

# Reverse-flipping of Companies

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**Context-** Economic Survey 2022-23 states that Indian start-up companies are looking particularly at 'reverse flipping'.

## **Key Highlights**

- Flipping is a process of transferring entire ownership of an Indian company to an overseas entity.
- This is generally accompanied by a transfer of all intellectual property and data owned by an Indian company.
- Reverse Flipping is the process of shifting the domicile of the companies back to India who flipped earlier.
- Companies reverse flip due to easy access to capital from private equity and venture capital, changes in rules regarding round-tripping, and the growing maturity of India's capital market.

## **Reasons why Companies flip**

- Flipping takes place at the early stage of the startups, driven by commercial, taxation and personal preferences of founders and investors.
- Various companies decide to 'flip' because the main market of their product is offshore. Sometimes, investor preferences prefer access to incubators drive the companies to 'flip' as they insist on a particular domicile.
- For easy access to capital from private equity and venture capital, changes in rules regarding round-tripping, and the growing maturity of the capital market of India.