

December , 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Reporting under FDI Scheme –
Transfer of Shares/Convertible Debentures - Revised procedure**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to A. P. (DIR Series) Circular No.16 dated October 4, 2004 wherein, it has been stipulated that in case of transfer of shares or convertible debentures of an Indian Company from a resident to a Non-Resident/Non-Resident Indian and vice versa by way of sale, the transaction is required to be reported by the Indian company to the AD Category – I bank in the form FC-TRS.

2. With a view to capture the details of investment in a more comprehensive manner, the form FC-TRS has been revised, which is enclosed as Annex I. Accordingly, the proforma for reporting of inflow/outflow details on account of remittances received / made in connection with the transfer of shares / convertible debentures, by way of sale, submitted by IBD/FED/nodal branch of the AD Category – I bank to the Reserve Bank has also been modified, which is enclosed as Annex II.

3. It has also been decided to introduce a KYC check on the remitter / investor. Accordingly, AD Category – I banks receiving the remittance are required to submit a KYC report on the non-resident investor as per the format enclosed in Annex III. In case AD Category – I bank receiving the remittance is different from the AD Category – I bank receiving the FC-TRS for the sale transaction, the KYC check should be carried out by the AD Category – I bank receiving remittance and the KYC report should be forwarded to the AD Category – I bank to whom form FC-TRS is submitted by the Indian company.

4. The directions contained in this circular shall come in to force with immediate effect. All other instructions mentioned in A. P. (DIR Series) Circular No. 16 dated October 4, 2004 shall remain unchanged.

5. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. 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 is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

| Form FC-TRS | |
|---|---|
| Declaration regarding transfer of shares of by way of sale from resident to non resident/ non-resident to resident | |
| (to be submitted to the AD branch in quadruplicate) | |
| <p>The following documents are enclosed</p> <p><i>For sale of shares by a person resident in India</i></p> <ol style="list-style-type: none"> i. Consent Letter duly signed by the seller and buyer or their duly appointed agent and in the latter case the Power of Attorney Document. ii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India. iii. Certificate indicating fair value of shares from a Chartered Accountant. iv. Copy of Broker's note if sale is made on Stock Exchange. v. Undertaking from the buyer to the effect that he is eligible to acquire shares / convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with. vi. Undertaking from the FII/sub account to the effect that the individual FII/ Sub account ceiling, as prescribed by SEBI, has not been breached. <p><i>Additional documents in respect of sale of shares by a person resident outside India</i></p> <ol style="list-style-type: none"> vii. If the sellers are NRIs/OCBs, the copies of RBI approvals, if applicable, evidencing the shares held by them on repatriation/non-repatriation basis. viii. No Objection/Tax Clearance Certificate from Income Tax Authority/Chartered Account. | |
| 1 | <p>Name of the company</p> |
| | <p><i>Address (including e-mail , telephone No, Fax No)</i></p> |
| | <p><i>Activity</i></p> |
| | <p><i>NIC Code No.</i></p> |

| | | |
|--|---|--|
| 2 | Whether FDI is allowed under Automatic route | |
| | Sectoral Cap under FDI Policy | |
| 3 | Nature of transaction | Transfer from resident to non resident / |
| | <i>(Strike out whichever is not applicable)</i> | Transfer from non resident to resident |
| 4 | Name of the buyer | |
| | Constitution / Nature of the investing Entity | |
| | Specify whether | |
| | <ol style="list-style-type: none"> 1. Individual 2. Company 3. FII 4. FVCI 5. Foreign Trust 6. Private Equity Fund 7. Pension/ Provident Fund 8. Sovereign Wealth Fund (SWF^π) 9. Partnership/ Proprietorship firm 10. Financial Institution 11. NRIs/PIOs 12. Others | |
| Date and Place of Incorporation | | |
| Address of the buyer <i>(including e-mail, Telephone no, Fax no)</i> | | |
| 5 | Name of the seller | |
| | Constitution / Nature of the disinvesting entity | |
| | Specify whether | |
| | <ol style="list-style-type: none"> 1. Individual 2. Company 3. FII 4. FVCI 5. Foreign Trust 6. Private Equity Fund | |

^π SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.

| | | | | | |
|----------|--|--------------------------------|--------------------------|---|---------------------------------------|
| | 7. Pension / Provident Fund 8. Sovereign Wealth Fund (SWF) 9. Partnership/ Proprietorship firm 10. Financial Institution 11. NRIs / PIOs 12. Others | | | | |
| | Date and Place of Incorporation | | | | |
| | Address of the seller (<i>including e-mail, Telephone No, Fax No</i>) | | | | |
| 6 | Particulars of earlier Reserve Bank / FIPB approvals | | | | |
| 7 | Details regarding shares / convertible debentures to be transferred | | | | |
| | <i>Date of the transaction</i> | <i>Number of shares</i> | <i>Face value</i> | <i>Negotiated Price for the transfer**</i> | <i>Amount of consideration</i> |
| | | | | | |
| 8 | Foreign Investments in the company | | <i>No of shares</i> | | <i>Percentage</i> |
| | | Before the transfer | | | |
| | | After the transfer | | | |
| 9 | Where the shares are listed on Stock Exchange | | | | |
| | <i>Name of the Stock exchange</i> | | | | |
| | <i>Price Quoted on the Stock exchange</i> | | | | |
| | Where the shares are Unlisted | | | | |
| | <i>Price as per Valuation guidelines *</i> | | | | |
| | <i>Price as per Chartered Accountants Valuation report*</i> | | | | |
| | <i>*/** (CA Certificate to be attached)</i> <i>Note: Valuation guidelines as applicable [cf. A. P. (DIR Series) Circular No.16 dated October 4, 2004]</i> | | | | |

Declaration by the transferor/transferee

I/ We hereby declare that :

- i. The particulars given above are true and correct to the best of my/our knowledge and belief.
- ii. I/ We was/were holding the shares as per FDI Policy under FERA/ FEMA Regulations on repatriation/non repatriation basis.
- iii. I/ We are eligible to acquire the shares of the company in terms of the FDI Policy. It is not a transfer relating to shares of a company engaged in financial services sector or a sector where general permission is not available.
- iv. The Sectoral limit under the FDI Policy and the pricing guidelines have been adhered to.

**Signature of the Declarant or
his duly authorised agent**

Date:

Note

In respect of the transfer of shares from resident to non resident the declaration has to be signed by the non-resident buyer, and in respect of the transfer of shares from non-resident to resident the declaration has to be signed by the non resident seller

Certificate by the AD Branch

It is certified that the application is complete in all respects

The receipt /payment for the transaction is in accordance FEMA Regulations/ Reserve Bank guidelines

Signature

Name and Designation of the Officer

Date: Name of the AD Branch

AD Branch Code

**Statement of inflows/outflow on account of remittance received/made in connection
with transfer of shares/convertible debentures, by way of sale**

Category-wise:

Part A - NRI/erstwhile OCB

Part B - Foreign National/non-resident incorporated entity

Part C - Foreign Institutional Investors

Inflow - Transfer from resident to non-resident

| Date of Transaction | Name of the Company | Activity | NIC Code | Name of the Buyer | Constitution/ Nature of Business of the Buyer | Name of the Seller | Constitution/ Nature of Business of the Seller | No. of Shares transferred | Face Value | Sale price per share | Total Inflow |
|---------------------|---------------------|----------|----------|-------------------|--|--------------------|---|---------------------------|------------|----------------------|--------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |

Outflow - Transfer from non-resident to resident

| Date of Transaction | Name of the Company | Activity | NIC Code | Name of the Seller | Constitution/ Nature of Business of the Seller | Name of the Buyer | Constitution/ Nature of Business of the Buyer | No. of Shares transferred | Face Value | Sale price per share | Total outflow |
|---------------------|---------------------|----------|----------|--------------------|---|-------------------|--|---------------------------|------------|----------------------|---------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |

Know Your Customer (KYC) Form in respect of the non-resident investor

| | |
|--|--|
| Registered Name of the Remitter / Investor (Name, if the investor is an Individual) | |
| Registration Number (Unique Identification Number* in case remitter is an Individual) | |
| Registered Address (Permanent Address if remitter is Individual) | |
| Name of the Remitter's Bank | |
| Remitter's Bank Account No. | |
| Period of banking relationship with the remitter | |

*Passport No., Social Security No, or any Unique No. certifying the bonafides of the remitter as prevalent in the remitter's country

We confirm that all the information furnished above is true and accurate as provided by the overseas remitting bank of the non-resident investor.

(Signature of the Authorised Official
of the AD bank receiving the remittance)

Date:

Place:

Stamp :