FORM-FC/IL S/A COMPOSITE FORM FOR FOREIGN COLLABORATION AND INDUSTRIAL LICENCE

Please fill up the attached supplementary sheets Part A: For only FC/Part B: For only IL / Both Part A and Part B for FC+IL

GENERAL INFORMATION

- 1 Type of Application (Please / the Appropriate Boxes)
- a. Foreign Collaboration (**FC**)

For Foreign Investment

For Foreign Technology Agreements

b. Industrial Licence (IL)

2.	(For Office Use Only)
	Application No.
	Application Date

3. Payment Details (For Fc Application No Fee is Payable. For Industrial Licences Rs.2500. *is Payable)

Draft No.	
Amount (Rs.)	
Draft Date	
Drawn on	(<i>Name of the Bank</i>)

*Demand Draft should be made in favour of Pay & Accounts Officer, Deptt. of Indusrial Development, to be payable at State Bank of India, Nirman Bhawan Branch, New Delhi

I. Name and Address of the Promoter / Industrial Undertaking (Indian / foreign) in full (BLOCK LETTERS) for Correspondence.

Name of the Prometer/Indl									
Undertaking									
Postal Address									
Pin Code	Telephone	Fax							
Cable									
E-Mail									
 II. Register of Companies Registration No. (If Registered) III. Status of the Promoter/Industrial Undertaking III (1) Status of the Promoter/Promoter Undertaking 									
1. Central Government U 2. State Government Und 3. State Industrial Govern 4. Co-operative Undertail	dertaking nment Corpn.		6. Priva 7. Indiv	Sector ate Sector vidual Pr ign/NR	or Une romote	derta er	aking	-	
III (2) Indicate whether this p	roposal is for (P	lease√t		ign/NRI opriate 1		ridua	1		

- 1. Establishment of New Undertaking / Setting up a New Company
- 2. Effecting Substantial Expansion
- 3. Manufacture of New Articles
- 4. Amendments in existing Foreign Collaboration Approval
- 5. Inducting Foreign/NRI equity in existing Indian Company

IV(1) Location of the Factory/Proposed Activities

Location & Address	
District	
State	
Pin Code	Telephone
Fax	
E-Mail	

IV(2) Please Indicate whether the proposed location is (Please \checkmark the Appropriate Box)

a. Within 25 Kms from the periphery of a city having population above one million according to 1991 census

	No	
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b. If Yes, then whether it is located in an Industrial area/Industrial estate Designated / set up prior to 25.7.91



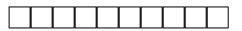
Yes

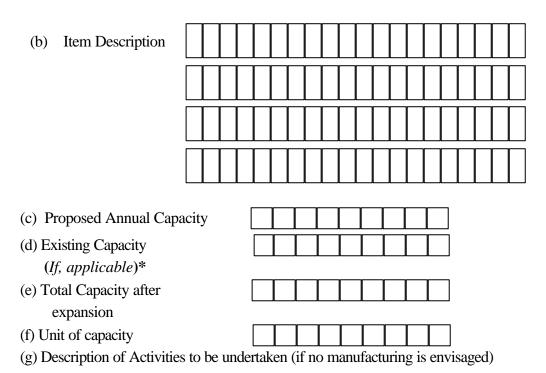
V(A). EXISTING ACTIVITIES OF THE COMPANY (Here also specify Item codes as per National Industrial Classification of All Economic Activity, (NIC), 1987.



V(B). PROPOSED ACTIVITIES OF THE COMPANY

- (1) Items of manufacture (including By-product/Co-product) proposed to be undertaken (supplementary sheets may be used if necessary).
- (a) Item code (NATIONAL INDUSTRIAL CLASSIFICATION OF ALL ECONOMIC ACTIVITY (NIC),1987)





(2) Whether the item is covered in schedule I (Reserved for Public Sector), Schedule II (Under Compulsory Licensing) or Schedule III (Reserved for manufacture in the Small Scale Sector) of the Notification No.477 (E) Dated 25th July, 1991

Schedule I	Schedule II	Schedule II
Yes	Yes	Yes
No	No	No 🗌

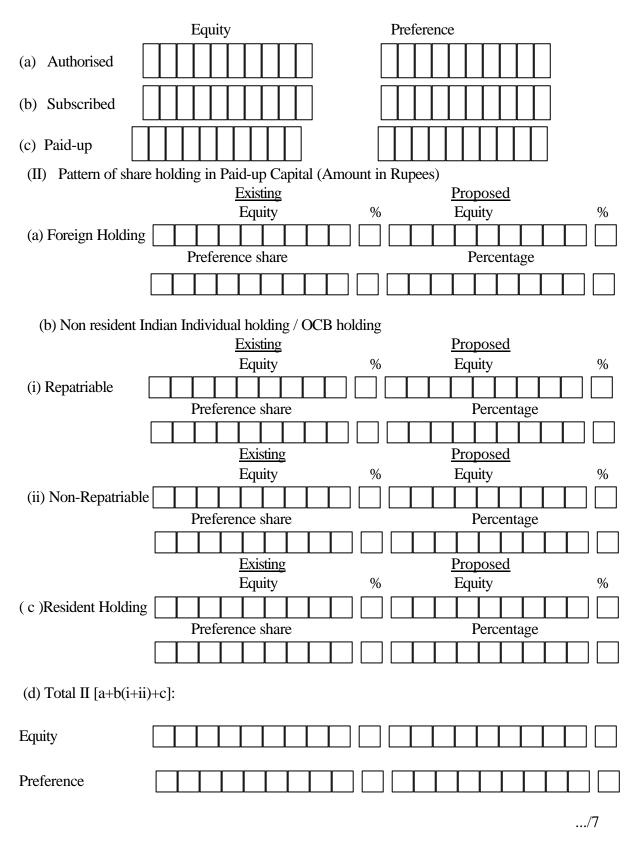
- (3) Briefly indicate process involved in manufacture of the items(s)
- V(C) Attach list of Industrial Licence/Registration/LOI/IEM acknowledgments already issued in favour of the applicant so far.
- V(D) Whether the Indian promoter/Company has had a foreign collaboration earlier? If yes, please specify whether for the same or similar or different products/activity. Please also indicate the Approving Authority and date & No. of the Approval Letter.
- V(E) Whether the foreign / NRI / OCB collaborator has collaborations with any other Individual company in India for the same or similar or different products/activi/6 ties Please furnish / details.

-6-

Particulars of approval /Industrial Licence under which existing capacity is indicated may be annexed

VI CAPITAL STRUCTURE

(1) Capital Structure of Existing Indian Company (Amount in Rupees) & proposed capital structure (if revision sought)



(i) Public Financial Institution					
(ii) Public Borrowing					
(iii) Other Sources					
(iv) ECB					
(v) Promoter Contributions					
Total Borrowings					

VIII. Please Indicate in brief:

- (i) The Background of the Indian Promotors/Company including Proprietors/ Promotor/Directors (attach seperate sheet, if necessary)
- (ii) The background of the Foreign/NRI/OCB Collaborator/Promoter (attach seperate sheet, if necessary)
- IX. Investment (in Rupees)

		Existing	Proposed
(A)	Land		
(B)	Building		
(C)	Plant & Machinery		
(i)	Indigenous		
(ii)	Imported		
(a)	CIF Value		
(b)	Landed Cost		
(iii)	Total [(i)+(ii)(b)]		
(D)	Working Captial		
(E)	Total Investment		
			/8

[A+B+C(iii)]

X Export commitments / obligation which the applicant is prepared to undertake.

Item Code						
Year Units(Tonnes/number /meters/any other) (1) (2)	Quantity (3)	%age of production (4)	FOB Value in Rupees (5)			
1st						
2nd						
3rd						
4th						
5th etc						
Total						
Please Indicate buy back arrangements, if an	ly					
XI. Employment		(All Figures i	n Numbers)			
Exis (If appl a. Supervisory	ting Pro licable)	oposed Tota				
b. Non-Supervisory						
XII Expected date of commencement of commercial production						
Date Mth.	Year					

-9-**PART-A**

[For Foreign Collaboration]

XIII F	Foreign Invest	ment			
(a)) Financial	Collaborator			
	Name				
	Address				
	Country				-
(b) Amount (of foreign equity investment			
	Am	ount in Rupees	Percentage of	of paid-up capita	1
XIV	Foreign T	echnology Agreement			
(a)) Technica	l Collaborator			
	Name				
	Address				
	Country				-
(ł	b) Royalty of	on Sales			
	Sales	Percentage of Sales	Period		tick() Which- s applicable
	Domestic				

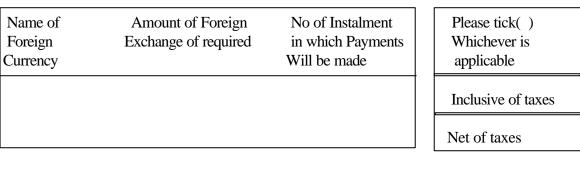
Export

Inclusive of Taxes

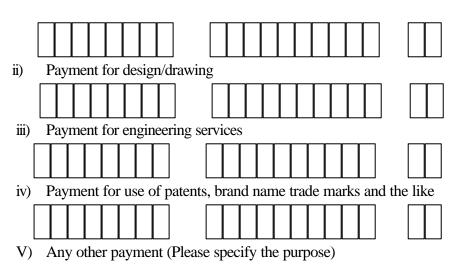
Net of Taxes

-10-

(c) Nature and quantum of Lumpsum payments



i) Technical Know-how fees



- XV (I) Total foreign Exchange inflow during the period of proposed collaboration
 - a) Equity
 - b) Foreign Exchange earnings based

on f.o.b. Value of export obligation/ commitment

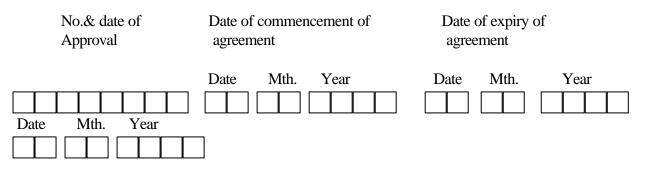
- (II) Total foreign Exchange outgo during the period of Collaboration
 - i) Import of machinery and equipment
 - ii) Import of raw materials & Components



iii) Import of Spare & Consumables

iv)	Dividends & Profits (net of taxes)	
v)	Lumpsum payments (net of taxes)	
vi)	Royalty payments (net of taxes)	
vii)	Design & Drawing Fee	
ix)	Payment on training of Indian Technician abroad	
x)	Total Commission of Export etc	
xi)	Amount of interest to be paid on external commercial borrowing/deferred payment credit (Specify details)	
xii)	Any other payments (Specify details)	
	TOTAL (i) TO (xii)	
	Net Foreign Exchange position	
XVI.	If this application is for extension of existin already expired collaboration agreement:	ng collaboration agreement or renewal of the
(a)	Please indicate the period for which the a	agreement has already run and attach the copy

of previous approval



(b) Justification for extension of the collaboration agreement with the information about the status of absorption, adaptation and development of the technology already achieved.

(c) (i) Whether you have set up any R & D Cell to absorb the know-how and the progress achiecved in this regard

Yes No					
 (ii) If yes, please indicate the number and date of communication under which recognised by Department of science & Technology/Department of science and Industrial Research 					
(iii) Expenditure on R & D facility set up (in Rupees)Amount of investment in fixed assets Annual recurring expenditure					
d) Total payment made so far(Net of taxes) (in rupees)					
a) Lumpsum					
b) Royalty					
c) Other Payments					
XVII.Please indicate: (a) the Regional Office of the RBI to whom a copy of the approval is to be endorsed					
 (b) the name of the Authorised Dealer of Foreign Exchange Concerned through whom the remittance of Tchnical Know-how fees and Royalty will be made. 					
Name					
Address					
DECLARATION					

..../13

I/We here by certify that the above statements are true and correct ot the best of my/our Knowledge and belief

(Signature of Applicant)				
(Name in the block letters)				
(Designation of the signatory)				
Place				-
Date	Date	Mth.	Year	

-13-

-14-**PART : B**

[For IL Application Only]

XVII	Import Requirements
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a. Captial Goods for the projects

(in rupees)	(US \$ Thousands)
Imported	
Indigineous	
b. Raw M aterials(including components,	, intermediates and packing materi ale) annum
(in rupees)	(US \$ Thousands)
Imported	
Indigineous	
ITEM NAME 1	QUANTITY
Unit Value	
2	
Unit Value	
3	
Unit Value	

-15-Consumables & Spares for CG for the project <u>Per annum.</u> c.

Year	(in rupees)	(US \$ Thousands)
	Imported	
	Indigineous	
	DECLARATION I/We here by certify that the above Knowledge and belief	ve statements are true and correct ot the best of my/our
	(Signature of Applicant)	
	(Name in the block letters)	
	(Designation of the signatory)	
	Place	
	Date	

Note for Guidance of Entrepreneurs submitting applications for grant of Industrial Licence/approval for Foreign Investment and Technology Agreements.

(This part contains information for the guidance of entrepreneurs and may be retained by them; it need not accompany the application)

GENERAL

- 1. Application is to be submitted to secretariat for Industrial Assistance, Department of Indus trial Policy and Promotion ,Ministery of Industry, Udyog Bhawan, New Delhi with 9 copies of both the application and forwarding letter.
- 2. Application are required to take care in filling up their application properly and completely
- 3. The application form should be duly signed and the designation /authority of the person signing the
- 4. Only the relevant part of the application form should be used. General information is to be furnished by all applicants. Part 'A' is to be filled by entrepreneurs/investors applying for grant of approval for foreign collaboration. Part 'B' is to be used for obtaining Letter of Intent/Industrial Licence. Part 'A' and Part 'B' are to filled in case of composite proposals involving foreign collaboration and industrial licensing.
- 5. Application involving grant of industrial Licence shall be accompanied by a crossed De mand Draft for Rs.2500/-drawn on the State Bank of India, Nirman Bhawan, New Delhi in favour of the "Pay & Accounts Officer, Department of Industrial Development, Ministry of Industry, New Delhi",

I. FOREIGN INVESTMENT

- (i) Approval will be given by the Reserve Bank of India for direct foreign investment upto 50/ 51/74 per cent foreign equity in high priority industries (Annex III, Annex III Part 'A',
- (ii) The import of components, raw materials and intermediate goods, and payment of know how Fees and royalties will be governed by the general policy applicable to other domestic units.
- (iii) Other foreign equity proposals, including proposals involving 50/51/74 per cent foreign equity which do not meet the criteria under (i) above, will continue to need prior clear ance.
- (iv) To provide access to international markets, majority foreign equity holding upto 51 per cent equity will be allowed for trading companies primarily engaged in export activities. While the thrust would be on export activities, such trading houses shall be at par with domestic trading and export house in accordance with the Import-Export policy.
- (v) For increase/induction of foreign equity in the existing Company , the request should be supported by a Board Resolution of the Indian Company

II. FOREIGN TECHNOLOGY AGREEMENTS

- (I) Automatic permission will be given by the regional offices of the reserve bank of India for foreign technology agreements in high priority industries (Annex III Annex II Part 'A'. Part 'B' and Part 'c') upto a lumpsum payment of US \$ 2 million, 5% royalty for domestic sales and 8% for exports, subject to total payment of 8% of sales over a 10 year period from date of agreement for 7 years from commencement of production. The prescribed royalty rates are net of taxes and will be calculated according to standard procedures.
- (ii) In respect of industries other than those in Annex III, Annex III Part 'A'. Part 'B" and Part 'c', automatic permission will be given subject to the same guidelines as above .
- (iii) All other proposals will need specific approvals under the general procedures in force.

III Standard conditions Attached to Approvals for Foreign Collaborations:-

- 1. The total non-resident sharcholdings in the Indian company should not exceed the amount as well as the percentage specified in the approval letter. For any proposed increased in the amount, as alos the percentage of the Non-Resident sharcholding, prior approval of the Government shall be obtained.
- 2.(a) The royally will be calculate on the basis of the net ex-factory sale price of the product exclusive of excise duties minus the cost of the standard bought -out components and landed cost of imported components irrespective of the source of procurement, including ocean freight, insurance, custom duties etc., the payment of royally will be restricted to the licensed capacity plays 25% in excess thereof for such items requiring industrial license. In case of production in excess of the quantum, prior approval of Government will have to be obtained regarding the terms of payment of royalty in respect of such excess production.
- 2(b) The royalty would not be payable beyond the period of the agreement, if the orders, hand not been executed during the period of agreement. However, where the order has been booked during the period of agreement, but excluded after the period of agreement ,royalty would be payable only after the Character Account Certifies that the order sin fact have been firmly booked and execution began during the period of agreement and the technical assistance was available on a continuing basis even after the period of agreement
- 3 The lumpsum shall be paid in three installments detailed bellow unless otherwise stipulated in the approval letter, First 1/3 rd after the agreement is filed with Reserved Bank of India Authorised Foreign Exchange Dealer, Second 1./3rd on delivery of technical documentation; third and final 1/3 on com mencement of commercial production of four years. The agreement is field with RBI/Authorised For eign Exchange Dealer, whichever is earlier. The lumpsum can be paid in more than three instillments subject to completion of the activities as specified above .
- 4. In case the proposed activity is not exempted from the provision of Industrial (Development & Regula tion) Act, 1951 and the Foreign Exchange Regulation Act, 1973 it will be your responsibility to obtain such clearances as may be required under the said Acts.
- 5. The location of the industrial projects, will be subject to Central or State Environmental laws or regulations including local zoning and land use laws and regulations
- 6. Adequate steps shall be taken on the satisfaction of the Government to prevent air, water and soil pollution Such, antipollution measures be installed should conform to the effluent and emission stan dards prescribed by the State Government in which the factory or the industrial undertaking is located.
- 7. Items reserved for the Small Scale Sector shall not be manufactured without prior approval of the Government as per the prescribed policy and procedure
- 8. Since the maximum equity participation allowed for in Small Scale Units is 24% the company's pro posal for having foreign equity of more than 24% would be subject to the condition that the company would get itself de-registered as small scale unit and obtain industrial licence or would file Industrial Entrepreneur Memorandum wit SIA as per the prescribed policy and procedure.
- 9. For undertaking export obligation if any, specified in the approval letter the requisite guarantee, i.e., legal undertaking/bank guarantee, as may be required should be furnished according to the detailed instructions issued by the Director of Foreign Trade (EO Cell) Ministry of Commerce, and the Adminis trative who may be contacted in the matter.\
- 10. Import of capital equipments, components and raw materials will be allowed as per the import policy prevailing from time to time
- 11. The approval is valid of for a period of two years from the date of issue., Within this period, the collaboration agreement is requested to be file with the Reserve Bank of India /Authorised Foreign Exchange Dealer.
- 12. The FC agreement shall be subject to Indian Laws
- 13. Foreign Investment Remittance Certificate (FIRC)is required to the Regional Office, Reserve Bank, Of India, immediately on receipt of foreign remittance

- 14. All remmitances to the foreign collaborator shall be made as per the exchange rates prevailing on the day of remittance.
- 15. A copy of the collaboration agreement, signed by both parties may be furnished to the following authorities.
 - (A) Administrative Ministry/ Department as mentioned in the Approval to be issued by SIA.
 - (B) Secretariat for Industrial Assistance(Foreign collaboration II section), Department of Industrial policy & promotion, udyog Bhavan, New Delhi 110 011.
- 16. *The outflow of foreign exchange on account of dividend payment will be balanced by exportearnings on the following basis:
 - a) The balancing of the dividends would be over a period of 7 years from commencement of production. Balancing willnot be required beyond this period.
 - b) Remittance of dividends should be covered by earnings of the company from export of items covered by the foreign collaboration agreements. You are also permitted to cover remitteence of dividents from earnings through export of items not covered by the agreement provided they recovered in the list of Industries in Annexure III of statement of Industrial policy of 24th july 1991. The amount of dividend payments may be covered by export earnings of such items covered in years prior to the payment of dividends or in the year of payment of dividends. (* where ever applicable)

IV Hiring of Foreign Technicians

No permission is necessary for hiring of foreign technicians and no application need be made to government for this purpose irrespective of whether the hiring of foreign technicians is under an approved collaboration agreement or not. As regards release of foreign exchange either against blanket permits or in free foreign exchange, the Reserve Bank of India/Authorised Dealers may be approached , as per RBI guidelines.

V. Deputation of Indian Personnel for Training Abroad

For deputing Indian personnel for training and other purpose abroad, the entrepreneurs may approach only the RBI/ Authorised Dealers as per RBI guidelines.

VI. Foreign Testing of Indigenious Raw Materials and products and Indigenously Development Technology

Entrepreneurs may approach RBI/Authorised Dealers for authorising payments either against blanket permits or in foreign exchange, as per RBI guidelines.