Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to
Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a
Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide
Notification No. FEMA 20/2000-RB dated 3rd May 2000, as amended from time to
time, read with Sr.No.24.2 of Annex B to A.P. (DIR Series) Circular No. 137 dated
June 28, 2012 pertaining to sector specific conditions for FDI in NBFCs.

2. It has now been decided in consultation with the Government to amend certain
conditions in the aforesaid circular. The amended conditions are given in the Annex.

3. All other conditions contained in Sr. No. 24.2 in the A.P. (DIR Series) Circular No.
137 dated June 28, 2012 shall remain unchanged.

regard by Department of Industrial Policy and Promotion (DIPP), Ministry of
Commerce and Industry, Government of India is enclosed.

5. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

7. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager
### Annex


<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Earlier Condition</th>
<th>Revised condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr.No.24.2 (1) (iv)</td>
<td>100% foreign owned NBFCs with a minimum capitalisation of US$ 50 million can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by para 3.10.4.1, therefore, shall not apply to downstream subsidiaries.</td>
<td>NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by para 3.10.4.1 of DIPP Circular 1 of 2012 dated April 10, 2012 on Consolidated FDI Policy, therefore, shall not apply to downstream subsidiaries.</td>
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