

# FEMA Year-End Compliance: APR and FLA Filing Guide

Essential Deadlines and Action Steps for Indian Companies with Overseas Investments (FY 2025-26)

FEMA

RBI

ODI

FDI


CROSS-BORDER COMPLIANCE



# What Are APR and FLA Returns?

Two mandatory annual RBI filings for companies with cross-border investments:

Filing	Full Name	Purpose	Governed By
APR	Annual Performance Report	Reports financial performance of overseas entities where Indian residents hold ODI (10%+ equity)	FEMA (Overseas Investment) Regulations, 2022
FLA Return	Foreign Liabilities and Assets Return	Annual census of India's international investment position, capturing inward FDI and outward ODI	RBI Census

 **Key Reminder:** Even if **NO new transactions** occurred this FY, filing is still mandatory if you ever received FDI or made ODI.



# Who Must File?

## APR Filers

- Indian companies, LLPs, or resident individuals with ODI
- Entities holding 10%+ equity in foreign entities
- Covers wholly-owned subsidiaries, JVs, and step-down subsidiaries abroad
- Filed per overseas entity (multiple APRs if multiple entities)

## FLA Return Filers

- Every Indian entity that has EVER received FDI (current or previous years)
- Every entity that has EVER made ODI
- Includes companies with foreign VCs, angel investors, or PE funding
- Also covers entities with ECBs, trade credits, or inter-company foreign loans

# Key Deadlines and Penalties

Filing	Portal	Deadline	Penalty for Non-Compliance
FLA Return	RBI FLAIR	July 15, 2026	Up to 300% of amount involved
APR (per entity)	RBI FIRMS	December 31, 2026	Rs 7,500 LSF + future ODI blocked

## Penalty Breakdown (FLA Return)

### Amount Quantifiable

Up to 300% of the amount involved

### Not Quantifiable

Flat Rs 2,00,000 penalty

### Continuing Default

Rs 5,000 per day after initial violation

### Late Submission Fee

Flat Rs 7,500 LSF applicable

 **Warning:** AD Category-I banks may **REFUSE** to process new ODI transactions if prior APRs are pending.

# What Data Is Required?

## APR Required Data

01

---

Audited balance sheet and P&L of each overseas entity

02

---

Acquisitions, disposals, and shareholding changes during the year

03

---

Step-down subsidiary details (set up, wound up, transferred)

04

---

Dividends received or capital repatriated

05

---

Alterations in foreign entity's capital structure

## FLA Return Required Data

01

---

Foreign equity and preference share capital on balance sheet (as of March 31, 2026)

02

---

Foreign borrowings (ECBs, trade credits, inter-company loans)

03

---

Foreign assets held abroad (equity in overseas subsidiaries, immovable property, bank deposits)

04

---

Reinvested earnings attributable to foreign investors

05

---

Foreign currency denominated liabilities

# Stakeholder Impact



## CA Professionals

- Send year-end advisory to cross-border clients NOW
- Create APR/FLA tracker for each client
- Start collecting overseas audited financials early
- Coordinate with overseas auditors before March 31



## Founders & Startups

- FLA Return mandatory if you raised foreign VC/angel funding
- APR mandatory if you set up a foreign subsidiary
- Missing filings create due diligence red flags
- Can delay or derail your next funding round



## MSME Owners

- Export-oriented MSMEs with trade credit must file FLA
- Even small ECB borrowings trigger filing obligation
- Check with your AD Category-I bank on FEMA reporting
- Clear pending filings to avoid Rs 5,000/day continuing penalty

# Year-End Preparation Checklist

Before March 31, 2026 — Act Now

## 1 Identify All Foreign Investment Positions

List every ODI entity and every foreign shareholder in your company records.

## 2 Request Audited Financials from Overseas Entities

Send deadline communication to overseas auditors immediately — this takes weeks.

## 3 Reconcile FDI Records

Match share register with RBI filings (Form FC-GPR, Form FC-TRS) for accuracy.

## 4 Update Portal Credentials

Ensure FIRMS and FLAIR portal access for authorized signatories (CS, CFO, Director).

## 5 Clear Pending Prior-Year Filings

Outstanding APR/FLA filings block new ODI approvals — resolve these first.

## 6 Review Loan and Borrowing Positions

Capture all ECBs, trade credits, and inter-company loans for the FLA Return.

# Critical Warnings

Non-compliance with FEMA filing obligations carries serious and compounding consequences. Be aware of these four critical risk areas:

## Due Diligence Impact

Missing FEMA filings are flagged during investor due diligence. This can **delay fundraising by weeks or months**, jeopardizing your next funding round at a critical moment.

## Compounding Risk

Persistent non-compliance triggers **FEMA contravention compounding by RBI**, which goes far beyond just the Late Submission Fee and can result in significant financial exposure.

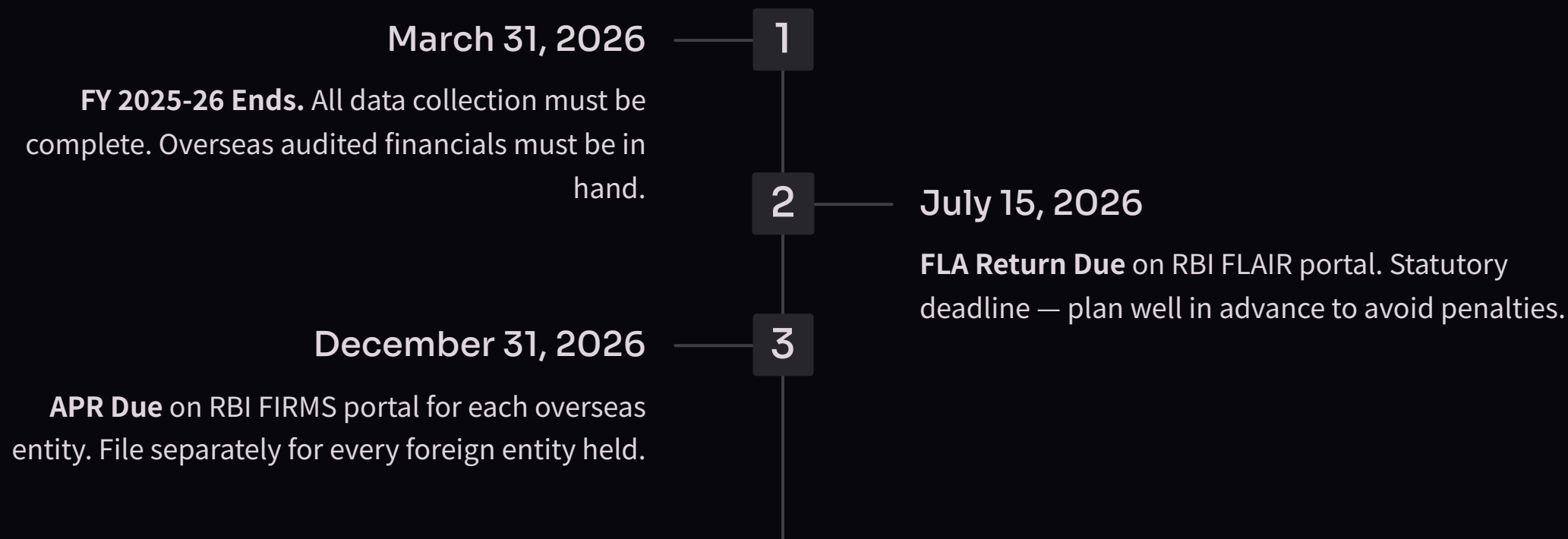
## Banking Restrictions


AD Category-I banks can **refuse to process new ODI transactions** — including equity transfers and loans to subsidiaries — until all prior APRs are cleared and up to date.

## Continuing Penalties

**Rs 5,000 per day** penalty applies AFTER the initial violation, making every day of delay exponentially more expensive. Act immediately to stop the clock.

# Key Dates Timeline & Next Steps



 **Critical Reminder:** Start preparation **NOW**. Overseas audited financials take weeks to obtain. Do not wait until the deadline — the cost of delay is measured in penalties, blocked transactions, and failed fundraises.

## Need Help with FEMA Compliance?

Talk to an expert at **A S Banka Advisors Private Limited**. Our team specializes in FEMA, RBI filings, APR, FLA Returns, and cross-border investment compliance for Indian companies.

[Talk to an Expert](#)

## Quick Reference

- **FLA Portal:** RBI FLAIR
- **APR Portal:** RBI FIRMS
- **FLA Deadline:** July 15, 2026
- **APR Deadline:** December 31, 2026
- **Daily Penalty:** Rs 5,000/day