

Corpsec Hotline

January 19, 2004

SETTING UP OF BRANCH OFFICE IN SEZs

In another move aimed at attracting foreign investors, the Reserve Bank of India ("RBI") has simplified the regulations relating to the setting up of branch offices in India, subject to compliance with certain parameters.

The RBI has modified the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000 by granting a general permission to foreign companies to establish branch offices/Units in Special Economic Zones ("SEZ") to undertake manufacturing and service activities, subject to the fulfillment of the following conditions:

- i. Such units must be functioning in those sectors where 100% Foreign Direct Investment ("FDI") is permitted;
- ii. Such units must comply with Part XI of the Companies Act, 1956, which deals with the registration with Indian regulatory authorities and other ongoing filing requirements by companies incorporated outside India;
- iii. Such units must function on a "stand-alone basis", which means that the branch offices set up would be restricted to the SEZ only. Such branch offices would be isolated and no business activity/transaction will be allowed outside the SEZ in India, which includes branches/subsidiaries of its parent office in India; and
- iv. In the event of winding-up of business and for remittance of winding-up proceeds, the branch/unit must comply with the guidelines as stipulated by the RBI including, an auditor's certificate, tax clearance certificate, etc.

Source: RBI A.P (DIR Series) Circular No.58

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Fintech

May 05, 2025

Medical Device Industry in India

April 28, 2025

Clinical Trials and Biomedical Research in India

April 22, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &
Implications**

February 18, 2025

