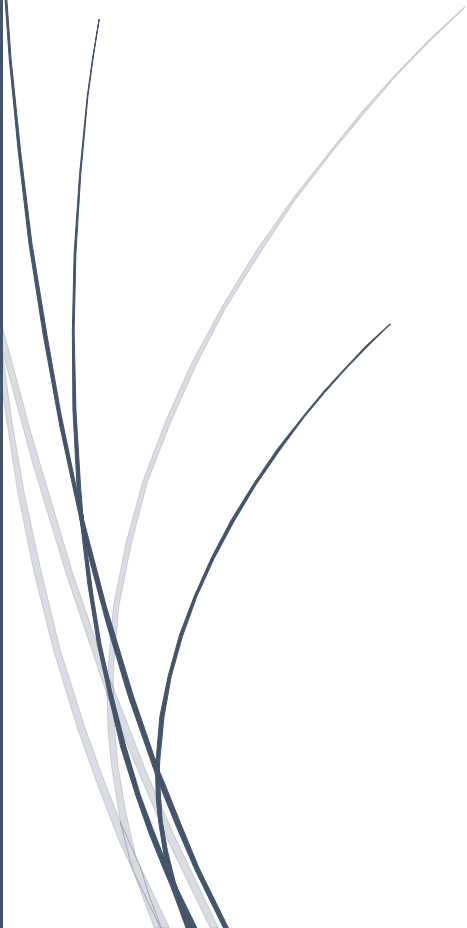


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RNR & Co. Chartered Accountants





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Start-up Companies (as per notification G.S.R 127(E) dated 19th February 2019)

Start-ups can issue equity or equity linked instruments or debt instruments to FVCI against receipt of foreign remittance, as per the Schedule VII of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

In addition, start-ups can issue convertible notes to person resident outside India subject to the following conditions:

A person resident outside India (other than an individual who is citizen of Pakistan or Bangladesh or an entity which is registered/incorporated in Pakistan or Bangladesh), may purchase convertible notes issued by an Indian startup company for an amount of twenty-five lakh rupees or more in a single tranche.

A startup company engaged in a sector where foreign investment requires Government approval may issue convertible notes to a non-resident only with approval of the Government. Explanation: For the purpose of this regulation, the issue of shares against such convertible notes shall have to be in accordance with the Schedule I of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

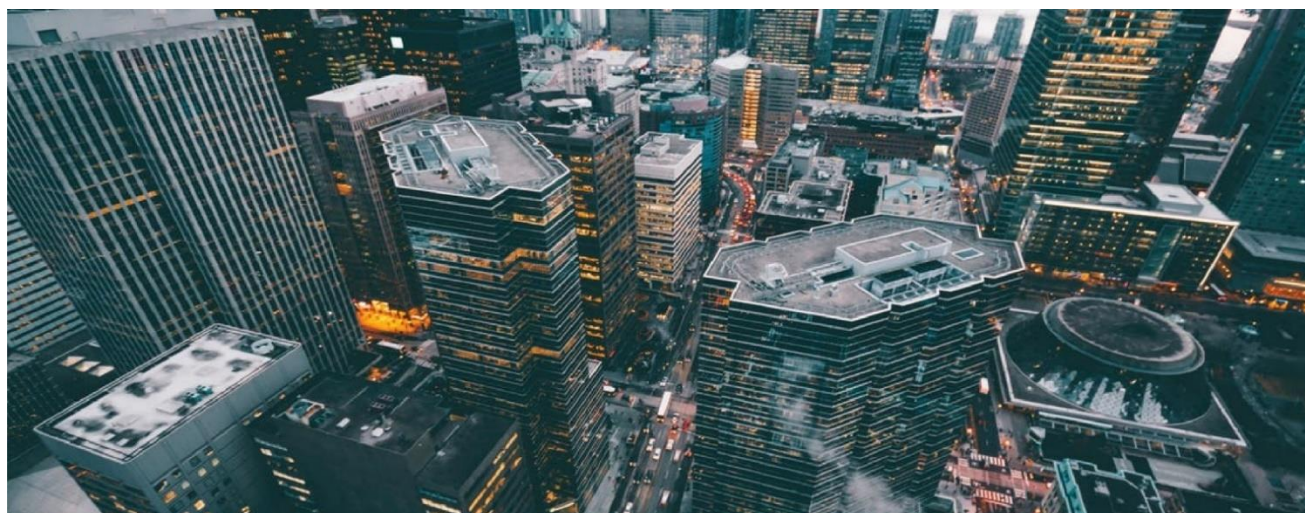
A startup company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to the NRE / FCNR (B) / Escrow account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. Provided that an escrow account for the above purpose shall be closed immediately after the requirements are completed or within a period of six months, whichever is earlier. However, in no case continuance of such escrow account shall be permitted beyond a period of six months.

NRIs may acquire convertible notes on non-repatriation basis in accordance with Schedule IV of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

A person resident outside India may acquire or transfer, by way of sale, convertible notes, from or to, a person resident in or outside India, provided the transfer takes place in accordance applicable pricing guidelines under FEMA. Prior approval from the Government shall be obtained for such acquisitions or transfers in case the startup company is engaged in a sector which requires Government approval.

The startup company issuing convertible notes shall be required to furnish reports as prescribed by the RBI.

Consolidated FDI Policy effective 15th October 2020 issued by DPIIT.



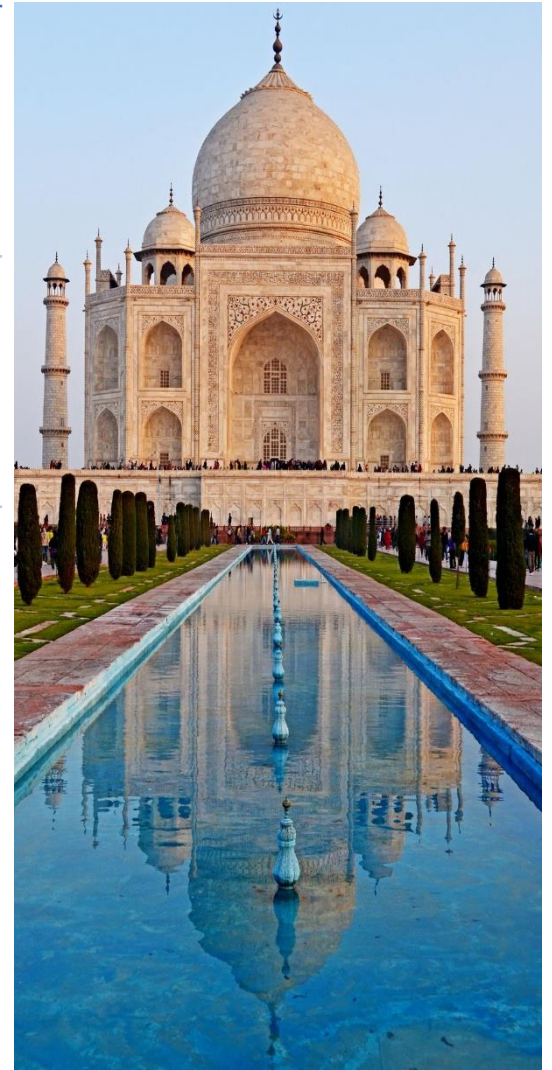
Foreign Investment in LLPs is permitted subject to the following conditions:

Foreign Investment is permitted under the automatic route in Limited Liability Partnership (LLPs) operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions.

An Indian company or an LLP, having foreign investment, is also permitted to make downstream investment in another company or LLP in sectors in which 100% FDI is allowed under the automatic route and there are no FDI-linked performance conditions.

Conversion of an LLP having foreign investment and operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions, into a company is permitted under automatic route. Similarly, conversion of a company having foreign investment and operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions, into an LLP is permitted under automatic route.

Foreign Investment in LLP is subject to the compliance of the conditions of LLP Act, 2008.



CFO/Controller/Finance Head Questionnaire:

(sometimes decision making is complex, try choosing one of them).

1. For a large-scale manufacturing company having across country procurement should Supply Chain/Logistics division be reporting under CFO?

Yes No May be - Depends.

2. You are the CFO of an established large-scale manufacturing company having an ERP, poised for exponential growth, in order to now migrate to a more diversified ERP with CRM and other divisions integrated would you.

Let Finance take the lead Let the IT division take over Hire an external consultant.

3. Being CFO of diversified business group among all the finance functions, considering overhead cost of all the multiple finance divisions are equal which one function are you likely to out source?

Accounts Payable Payroll GST

4. As CFO you encounter an issue with the consumption module of your ERP leading to understated consumption numbers, as a result of which the reported numbers are misleading & incorrect being part of the leadership team you.

hold segment responsible for the P&L hold the IT division responsible for the ERP issue
 Finance team responsible.

5. As a CFO excluding fund raising, which is the next most important finance function.

AP AR MIS & Reporting Treasury Advisory & Risk Budgeting & Planning.

6. You are currently the CFO of a loss making diversified group. For CAPEX acquisition which would take priority and be the key decider.

IRR for CAPEX investment Depreciation benefits Source & subsidy on CAPEX.

Take Some time out for our monthly teaser:

1. Whose birthday on 12th January is celebrated as the National Youth Day in India ?
2. The legendary Alladin was from which country?
3. Which is the smallest bone in the human body.
4. Name the only Indian who scored a fifty and took five wickets in the same One Day International.



Answers :

1. Swami Vivekananda.
2. China 😊
3. Stapes in the middle ear.
4. Krishnamachari Srikkanth

Our Team :

Sharat Prakash	-Principal Partner.
Surya Pani	-Partner.
Meenal Singh	-Partner.
Himanshu Sharma	-Partner.
Arjun Mehta	-Partner.
Preeti Puri	-Manager Taxation.
Sanil	-IT & Administration.
Sukesh	-Manager Corp Accounting
Mathew	-Administration.
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