dhruva Advisors Pte. Ltd.
#16-04, 20 Collyer Quay,
Singapore - 049319
Tel: +65 9144 6415

Key Contacts

MUMBAI
Dinesh Kanabar
Chairman & CEO
dinesh.kanabar@dhruvaadvisors.com

Mehul Bheda
Partner
mehul.bheda@dhruvaadvisors.com

Punit Shah
Partner
punit.shah@dhruvaadvisors.com

Sandeep Bhalla
Partner
sandeep.bhalla@dhruvaadvisors.com

AHMEDABAD/GIFT CITY
Mehul Bheda
Partner
mehul.bheda@dhruvaadvisors.com

DELHI/NCR
Vaibhav Gupta
Partner
vaibhav.gupta@dhruvaadvisors.com

PUNE
Sandeep Bhalla
Partner
sandeep.bhalla@dhruvaadvisors.com

BENGALURU/ KOLKATA
Aditya Hans
Partner
aditya.hans@dhruvaadvisors.com

MIDDLE EAST
Nimish Goel
Leader, Middle East
nimish.goel@dhruvaadvisors.com

SINGAPORE
Dilpreet Singh Obhan
Partner
dilpreet.singh@dhruvaadvisors.com