

Overseas Investment by AIFs / VCFs

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SEBI has released new guidelines for overseas investment by Alternative Investment Funds / Venture Capital Funds (collectively referred to as “**Funds**”), and the key changes are set out hereunder:

- Funds are now permitted to invest in *overseas investee companies* without the requirement of having an ‘*Indian Connection*’.
- An application to SEBI for allocation of *overseas investment limit* is required to be made by the Funds, along with an undertaking from the trustee or board of directors or partners and the manager of the Funds, as per the prescribed format.
- In case of *liquidation of investments* previously made by any Fund in an overseas investee company, the *sale proceeds* received from such liquidation can be *reinvested* by the Funds, subject to certain conditionalities.
- The Funds are permitted to sell its investment in the overseas investee company only to the entities eligible to make overseas investments, as per the extant foreign exchange laws of India.
- Details of sale or divestment (including sale or divestment made prior to the date of the SEBI circular) in *overseas investee companies* are required to be reported to SEBI by the Funds, within the specified timelines and as per the prescribed format.

The aforementioned guidelines would come into force from immediate effect and were notified vide circular dated August 17, 2022 ([available here](#)).