

July 2, 2007

To,
All Category - I Authorised Dealer banks

Madam / Sir,

Master Circular on Foreign Investment in India

Foreign investment in India is governed by sub-section (3) of section 6 of the Foreign Exchange Management Act, 1999 read with Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time. The regulatory framework and instructions issued by the Reserve Bank of India have been compiled in this Master Circular. In addition to the above, this Master Circular also covers the following areas.

- (i) **Acquisition of immovable property** which is regulated in terms of Section 6(3) (i) of Foreign Exchange Management Act, 1999 read with Notification No. FEMA 21/ 2000-RB dated May 3, 2000;
- (ii) **Establishment or Branch/Liaison Office in India**, which is regulated in terms of Section 6(6) of Foreign Exchange Management Act, 1999 read with Notification No. FEMA 22/ 2000-RB dated May 3, 2000;
- (iii) **Investment in capital of partnership firms or proprietary concern** which is regulated in terms of Section 2(h) of Section 47 of Foreign Exchange Management Act, 1999, read with Notification No. FEMA 24/2000-RB dated May 3, 2000.

2. This Master Circular consolidates the existing instructions issued by the Reserve Bank of India through AP (DIR Series) Circulars and Notifications under FEMA, in respect of the above areas. The list of underlying circulars/notifications is furnished in Appendix.

3. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2008 and be replaced by an updated Master Circular on the subject on that date.

Yours faithfully,

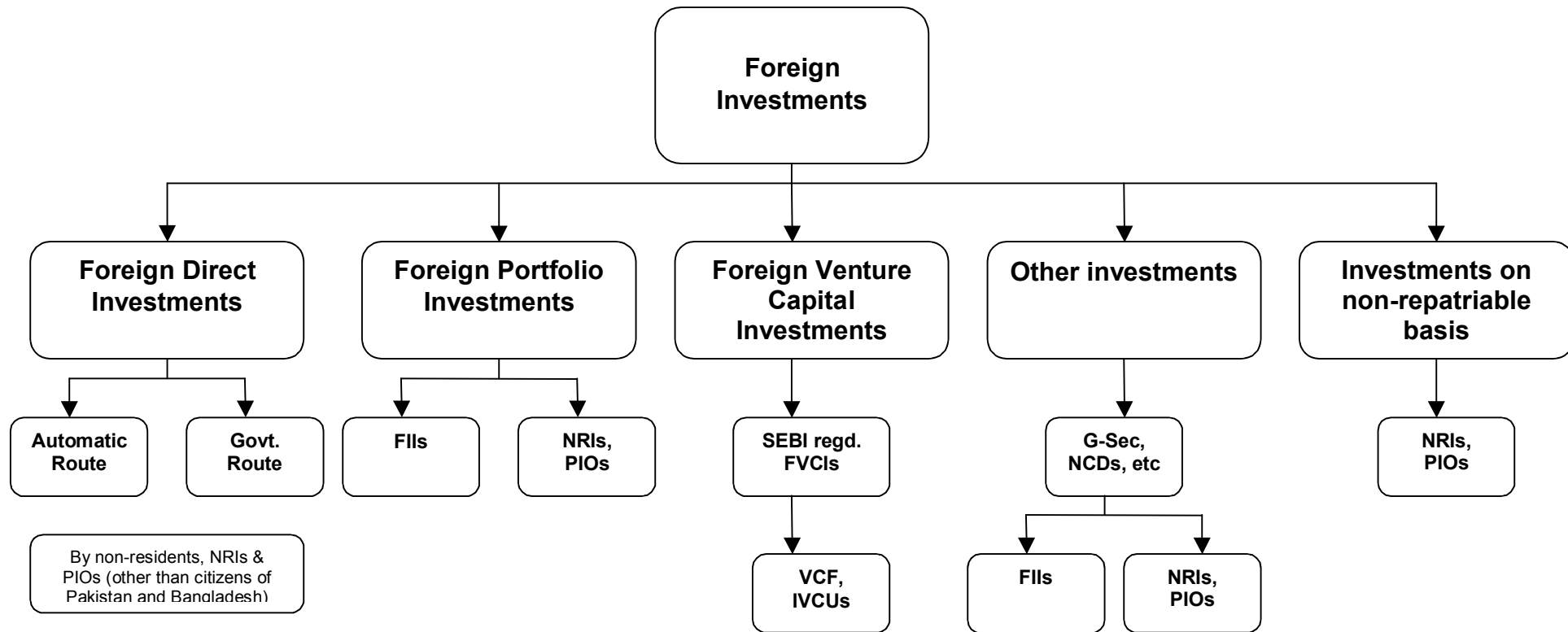
(Salim Gangadharan)
Chief General Manager

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Part – I

Foreign Investments in India—schematic representation:



Section-I: Foreign Direct Investments

Foreign Investment in India

Foreign Investment in India is governed by the FDI policy announced by the Government of India and the provisions of the Foreign Exchange Management Act (FEMA) 1999. Reserve Bank of India has issued Notification No. FEMA 20/2000-RB dated May 3, 2000 which contains the Regulations in this regard. This notification has been amended from time to time.

Entry routes for investments in India

Foreign investment is freely permitted in almost all sectors. Foreign Direct Investments (FDI) can be made under two routes—Automatic Route and Government Route. Under the Automatic Route, the foreign investor or the Indian company does not require any approval from RBI or Government of India for the investment. Under the Government Route, prior approval of the Government of India, Ministry of Finance, Foreign Investment Promotion Board (FIPB) is required. Entry route for foreign investors as well as sector-specific investment limits in India are given in Annex-2.

FDI Policy is formulated by the Government of India. The policy and procedures in respect of FDI in India is available in ***"the Manual on Investing in India- Foreign Direct Investment, Policy & Procedures"***. This document is available in public domain and can be downloaded from the website of Ministry of Commerce and Industry, Department of Industrial Policy and Promotion—www.dipp.nic.in. FEMA Regulations prescribe the mode of investments i.e. manner of receipt of funds, issue of shares/convertible debentures and preference shares¹ and reporting of the investments to RBI.

¹ It is clarified that "shares" mentioned in this Circular means equity shares, "convertible debentures" means fully and mandatorily convertible debentures and "preference shares" means fully and mandatorily convertible preference shares, cf. AP (DIR Series) Circular Nos.73 & 74 dated June 8, 2007.

Prohibition on investment in India

Foreign investment in any form is prohibited in a company or a partnership firm or a proprietary concern or any entity, whether incorporated or not (such as Trusts) which is engaged or proposes to engage in the following activities:

- (i) Business of chit fund, or
- (ii) Nidhi Company , or
- (iii) Agricultural or plantation activities or
- (iv) Real estate business, or construction of farm houses
- (v) Trading in Transferable Development Rights (TDRs).

It is clarified that Real Estate Business does not include development of townships, construction of residential/commercial premises, roads or bridges. It is further clarified that partnership firms/proprietorship concerns having investments as per FEMA regulations are not allowed to engage in Print Media sector.

In addition to the above, investment in the form of FDI is also prohibited in certain sectors such as:

- (i) Retail Trading
- (ii) Atomic Energy
- (iii) Lottery Business
- (iv) Gambling and Betting

Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and Cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (Other than Tea plantations)

Eligibility for Investing in India

A person² resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India, (other than an

² A "person" is defined under FEMA (Section 2 u) as:

- (a) an individual,
 - (b) a Hindu undivided family,
 - (c) a company,
 - (d) a firm,
 - (e) an association of persons or a body of individuals, whether incorporated or not,
 - (f) every artificial juridical person, not falling within any of the preceding sub-clauses, and
 - (g) any agency, office or branch owned or controlled by such person;
- "person resident outside India" means a person who is not resident in India;
 - "person resident in India" means—

entity incorporated in Pakistan or Bangladesh) can invest in India, subject to the FDI Policy of the Government of India.

Erstwhile OCBs, who have converted themselves into companies incorporated outside India can make fresh investments in India under the FDI Scheme provided they are not under the adverse notice of RBI / SEBI.

Type of instruments

Indian companies can freely issue equity shares / convertible debentures and preference shares subject to valuation norms prescribed under FEMA Regulations. Issue of other types of preference shares such as non-convertible, optionally convertible or partially convertible are considered as debt. As such, the guidelines applicable for External Commercial Borrowing (ECB), viz. eligible borrowers, recognised lenders, amount and maturity, end use stipulations, etc. will apply to such issues. Since these instruments are denominated in rupees, the rupee interest rate will be based on the swap equivalent of LIBOR plus the spread permissible for ECBs of corresponding maturity. As far as Debentures are concerned, only those which are fully and mandatorily convertible into equity, within a specified time would be reckoned as part of equity under the FDI Policy.

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- (i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include—
- (A) a person who has gone out of India or who stays outside India, in either case—
 - (a) for or on taking up employment outside India, or
 - (b) for carrying on outside India a business or vocation outside India, or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
 - (B) a person who has come to or stays in India, in either case, otherwise than—
 - (a) for or on taking up employment in India, or
 - (b) for carrying on in India a business or vocation in India, or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
- (ii) any person or body corporate registered or incorporated in India,
- (iii) an office, branch or agency in India owned or controlled by a person resident outside India,
- (iv) an office, branch or agency outside India owned or controlled by a person resident in India;

Investments in Small Scale Industrial units

A foreign investor can invest in an Indian company which is a small scale industrial unit provided it is not engaged in any activity which is prohibited under the FDI policy. Such investments are subject to a limit of 24% of paid-up capital of the Indian company/SSI Unit. An SSI Unit can issue equity shares / fully convertible preference shares / fully convertible debentures more than 24% of its paid-up capital if:

- a) It has given up its small scale status,
- b) It is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, and
- c) It complies with the sectoral caps specified in Annex-2.

It is clarified that the company/SSI Unit would be reckoned as having given up its SSI status, if the investment in plant and machinery exceeds the limits prescribed under the Micro, Small and Medium Enterprises Development Act, 2006.

Investments in EOUs/FTZs/ EPZs/HTPs and STPs

An SSI Unit, which is an Export Oriented Unit or a unit in Free Trade Zone or in Export Processing Zone or in a Software Technology Park or in an Electronic Hardware Technology Park, issue of shares / convertible debentures / preference shares exceeding 24% of the paid-up capital upto the sectoral caps specified in Annex-2.

Investments in Asset Reconstruction Companies (ARCs)

Persons resident outside India (other than Foreign Institutional Investors (FIIs)), can invest in the equity capital of Asset Reconstruction Companies (ARCs) registered with RBI under the Government Route. Automatic Route is not available for such investments. Such investments have to be strictly in the nature of FDI and investments by FIIs are not permitted. FDI is restricted to 49% of the paid up capital of the ARC.

However, FIIs registered with SEBI can invest in the Security Receipts (SRs) issued by ARCs registered with RBI. FIIs can invest upto 49% of each tranche of scheme of SRs subject to the condition that investment by a single FII in each tranche of scheme of SRs shall not exceed 10% of the issue.

Investment in infrastructure companies in the Securities Market

Foreign investment is permitted in Infrastructure Companies in Securities Markets, namely stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations and subject to the following conditions :

- i) Foreign investment upto 49% of the paid up capital, is allowed in these companies with a separate Foreign Direct Investment (FDI) cap of 26% and Foreign Institutional Investment (FII) cap of 23%;
- ii) FDI will be allowed with specific prior approval of FIPB; and
- iii) FIIs can invest only through purchases in the secondary market.

Investments from Nepal & Bhutan

NRIs resident in Nepal and Bhutan as well as citizens of Nepal and Bhutan are permitted to invest in shares and convertible debentures of Indian companies under FDI Scheme on repatriation basis subject to the condition that the amount of consideration for such investment shall be paid only by way of inward remittance in **free foreign exchange** through normal banking channels or by debit to the NRE/FCNR (B) accounts of the NRIs.

Issue of Rights / Bonus shares

FEMA provisions allow Indian companies to freely issue Right / Bonus shares to existing non-resident share-holders, subject to adherence to sectoral cap, if any. However, such issue of bonus/rights shares have to be in accordance with other laws/statutes like the Companies Act, 1956, SEBI (Disclosure and Investor Protection) Guidelines (in case of listed companies) etc. The price of shares offered on right basis by the Indian company to non-resident shareholders shall not be lower than the price at which such shares are offered to resident shareholders.

Rights issue to erstwhile OCBs:

As such, entitlement of rights shares is not automatically available to Overseas Corporate Bodies (OCBs). OCBs have been de-

recognised as a class of investors with effect from September 16, 2003. Therefore, Companies desiring to issue rights shares to such erstwhile OCBs will have to take specific prior permission from RBI³.

However, bonus shares can be issued to erstwhile OCBs.

Renunciation of rights by residents to non-residents:

Existing non-resident shareholders are allowed to apply for issue of additional shares / convertible debentures / preference shares over and above their rights entitlements. The investee company can allot the additional rights shares out of un-subscribed shares, subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral cap.

Acquisition of shares under Scheme of Amalgamation / merger

Mergers and amalgamations of companies in India are usually governed by an order issued by a competent Court on the basis of the Scheme submitted by the companies undergoing merger/amalgamation. Once the scheme of merger or amalgamation of two or more Indian companies has been approved by a Court in India, the transferee company or new company is allowed to issue shares to the shareholders of the transferor company resident outside India subject to the condition that:

- (i) The percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the sectoral cap.

The transferor company or the transferee or new company is not engaged in activities which are prohibited in terms of FDI policy.

Issue of shares under Employees Stock Option Scheme

Listed Indian companies are allowed to issue shares under the Employees Stock Option Scheme (ESOPs), to its employees or employees of its joint venture or wholly owned subsidiary abroad, other than citizens of Pakistan. Shares under ESOPs can be issued directly or through a Trust subject to the condition that:

³ Addressed to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai

- (i) The scheme has been drawn in terms of relevant regulations issued by the Securities and Exchange Board of India; and
- (ii) The face value of the shares to be allotted under the scheme to the non-resident employees does not exceed 5 per cent of the paid-up capital of the issuing company.

If the company is not listed, it has to follow the provisions of the Companies Act, 1956. The Indian company can issue ESOPs to employees who are resident outside India, other than citizens of Pakistan and Bangladesh. The issuing company is required to report the details of such issues to the concerned Regional Office of the Reserve Bank, within 30 days from the date of issue of shares under ESOPs.

Reporting of FDI

Reporting of inflow:

An Indian company receiving investment from outside India for issuing shares / convertible debentures / preference shares under the FDI Scheme, should report the details of the inflow to the Reserve Bank not later than 30 days from the date of receipt. Details to be reported are:

- (i) Name and address of the foreign investor/s
- (ii) Date of receipt of funds in foreign currency and its rupee equivalent
- (iii) Name and address of the Authorised Dealer through whom the funds have been received, and
- (iv) Details of Government approval for the investment, if any.

Reporting of issue of shares

After issue of shares/convertible debentures/preference shares, the Indian company has to file Form FC-GPR enclosed in Annex-6, not later than 30 days from the date of issue. The form can be downloaded from the RBI website http://www.rbi.org.in/Scripts/BS_ViewFemaForms.aspx.

Part A of Form FC-GPR has to be duly filled up and signed by the Authorised Signatory and submitted to the Authorised Dealer of the company, who will forward it to the Reserve Bank.

While forwarding the Form, the Authorised Dealer will enclose a KYC Report on the foreign investor. Along with Part A of FC-GPR, the following documents has to be attached by the company:

- (i) A certificate from the Company Secretary of the company certifying that
 - (a) all the requirements of the Companies Act, 1956 have been complied with;
 - (b) terms and conditions of the Government approval, if any, have been complied with;
 - (c) the company is eligible to issue shares under these Regulations; and
 - (d) the company has all original certificates issued by authorised dealers in India evidencing receipt of amount of consideration;
- (ii) A certificate from Statutory Auditors or Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.

Both the above reports have to be submitted to the concerned Regional Office of RBI under whose jurisdiction the registered office

of the company is situated.

Part-B of FC-GPR should be filed on an annual basis with the Reserve Bank⁴. This filing has to be done in the month of June every year, for all outstanding investment by way of FDI as well as Portfolio / other investments and by way of re-invested earnings for the previous April to March period. *[For example, all Indian companies who have received FDI, Portfolio investments, other investments (such as bonds, debentures etc.) from foreign investors during the period April 2006 to March 2007, have to report in Part B of Form FC-GPR in the month of June 2007, along with their retained earnings during the period.]*

The above mentioned three stage reporting mechanism has to be followed wherever there is inflow of funds through normal banking channels or debit to NRE/FCNR account for investment purposes. Moreover, issue of bonus/rights shares or stock options to persons resident outside India directly or on amalgamation / merger with an existing Indian company, as well as issue of shares on conversion of ECB/royalty/lumpsum technical know-how fee has to be reported in Form FC-GPR.

Issue Price

Price of shares issued to persons resident outside India under the FDI Scheme, shall be worked out on the basis of SEBI guidelines in case of listed companies. In case of unlisted companies, valuation of shares has to be done by a Chartered Accountant in accordance with the guidelines issued by the erstwhile Controller of Capital Issues.

⁴ Addressed to the Advisor, Balance of Payment Statistical Division, Department of Statistical Analysis & Computer Services, Reserve Bank of India, C9, 8th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051.

**Foreign
Currency
Account**

Indian companies which are eligible to issue shares to persons resident outside India under the FDI Scheme will be allowed to retain the share subscription amount in a foreign currency account, with the prior approval of RBI.

**Transfer of
Shares and
convertible
debentures**

Foreign investors can also invest in Indian companies by purchasing/ acquiring existing shares from Indian shareholders or from other non-resident shareholders. General permission has been granted to non-residents / NRIs for acquisition of shares by way of transfer subject to the following:-

- A person resident outside India (Other than NRI and OCB) may transfer by way of sale or gift the shares or convertible debentures to any person resident outside India (including NRIs).
- NRIs and erstwhile OCBs may transfer by way of sale or gift the shares or convertible debentures held by him or it to another NRI.

In both the above cases, if the transferee has previous venture or tie-up in India through investment/technical collaboration/trade mark agreement in the same field in which the Indian company, whose shares are being transferred, is engaged, he has to obtain prior permission of SIA/FIPB to acquire the shares. This restriction is, however, not applicable to the transfer of shares to International Financial Institutions (i.e. ADB, IFC, CDC, DEG) and transfer of shares to Indian company engaged in Information Technology Sector.

- A person resident outside India can transfer any security to a person resident in India by way of gift.
- A person resident outside India can sell the shares and convertible debentures of an Indian company on a recognized Stock Exchange in India through a registered broker.

- A person resident in India can transfer by way of sale, shares / convertible debentures (including transfer of subscriber's shares), of an Indian company in sectors other than financial service sector (i.e. Banks, NBFC, Insurance, ARCs and infrastructure providers in the securities market such as Stock Exchanges, Clearing Corporations etc.) under private arrangement to a person resident outside India, subject to the guidelines given in Annex 3.
- General permission is also available for transfer of shares / convertible debentures, by way of sale under private arrangement by a person resident outside India to a person resident in India, subject to the guidelines given in Annex 3.
- The above General Permission also covers transfer by a resident to a non-resident of shares / convertible debentures of an Indian company, engaged in an activity earlier covered under the Government Route but now falling under Automatic Route of RBI, as well as transfer of shares by a non-resident to an Indian company under buy-back and / or capital reduction scheme of the company. However, this General Permission is not available for transfer of shares / debentures of an entity engaged in any activity in the financial service sector (i.e. Banks, NBFCs, ARCs and Insurance),

Reporting of transfer of shares between residents and non-residents and vice versa is to be done in Form FC-TRS (enclosed in Annex-7). This Form needs to be submitted to the AD Bank, which will forward the same to its link office. The link office will consolidate the form and submit a report to RBI.

AD Category – I banks have been given general permission to open Escrow account and Special account by non-resident corporates for open offers/ exit offers and delisting of shares. The relevant SEBI (SAST) Regulations or any other applicable SEBI Regulations / provisions of the Companies Act, 1956 will be applicable.

Prior permission of RBI in certain cases for transfer of shares/ convertible debentures

A person resident in India, who intends to transfer any security, by way of gift to a person resident outside India, has to obtain prior approval from Reserve Bank⁵. Reserve Bank considers the following factors while processing such applications:

- The transferee (donee) is eligible to hold such security under Schedule 1, 4 and 5 of Notification No. FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time.
- The gift does not exceed 5 per cent of the paid-up capital of the Indian company / each series of debentures/each mutual fund scheme.
- The applicable sectoral cap / foreign direct investment (FDI) limit in the Indian company is not breached.
- The transferor (donor) and the transferee (donee) are close relatives as defined in section 6 of the Companies Act, 1956, as amended from time to time. The current list is reproduced in Annex 5.
- The value of security to be transferred together with any security already transferred by the transferor, as gift, to any person residing outside India does not exceed the rupee equivalent of USD 25,000 **during a calendar year**.
- Such other conditions as stipulated by Reserve Bank in public interest from time to time.

The following instances of transfer of shares from residents to non-residents by way of sale requires RBI approval:

- Transfer of shares or convertible debentures of an Indian company engaged in financial sector (i.e. Banks, NBFCs, Asset Reconstruction Companies and Insurance),
- Transactions which attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

⁵ Addressed to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, 11th floor, Fort, Mumbai 400 001 along with the documents prescribed in Annex-4.

The following instances of transfer of shares from residents to non-residents by way of sale or otherwise requires Government approval followed by permission from RBI:

- Transfer of shares of companies engaged in sectors falling under the Government Approval Route,
- Transfer of shares resulting in foreign investments in the Indian company, breaching the sectoral cap applicable.

**Conversion of
ECB / Lumpsum
Fee/Royalty into
Equity**

Indian companies have been granted general permission for conversion of External Commercial Borrowings (ECB) into shares/preference shares, subject to the following conditions and reporting requirements.

- i) The activity of the company is covered under the Automatic Route for FDI or the company has obtained Government approval for foreign equity in the company,
- ii) The foreign equity after conversion of ECB into equity is within the sectoral cap, if any,
- iii) Pricing of shares is as per SEBI regulations /erstwhile CCI guidelines/ in the case of listed/unlisted companies as the case may be.
- iv) Compliance with the requirements prescribed under any other statute and regulation in force.

The conversion facility is available for ECBs availed under the Automatic or Approval Route. This would also be applicable to ECBs irrespective of whether due for payment or not, as well as secured / unsecured loans availed from non-resident collaborators. General permission is also available for issue of shares/preference shares against lump-sum technical know-how fee, royalty, under automatic route or SIA / FIPB route, subject to pricing guidelines of SEBI/CCI and compliance with applicable tax laws.

Units in Special Economic Zones (SEZs) are permitted to issue equity shares to non-residents against import of **capital goods** subject to the following :-

- a) The valuation should be verified by a Committee consisting of Development Commissioner and the appropriate Customs officials.
- b) The SEZ unit issuing equity in the above manner should report the particulars of the shares issued in the Form FC-GPR.

Reporting Requirements

Details of issue of shares against conversion of ECB has to be reported to the concerned Regional Office of the Reserve Bank, as indicated below:

- i) In case of **full conversion** of ECB into equity, the company shall report the conversion in form FC-GPR to the concerned Regional Office of the Reserve Bank as well as in form ECB-2 submitted to the Department of Statistical Analysis and Computer Services (DESACS), Reserve Bank of India, Bandra-Kurla Complex, Mumbai – 400 051, within seven working days from the close of month to which it relates. The words "ECB wholly converted to equity" shall be clearly indicated on top of the ECB-2 form. Once reported, filing of ECB-2 in the subsequent months is not necessary.

In case of **partial conversion** of ECB, the company shall report the converted portion in form FC-GPR to the concerned Regional Office as well as in form ECB-2 clearly differentiating the converted portion from the unconverted portion. The words "ECB partially converted to equity" shall be indicated on top of the ECB-2 form. In the subsequent months, the outstanding portion of ECB shall be reported in ECB-2 form to DESACS.

Remittance of sale proceeds

An authorised dealer bank can allow the remittance of sale proceeds of a security (net of applicable taxes) to the seller of shares resident outside India, provided the security has been held on repatriation

basis, the sale of security has been made in accordance with the prescribed guidelines and NOC / tax clearance certificate has been produced.

Issue of shares by Indian companies under ADR / GDR

Depository Receipts (DRs) are negotiable securities issued outside India by a Depository Bank, on behalf of an Indian company, which represent the local Rupee denominated equity shares of the company held as deposit by a Custodian Bank in India. DRs are traded in Stock Exchanges in the US, Singapore, Luxembourg etc. DRs listed and traded in the US markets are known as American Depository Receipts (ADRs) and those listed and traded elsewhere are known as Global Depository Receipts (GDRs). In the Indian context, DRs are treated as FDI.

Indian companies can raise foreign currency resources abroad through the issue of ADRs/GDRs, in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Central Government thereunder from time to time.

The company can issue ADRs/GDRs if it is eligible to issue shares to persons resident outside India under the FDI Scheme. However, an Indian listed company, which is not eligible to raise funds from the Indian Capital Market including a company which has been restrained from accessing the securities market by the Securities and Exchange Board of India (SEBI) will not be eligible to issue ADRs/GDRs.

Unlisted companies, which have not yet accessed the ADR/GDR route for raising capital in the international market would require prior or simultaneous listing in the domestic market, while seeking to issue such overseas instruments. Unlisted companies, which have already issued ADRs/GDRs in the international market, have to list in the domestic market on making profit or within three years of such issue of ADRs/GDRs, whichever is earlier.

ADRs/GDRs are issued on the basis of the ratio worked out by the Indian company in consultation with the Lead Manager to the issue. The proceeds so raised have to be kept abroad till actually required

in India. Pending repatriation or utilisation of the proceeds, the Indian company can invest the funds in -

- Deposits with or Certificate of Deposit or other instruments offered by banks who have been rated by Standard and Poor, Fitch, IBCA or Moody's etc. and such rating not being less than the rating stipulated by Reserve Bank from time to time for the purpose,
- Deposits with branch outside India of an authorised dealer in India, and
- Treasury bills and other monetary instruments with a maturity or unexpired maturity of the instrument of one year or less.

There are no end use restrictions except for a ban on deployment / investment of such funds in Real Estate or the Stock Market. There is no monetary limit upto which an Indian company can raise ADRs / GDRs.

Voting rights on shares issued under the Scheme shall be as per the provisions of Companies Act, 1956 and in a manner in which restrictions on voting rights imposed on ADR/GDR issues shall be consistent with the Company Law provisions. RBI regulations regarding voting rights in the case of banking companies will continue to be applicable to all shareholders exercising voting rights.

Erstwhile OCBs who are not eligible to invest in India through the portfolio route and entities prohibited to buy, sell or deal in securities by SEBI will not be eligible to subscribe to ADRs / GDRs issued by Indian companies.

The pricing of ADR / GDR issues should be made at a price not less than the higher of the following two averages:

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;

- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

The “relevant date” means the date thirty days prior to the date on which the meeting of the general body of shareholders is held, in terms of section 81 (IA) of the Companies Act, 1956, to consider the proposed issue.

The ADR / GDR proceeds can be utilised for first stage acquisition of shares in the disinvestment process of Public Sector Undertakings / Enterprises and also in the mandatory second stage offer to the public in view of their strategic importance.

**Two-way
Fungibility
Scheme**

A limited Two-way Fungibility scheme has been put in place by the Government of India for ADRs / GDRs.

Under this scheme, a stock broker in India, registered with SEBI, can purchase shares of an Indian company from the market for conversion into ADRs/GDRs based on instructions received from overseas investors.

Re-issuance of ADRs /GDRs would be permitted to the extent of ADRs / GDRs which have been redeemed into underlying shares and sold in the Indian market.

**Sponsored
ADR/GDR issue**

An Indian company can also sponsor an issue of ADR / GDR. Under this mechanism, the company offers its resident shareholders a choice to submit their shares back to the company so that on the basis of such shares, ADRs / GDRs can be issued abroad.

The proceeds of the ADR / GDR issue is remitted back to India and distributed among the resident investors who had offered their rupee denominated shares for conversion. These proceeds can be kept in Resident Foreign Currency (Domestic) accounts in India by the resident shareholders who have tendered such shares for conversion into ADR / GDR.

**Reporting of
ADR/GDR
Issues**

The Indian company issuing ADRs / GDRs has to furnish to the Reserve Bank, full details of such issue in the form enclosed in Annex-8, within 30 days from the date of closing of the issue. The company should also furnish a quarterly return in the form enclosed in Annex-9, to Reserve Bank within 15 days of the close of the calendar quarter.

Section-II: Foreign Portfolio Investments

Portfolio Investment Scheme

Foreign Institutional Investors (FIIs) registered with SEBI and Non-resident Indians (NRIs) are eligible to purchase shares and convertible debentures issued by Indian companies under the Portfolio Investment Scheme (PIS).

The FIIs who have been granted registration by SEBI should approach their designated Authorised Dealer bank (known as Custodian Bank), for opening a foreign currency account and/or a Non Resident Special Rupee Account.

NRIs can approach the designated branch of any AD bank authorised by RBI to administer the Portfolio Investment Scheme for permission to open a NRE/NRO account under the Scheme for routing investments.

Investment by FIIs under PIS

Reserve Bank has given general permission to SEBI registered FIIs/sub-accounts to invest under the PIS.

Shareholding Total holding of each FII/sub account under this Scheme shall not exceed 10% of the total paid up capital or 10% of the paid up value of each series of convertible debentures issued by the Indian company.

Total holdings of all FIIs/sub-accounts put together shall not exceed 24% of the paid-up capital or paid-up value of each series of convertible debentures. This limit of 24% can be increased to the sectoral cap / statutory limit as applicable to the Indian company concerned, by passing a resolution of its Board of Directors followed by a special resolution to that effect by its General Body.

A domestic asset management company or portfolio manager, who is registered with SEBI as an FII for managing the fund of a sub-

account can make investments under the Scheme on behalf of

- (i) a person resident outside India who is a citizen of a foreign state, or
- (ii) a body corporate registered outside India;

Provided such investment is made out of funds raised or collected or brought from outside through normal banking channel. Investments by such entities shall not exceed 5% of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian company, and shall also not exceed the overall ceiling specified for FIIs.

Prohibition on investments

FIIs are not permitted to invest in equity issued by an Asset Reconstruction Company. They are also not allowed to invest in any company which is engaged or proposes to engage in the following activities:

- i) Business of chit fund, or
- ii) Nidhi Company , or
- iii) Agricultural or plantation activities or
- iv) Real estate business, or construction of farm houses
- v) Trading in Transferable Development Rights (TDRs).

"Real Estate Business" mentioned above, does not include development of townships, construction of residential/commercial premises, roads or bridges.

Exchange Traded Derivative Contracts

SEBI registered FIIs are allowed to trade in all exchange traded derivative contracts on recognised Stock Exchanges in India subject to the position limits as prescribed by SEBI from time to time. The SEBI registered FII/sub-account may open a separate account under their Special Non-Resident Rupee Account through which all receipts and payments pertaining to trading/investment in exchange traded derivative contracts will be made (*including initial margin and mark to market settlement, transaction charges, brokerage etc.*). Further, transfer between the Special Non-Resident Rupee Account and the separate account maintained for the purpose of trading in

exchange traded derivative contracts can be freely made. However, repatriation of the rupee amount will be made only through their Special Non-Resident Rupee Account subject to payment of relevant taxes. The Authorised Dealer banks have to keep proper records of the above mentioned separate account and submit them to Reserve Bank as and when required.

FIIIs are allowed to offer foreign sovereign securities with AAA rating as collateral to the recognised Stock Exchanges in India for their transactions in derivatives segment subject to SEBI guidelines. In order to accept the securities as collateral, recognised Stock Exchanges have to take RBI approval under FEMA.

*Forward cover
& cancellation
and rebooking*

AD banks can also offer forward cover to FIIIs to the extent of total inward remittance net of liquidated investments. Rebooking of cancelled forward contracts is allowed up to a limit of 2% of the market value of the entire investment of FIIIs in equity and / or debt in India. The limit for calculating the eligibility for rebooking will be based upon market value of the portfolio as at the beginning of the financial year (April – March). The outstanding contracts have to be duly supported by underlying exposure at all times. The AD Category - I bank has to ensure that (i) total forward contracts outstanding does not exceed the market value of portfolio and, (ii) forward contracts permitted to be rebooked does not exceed 2% of the market value as determined at the beginning of the financial year. The monitoring of forward cover is to be done on a fortnightly basis.

*Margin
requirements*

SEBI registered FIIIs / sub-accounts are allowed to keep with the Trading Member / Clearing Member amount sufficient to cover the margins prescribed by the Exchange / Clearing House and such amounts as may be considered necessary to meet the immediate needs.

*Accounts with
ADs*

FII/sub-accounts can open a Foreign Currency denominated Account and / or a Special Non-Resident Rupee Account for the purpose. They can transfer sums from the foreign currency account to the rupee account for making genuine investments in securities in terms of the SEBI (FII) Regulations, 1995. The sums may be transferred from foreign currency account to rupee account at the prevailing market rate and the Authorised Dealer bank may transfer repatriable proceeds (after payment of tax) from the rupee account to the foreign currency account. The Special Non-Resident Rupee Account may be credited with the proceeds of sale of shares / debentures, dated Government securities, Treasury Bills etc., dividend, income received by way of interest, forward contracts booked etc., by compensation received towards sale / renouncement of right offerings of shares and income earned on securities lent under SEBI's Securities Lending Scheme, 1997 after deduction of appropriate tax, if any. Such credits are allowed, subject to the condition that the Authorized Dealer bank should obtain confirmation from the investee company / FII concerned that tax at source, wherever necessary, has been deducted from the gross amount of dividend / interest payable / approved income to the share / debenture / Government securities holder at the applicable rate, in accordance with the Income Tax Act. The Special Non-Resident Rupee Account may be debited for purchase of shares / debentures, dated Government securities, Treasury Bills etc., and for payment of fees to applicant FIIs' local Chartered Accountant / Tax Consultant where such fees constitute an integral part of their investment process.

**Private
placement
with FIIs**

SEBI registered FIIs have been permitted to purchase shares / convertible debentures of an Indian company through offer/private placement, subject to the ceilings prescribed above, i.e. individual FII/sub account—10% and all FIIs/sub-accounts put together—24% of the paid-up capital of the Indian company. Indian company is permitted to issue such shares provided that:

- (i) in the case of public offer, the price of shares to be

issued is not less than the price at which shares are issued to residents and

- (ii) in the case of issue by private placement, the price is not less than the price arrived at in terms of SEBI guidelines or guidelines issued by the erstwhile Controller of Capital Issues, as applicable. Purchases can also be made of PCDs / FCDs/ Right Renunciations / Warrants / Units of Domestic Mutual Fund Schemes.

Allocation of funds

The SEBI registered FII shall restrict allocation of its total investment between equities and debt in the Indian capital market in the ratio of 70:30. The FII may form a 100% debt fund and get such fund registered with SEBI. Investment in debt securities by FIIs are subject to limits, if any, stipulated by SEBI in this regard.

Reporting of FII investments

An FII may invest in a particular share issue of an Indian company either under the FDI Scheme or the Portfolio Investment Scheme. The AD banks have to ensure that the FIIs who are purchasing the shares by debit to the special rupee accounts report these details separately in the LEC (FII) returns.

The Indian company which has issued shares to FIIs under the FDI Scheme (for which the payment has been received directly into company's account) and the Portfolio Investment Scheme (for which the payment has been received from FIIs' account maintained with an Authorised Dealer bank in India) should report these figures separately under item no. 5 of Form FC-GPR (Post issue pattern of shareholding) so that the details could be suitably reconciled for statistical / monitoring purposes.

A daily statement in respect of all transactions (except derivative trade) have to be submitted by the custodian bank in floppy / soft

copy in the prescribed format directly to Reserve Bank⁶ to monitor the overall ceiling / sectoral cap / statutory ceiling.

**Investments
by Non
Resident
Indians (NRIs)**

NRIs are allowed to invest in shares of listed Indian companies in recognised Stock Exchanges under the PIS. NRIs can invest on repatriation and non-repatriation basis under PIS route upto 5% of the paid up capital / paid up value of each series of debentures of listed Indian companies. The aggregate paid-up value of shares / convertible debentures purchased by all NRIs cannot exceed 10% of the paid-up capital of the company / paid-up value of each series of debentures of the company. The aggregate ceiling of 10% can be raised to 24%, if the General Body of the Indian company passes a special resolution to that effect.

The NRI investor has to take delivery of the shares purchased and give delivery of shares sold.

Payment for purchase of shares and/or debentures on repatriation basis has to be made by way of inward remittance of foreign exchange through normal banking channels or out of funds held in NRE/FCNR account maintained in India. If the shares are purchased on non-repatriation basis, the NRIs can also utilise their funds in NRO account in addition to the above.

The link office of the designated branch of an AD bank shall furnish to the Reserve Bank⁷, a report on a daily basis on PIS transactions undertaken by it, such report can be furnished on-line or on a floppy to RBI.

⁶ Addressed to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

⁷ Addressed to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

Shares purchased by NRIs on the stock exchange under PIS cannot be transferred by way of sale under private arrangement or by way of gift to a person resident in India or outside India without prior approval of RBI.

NRIs are allowed to invest in Exchange Trade Derivative Contracts approved by SEBI from time to time out of Rupee funds held in India on non-repatriation basis subject to the limits prescribed by SEBI.

**Monitoring by
RBI**

Caution List When the total holdings of FIIs/NRIs under the Scheme reach the trigger limit, which is 2% below the applicable limit, Reserve Bank will issue a notice to all designated branches of Authorised Dealer banks stating that any further purchases of shares of the particular Indian company will require prior approval of Reserve Bank. RBI gives case-by-case approvals to FIIs for purchase of shares of companies included in the Caution List. This is done on first-come-first-served basis.

Ban List Once the shareholding by FIIs/NRIs reach the overall ceiling / sectoral cap / statutory limit, Reserve Bank puts the company on the Ban List. Once a company is placed on the Ban List, no FII or NRI can purchase the shares of the company under the Portfolio Investment Scheme.

**Investments
by Overseas
Corporate
Bodies
(OCBs)**

With effect from November 29, 2001, OCBs are not permitted to invest under the PIS in India. Further, the OCBs which have already made investments under the Portfolio Investment Scheme are allowed to continue holding such shares / convertible debentures till such time these are sold on the stock exchange. OCBs have been de-recognised as a class of investors in India with effect from September 16, 2003.

Section-III: Foreign Venture Capital Investments

Investments by Venture Capital Funds

A SEBI registered Foreign Venture Capital Investor (FVCI) with specific approval from RBI under FEMA Regulations can invest in Indian Venture Capital Undertaking (IVCU) or Indian Venture Capital Fund (IVCF) or in a Scheme floated by such IVCFs **subject to the condition that the VCF should also be registered with SEBI.**

An IVCU is defined as a company incorporated in India whose shares are not listed on a recognized stock exchange in India and which is not engaged in an activity under the negative list specified by SEBI. A VCF is defined as a fund established in the form of a trust, a company including a body corporate and registered under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 which has a dedicated pool of capital raised in a manner specified under the said Regulations and which invests in Venture Capital Undertakings in accordance with the said Regulations.

FVCIs can purchase equity / equity linked instruments / debt / debt instruments, debentures of an IVCU or of a VCF through initial public offer or private placement in units of schemes / funds set up by a VCF. At the time of granting approval, RBI permits the FVCI to open a foreign currency account or rupee account with a designated branch of an AD bank.

The purchase / sale of shares, debentures and units can be at a price that is mutually acceptable to the buyer and the seller.

Authorised Dealers can offer forward cover to FVCIs to the extent of total inward remittance. In case the FVCI has made any remittance by liquidating some investments, original cost of the investments has to be deducted from the eligible cover.

Section-IV: Other Foreign Investments

Purchase of other securities by NRIs

1. On non-repatriation basis:

NRIs can purchase shares/ convertible debentures issued by an Indian company on non-repatriation basis without any limit. Amount of consideration for such purchase shall be paid by inward remittance through normal banking channels from abroad or out of funds held in NRE / FCNR / NRO account maintained with the AD bank. NRI can also, without any limit, purchase on non-repatriation basis dated Government securities, treasury bills, units of domestic mutual funds, units of Money Market Mutual Funds. Government of India has notified that NRIs are not permitted to make Investments in Small Savings Schemes including PPF. In case of investment on non-repatriation basis, the sale proceeds shall be credited to NRO account. The amount invested under the scheme and the capital appreciation thereon will not be allowed to be repatriated abroad.

2. On repatriation basis:

A Non-resident Indian can purchase on repatriation basis, without limit, Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds; bonds issued by a public sector undertaking (PSU) in India and shares in Public Sector Enterprises being disinvested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.

Purchase of other securities by FIIs

Foreign Institutional Investors can buy dated Government securities / treasury bills, listed non-convertible debentures /bonds issued by Indian companies and units of domestic mutual funds either directly from the issuer of such securities or through a registered stock broker on a recognized stock exchange in India. These purchases are subject to limits notified by SEBI.

**Investment by
MDBs**

A Multilateral Development Bank (MDB) which is specifically permitted by Government of India to float rupee bonds in India can purchase Government dated securities.

**Foreign
Investment in
Tier I and Tier
II instruments
issued by
banks in India**

FIIIs registered with SEBI and NRIs have been permitted to subscribe to the Perpetual Debt instruments (eligible for inclusion as Tier I capital) and Debt Capital instruments (eligible for inclusion as upper Tier II capital), issued by banks in India, subject to the following conditions.

- a) Investment by all FIIIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual FII should not exceed the limit of 10 per cent of each issue.
- b) Investments by all NRIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 24 per cent of each issue and investments by a single NRI should not exceed 5 percent of the issue.
- c) Investment by FIIIs in Debt capital instruments (Tier II) shall be within the limits stipulated by SEBI for FII investment in corporate debt.
- d) Investment by NRIs in Debt Capital instruments (Tier II) shall be in accordance with the extant policy for investment by NRIs in other debt instruments.

The issuing banks are required to ensure compliance with the conditions stipulated above at the time of issue. They are also required to comply with the guidelines notified by the Department of Banking Operations and Development (DBOD), Reserve Bank of India, from time to time.

The issue-wise details of amount raised as Perpetual Debt Instruments qualifying for Tier I capital by the bank from FIIIs / NRIs are required to be reported in the prescribed format within 30 days

of the issue to the Reserve Bank⁸.

Investment by FIIs in Upper Tier II Instruments raised in Indian Rupees will be outside the limit prescribed by SEBI for investment in corporate debt instruments. However, investment by FIIs in these instruments will be subject to a separate ceiling of USD 500 million.

The details of the secondary market sales / purchases by FIIs and the NRIs in these instruments on the floor of the stock exchange are to be reported by the custodians and designated banks respectively, to the Reserve Bank of India through the soft copy of the LEC Returns.

⁸ Addressed to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

Part II

Acquisition and Transfer of Immovable Property in India.

Acquisition and Transfer of Immovable Property in India.

A person resident outside India who is a citizen of India (NRI⁹) can acquire by way of purchase, any immovable property in India other than agricultural land/plantation property / farm house. He can transfer any immovable property other than agricultural or plantation property or farm house to:

- a) A person resident outside India who is a citizen of India or
- b) A person of Indian origin resident outside India or
- c) A person resident in India.

He may transfer agricultural land / plantation property / farm house acquired by way of inheritance, only to Indian citizens permanently residing in India.

Payment for acquisition of property can be made out of:

- i) Funds received in India through normal banking channels by way of inward remittance from any place outside India or
- ii) Funds held in any non-resident account maintained in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the regulations made by Reserve Bank of India from time to time.

Such payment cannot be made either by traveller's cheque or by foreign currency notes or by other mode other than those specifically mentioned above.

A person resident outside India who is a person of Indian Origin (PIO¹⁰) can acquire any immovable property in India other than agricultural land / farm house / plantation property :-

⁹ It is clarified that a person resident outside India, who is a citizen of India is treated as NRI for the purpose of this part of the Circular.

¹⁰ 'A person of Indian origin' means an individual (not being a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan), who

(i) at any time, held Indian passport; or

(ii) who or either of whose father or whose grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955);

i. By way of purchase out of funds received by way of inward remittance through normal banking channels or by debit to his NRE / FCNR(B) / NRO account.

ii. By way of gift from a person resident in India or a NRI or a PIO.

By way of inheritance from a person resident in India or a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law in force or FEMA regulations at the time of acquisition of the property.

A PIO may transfer any immoveable property other than agricultural land/Plantation property/farmhouse in India

a) By way of sale to a person resident in India.

b) By way of gift to a person resident in India or a Non resident Indian or a PIO.

A PIO may transfer agricultural Land / Plantation property / farmhouse in India by way of sale or gift to person resident in India who is a citizen of India.

**Purchase /
Sale of
Immovable
Property by
Foreign
Embassies /
Diplomats /
Consulate
General**

Foreign Embassy / Consulate as well as Diplomatic personnel in India are allowed to purchase/ sell immovable property in India other than agricultural land/ plantation property / farm house provided (i) clearance from Government of India, Ministry of External Affairs is obtained for such purchase / sale, and (ii) the consideration for acquisition of immovable property in India is paid out of funds remitted from abroad through banking channel.

**Acquisition of
Immovable
Property for
carrying on a
permitted
activity**

A branch, office or other place of business, (excluding a liaison office) in India of a foreign company established with requisite approvals wherever necessary, is eligible to acquire immovable property in India which is necessary for or incidental to carrying on such activity provided that all applicable laws, rules, regulations or directions in force are duly complied with. The entity / concerned person is required to file a declaration in the form IPI with the Reserve Bank, within ninety days from the date of such acquisition. The non-resident is eligible to transfer by way of mortgage the said immovable property to an AD bank as a security for any borrowing.

**Repatriation
of sale
proceeds**

In the event of sale of immovable property other than agricultural land / farm house / plantation property in India by NRI / PIO, the authorised dealer will allow repatriation of sale proceeds outside India provided;

- i) the immovable property was acquired by the seller in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of FEMA Regulations;
- ii) the amount to be repatriated does not exceed (a) the amount paid for acquisition of the immovable property in foreign exchange received through normal banking channels or out of funds held in Foreign Currency Non-Resident Account or (b) the foreign currency equivalent as on the date of payment, of the amount paid where such payment was made from the funds held in Non-Resident External account for acquisition of the property.
- iii) In the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.

In the case of sale of immovable property purchased out of Rupee funds, ADs may allow the facility of repatriation of funds out of balances held by NRIs/PIO in their Non-resident Rupee (NRO) accounts upto US\$ 1 million per financial year subject to production of undertaking by the remitter and a certificate from the Chartered Accountant in the formats prescribed by the CBDT.

**Prior
permission
for
acquisition or
transfer of
immovable
property in
India by
citizens of
certain
countries**

No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan shall acquire or transfer immovable property in India, other than lease, not exceeding five years without prior permission of Reserve Bank. **Foreign nationals of non-Indian origin** resident outside India are not permitted to acquire any immovable property in India unless such property is acquired by way of inheritance from a person who was resident in India. Foreign Nationals of non Indian origin who have acquired immovable property in India by way of inheritance with the specific approval of RBI cannot transfer such property without prior permission of RBI.

Part III

Establishment of Branch/Liaison/Project Offices in India

Application to RBI

Companies incorporated outside India, desirous of opening a Liaison/Branch Office in India have to make an application in form FNC-1 to the Reserve Bank of India¹¹, along with the following documents:

- English version of the Certificate of Incorporation/ Registration or Memorandum & Articles of Association attested by Indian Embassy/ Notary Public in the Country of Registration.
- Latest Audited Balance Sheet of the applicant entity.

Liaison Offices

Companies which are incorporated outside India can establish Liaison Office in India with the specific approval of the Reserve Bank. A Liaison Office (also known as Representative Office) can undertake only liaison activities, i.e. it can act as a channel of communication between Head Office abroad and parties in India. It is not allowed to undertake any business activity in India and cannot earn any income in India. Expenses of such offices are to be met entirely through inward remittances of foreign exchange from the Head Office outside India. The role of such offices is, therefore, limited to collecting information about possible market opportunities and providing information about the company and its products to the prospective Indian customers. Permission to set up such offices is initially granted for a period of 3 years and this may be extended from time to time by the Regional Office of RBI under whose jurisdiction the office is set up. A Liaison Office can undertake the following activities in India:

- i) Representing in India the parent company/group companies.
- ii) Promoting export import from/to India.
- iii) Promoting technical/financial collaborations between parent/group companies and companies in India.

¹¹ Addressed to the Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Fort, Mumbai 400 001.

- iv) Acting as a communication channel between the parent company and Indian companies.

Liaison/representative offices have to file an Annual Activity Certificate from a Chartered Accountant to the Regional Office of RBI. The Certificate is obtained to ensure that the Liaison Office has undertaken only those activities that have been approved by RBI.

**Liaison Office
of foreign
Insurance
Companies**

Foreign Insurance companies can establish Liaison Offices in India after obtaining approval from the Insurance Regulatory and Development Authority. Such Insurance companies have been given general permission under FEMA for establishing Liaison Offices in India.

**Branch
Offices**

Companies incorporated outside India and engaged in manufacturing or trading activities are allowed to set up Branch Offices in India with specific approval of the Reserve Bank. Such Branch Offices are permitted to represent the parent/group companies and undertaking the following activities in India:

- (i) Export/Import of goods*
- (ii) Rendering professional or consultancy services.
- (iii) Carrying out research work, in which the parent company is engaged.
- (iv) Promoting technical or financial collaborations between Indian companies and parent or overseas group company.
- (v) Representing the parent company in India and acting as buying/selling agent in India.
- (vi) Rendering services in Information Technology and development of software in India.
- (vii) Rendering technical support to the products supplied by parent/group companies.
- (viii) Foreign airline/shipping Company.

* Retail trading activities of any nature is not allowed for a Branch Office in India.

A branch office is not allowed to carry out manufacturing, processing activities in India, directly or indirectly. Branch Offices have to submit Annual Activity Certificate from a Chartered Accountant to RBI. The branch offices are permitted to acquire property for their own use and to carry out the permitted /incidental activities but not for leasing or renting out the property. However, entities from Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran or China are not allowed acquire immovable property in India even for a Branch Office. These entities are allowed to take such property on lease basis only. Entities from Nepal are allowed to establish only Liaison Offices in India. Profits earned by the Branch Offices are freely remittable from India, subject to payment of applicable taxes.

**Branch Office
in SEZs**

RBI has given general permission to foreign companies for establishing branch/unit in Special Economic Zones (SEZs) to undertake manufacturing and service activities. The general permission is subject to the following conditions:

- i) such units are functioning in those sectors where 100 per cent FDI is permitted,
- ii) such units comply with part XI of the Companies Act (Section 592 to 602),
- iii) such units function on a stand-alone basis,
- iv) in the event of winding-up of business and for remittance of winding-up proceeds, the branch shall approach an Authorised Dealer in Foreign Exchange with the documents mentioned in the paragraph below—"Closure of Office"—except the copy of RBI approval.

**Branches of
Banks**

Foreign Banks do not require approval from RBI under FEMA, if such Bank has obtained necessary approval under the provisions of the Banking Regulation Act, 1949.

Project Offices

Reserve Bank has granted general permission to foreign companies to establish Project Offices in India, provided they have secured a contract from an Indian company to execute a project in India, and

- (a) the project is funded directly by inward remittance from abroad;
- or
- (b) the project is funded by a bilateral or multilateral International Financing Agency; or
- (c) the project has been cleared by an appropriate authority; or
- (d) a company or entity in India awarding the contract has been granted Term Loan by a Public Financial Institution or a bank in India for the project.

However, if the above criteria are not met, the foreign entity has to approach RBI to obtain approval.

Opening of Foreign Currency Account

ADs can open **non-interest** bearing Foreign Currency Account for Project Offices in India subject to the following:

- a) The Project Office has been established in India, with the general/ specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority,
- b) The contract under which the project has been sanctioned, specifically provides for payment in foreign currency,
- c) Each Project has only one Foreign Currency Account.
- d) The permissible debits to the account shall be payment of project related expenditure and credits shall be foreign currency receipts from the Project Sanctioning Authority, and remittances from parent/group company abroad or bilateral/multilateral international financing agency.
- e) The responsibility of ensuring that only the approved debits and credits are allowed in the Foreign Currency Account shall rest solely with the concerned branch of the AD. Further, the Accounts shall be subject to 100 percent scrutiny by the Concurrent Auditor of the respective AD banks.
- f) The Foreign Currency account has to be closed at the

completion of the Project.

*Intermittent
remittances by
Project Offices
in India*

AD branch can permit intermittent remittances by Project Offices pending winding up / completion of the project provided they are satisfied with the bonafides of the transaction and subject to the following:

- a) The Project Office submits an Auditors' /Chartered Accountants' Certificate to the effect that sufficient provisions have been made to meet the liabilities in India including Income-Tax etc.
- b) An undertaking from the Project Office that the remittance will not, in any way, affect the completion of the Project in India and that any shortfall of funds for meeting any liability in India will be met by inward remittance from abroad.

Inter Project transfer of funds requires prior permission of the concerned Regional Office of the Reserve Bank under whose jurisdiction the Project Office is situated.

**General
conditions**

Partnership/Proprietary concerns set up abroad are not allowed to establish Branch/Liaison Offices in RBI.

Branch/Liaison/Project Offices are allowed to open non-interest bearing current accounts in RBI. Such Offices are required to approach their Authorised Dealers for opening the accounts.

Transfer of assets of Liaison/Branch Office to subsidiaries or other Liaison/Branch Offices is allowed with specific approval of the Central Office of RBI.

Closure of Offices

At the time of winding up of the Liaison Offices, the company has to approach the respective Regional Office with documents such as:

- Copy of the Reserve Bank's permission for establishing the Office in India;
- Auditor's certificate,—
 - indicating the manner in which the remittable amount has been arrived and supported by a statement of assets and liabilities of the applicant, and indicating the manner of disposal of assets;
 - confirming that all liabilities in India including arrears of gratuity and other benefits to employees etc. of the branch/office have been either fully met or adequately provided for;
 - confirming that no income accruing from sources outside India (including proceeds of exports) has remained unrepatriated to India;
- No-objection or Tax clearance certificate from Income-tax authority for the remittance; and
- Confirmation from the applicant that no legal proceedings in any Court in India are pending and there is no legal impediment to the remittance.

Once RO's approval is obtained, ADs can allow remittance of surplus.

At the time of closure of Branch Offices, the entities have to approach the Central Office for approval, with the same set of documents as mentioned above.

Part IV

Investment in Partnership Firm / Proprietary Concern

Investment in Partnership Firm / Proprietary Concern	<p>A non-resident Indian¹² or a person of Indian origin¹³ resident outside India can invest by way of contribution to the capital of a firm or a proprietary concern in India on non-repatriation basis provided</p> <ol style="list-style-type: none">i) Amount is invested by inward remittance or out of NRE / FCNR / NRO account maintained with AD bank.ii) The firm or proprietary concern is not engaged in any agricultural/plantation or real estate business (i.e. dealing in land and immovable property with a view to earning profit or earning income there from) or print media sector.iii) Amount invested shall not be eligible for repatriation outside India.
Investments with repatriation benefits	<p>NRIs / PIO may seek prior permission of Reserve Bank for investment in sole proprietorship concerns/ partnership firms with repatriation benefits. The application will be decided in consultation with the Government of India.</p>
Investment by non-residents other than NRIs / PIO	<p>A person resident outside India other than NRIs / PIO may make an application and seek prior approval of Reserve bank for making investment by way of contribution to the capital of a firm or a proprietorship concern or any association of persons in India. The application will be decided in consultation with the Government of India.</p>
Restrictions	<p>An NRI or PIO is not allowed to invest in a firm or proprietorship concern engaged in any agricultural/plantation activity or real estate business i.e. dealing in land and immovable property with a view to earning profit or earning income therefrom or engaged in Print Media.</p>

¹² 'Non-Resident Indian (NRI)' means a person resident outside India who is a citizen of India or is a person of Indian origin;

¹³ 'Person of Indian Origin' means a citizen of any country other than Bangladesh or Pakistan or Sri Lanka, if

- a) he at any time held Indian passport; or
- b) he or either of his parents or any of his grand - parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
- c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b);

Sectors/Activities prohibited/restricted under FDI Policy**(A) List of Activities for which Automatic Route of RBI for investment from person resident outside India is not available**

1. Petroleum Refining (except for private sector oil refining), Natural Gas / LNG Pipelines
2. Investing companies in Infrastructure & Services Sector
3. Defence and Strategic Industries
4. Atomic Minerals
5. Print Media
6. Broadcasting
7. Postal services
8. Courier Services
9. Establishment and Operation of satellite
10. Development of Integrated Township
11. Tea Sector
12. Asset Reconstruction Companies

(B) List of activities or items for which FDI is prohibited

1. Retail Trading
2. Atomic Energy
3. Lottery Business
4. Gambling and Betting
5. Housing and Real Estate business
6. Agriculture (**excluding** Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and Cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (**Other than Tea plantations**)

Sectoral Cap on Investments by Persons Resident Outside India

Sector	Investment Cap	Description of Activity/Items/Conditions
1. Private Sector Banking	74%	Subject to guidelines issued by RBI from time to time
2. Non-Banking Financial Companies	100%	<p>FDI /NRI investments allowed in the following 19 NBFC activities shall be as per the levels indicated below :</p> <p>a) Activities covered</p> <ol style="list-style-type: none"> 1. Merchant Banking 2. Under writing 3. Portfolio Management Services 4. Investment Advisory Services 5. Financial Consultancy 6. Stock-broking 7. Asset Management 8. Venture Capital 9. Custodial Services 10. Factoring 11. Credit Reference Agencies 12. Credit Rating Agencies 13. Leasing & Finance 14. Housing Finance 15. Forex-broking 16. Credit Card Business 17. Money-changing Business 18. Micro-credit 19. Rural credit <p>b) Minimum Capitalisation norms for fund based NBFCs</p> <ol style="list-style-type: none"> i) for FDI upto 51%, US \$ 0.5 million to be brought in upfront ii) If the FDI is above 51 % and upto 75 %, US \$ 5 million to be brought upfront iii) If the FDI is above 75 % and upto 100 %, US \$ 50 million out of which \$ 7.5 million to be brought in upfront and the balance in 24 months <p>c) Minimum Capitalisation norms for non-fund based activities</p> <p>Minimum Capitalisation norm of US\$0.5 million is applicable in respect of non-fund based NBFCs with foreign investment.</p>

- d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US \$ 50 million as at b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)
- e) Joint Venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e., (b)(i) and (b)(ii) above.
- f) FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the Reserve Bank of India. RBI would issue appropriate guidelines in this regard.

3. Insurance 26%

FDI upto 26% in the Insurance sector is allowed on the automatic route subject to obtaining license from Insurance Regulatory & Development Authority (IRDA)

4. Telecommunications 49%

- i) In basic, Cellular, Value Added Services, and Global Mobile Personal Communications by Satellite, FDI is limited to 49% subject to licensing and security requirements and adherence by the companies (who are investing and the companies in which the investment is being made) to the license conditions for foreign equity cap and lock-in period for transfer and addition of equity and other license provisions.
- ii) ISP with gateways, radio paging and end-to-end bandwidth, FDI is permitted upto 74% with FDI, beyond 49% requiring Government approval. These services would be subject to licensing and security requirements.
- iii) No equity cap is applicable to manufacturing activities.
- iv) FDI upto 100% is allowed for the following activities in the telecom sector:
 - a) ISPs not providing gateways (both for satellite and submarine cables)
 - b) Infrastructure Providers providing dark fibre (IP Category 1)
 - c) Electronic Mail, and
 - d) Voice Mail

The above would be subject to the following conditions:

- a) FDI upto 100% is allowed subject to the condition

that such companies would divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world.

- b) The above services would be subject to licensing and security requirements, wherever required
 - c) Proposal for FDI beyond 49% shall be considered by FIPB on case-to-case basis.
5. (i) Petroleum Refining (Private Sector) 100% FDI permitted upto 100 % in case of private Indian companies.
- (ii) Petroleum Product Marketing 100% Subject to the existing sectoral policy and regulatory framework in the oil-marketing sector.
- (iii) Oil Exploration in both small and medium sized fields 100% Subject to and under the policy of Government on private participation in –
a) exploration of oil and
b) the discovered fields of national oil companies.
- (iv) Petroleum Product Pipelines 100% Subject to and under the Government Policy and regulations thereof.
6. Housing and Real Estate 100% ONLY NRIs are allowed to invest in the areas listed below:
- a) Development of serviced plots and construction of built-up residential premises
 - b) Investment in real estate covering construction of residential and commercial premises including business centres and offices
 - c) Development of townships
 - d) City and regional level urban infrastructure facilities, including both roads and bridges
 - e) Investment in manufacture of building materials
 - f) Investment in participatory ventures in (a) to (e) above
 - g) Investment in housing finance institutions which is also opened to FDI as an NBFC.
7. Coal and Lignite
- i) Private Indian companies setting up or operating power projects as well as coal and lignite mines for captive consumption are allowed FDI upto 100%.
 - ii) 100% FDI is allowed for setting up coal processing plants subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.

- iii) FDI upto 74% is allowed for exploration or mining of coal or lignite for captive consumption.
- iv) In all the above cases, FDI is allowed upto 50% under the automatic route subject to the condition that such investment shall not exceed 49% of the equity of a PSU.

8. Venture Capital Fund (VCF) and Venture Capital Company (VCC)

Offshore Venture Capital Funds/companies are allowed to invest in domestic venture capital undertaking as well as other companies through the automatic route, subject only to SEBI regulations and sector specific caps on FDI.

9. Trading

Trading is permitted under automatic route with FDI upto 51% provided it is primarily export activities, and the undertaking is an export house/ trading house / super trading house/ star trading house. However, under the FIPB route:

- i) 100% FDI is permitted in case of trading companies for the following activities:
 - a) exports;
 - b) bulk imports with export/ ex-bonded warehouse sales;
 - c) cash and carry wholesale trading;
 - d) other import of goods or services provided at least 75% is for procurement and sale of the same group and not for third party use or onward transfer/ distribution/sales.
- ii) The following kinds of trading are also permitted, subject to provisions of Exim Policy.
 - a) Companies for providing after sales services(that is not trading per se)
 - b) Domestic trading of products of JVs is permitted at the wholesale level for such trading companies who wish to market manufactured products on behalf of their Joint ventures in which they have equity participation in India
 - c) Trading of hi-tech items/items requiring specialised after sales service
 - d) Trading of items for social sector
 - e) Trading of hi-tech, medical and diagnostic items
 - f) Trading of items sourced from the small scale sector under which, based on technology

provided and laid down quality specifications, a company can market that item under its brand name

- g) Domestic sourcing of products for exports
- h) Test marketing of such items for which a company has approval for manufacture provided such test marketing facility will be for a period of two years, and investment in setting up manufacturing facilities commences simultaneously with test marketing.
- i) FDI upto 100% permitted for e-commerce activities subject to the condition that such companies would divest 26% of their equity in favour of the Indian public in five years, if these companies are listed in other parts of the world. **Such companies would engage only in business to business (B2B) e-commerce and not in retail trading.**

10.	Power	100%	FDI allowed upto 100 % in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and quantum of foreign direct investment.
11.	Drugs & Pharmaceuticals	100%	FDI permitted upto 100% for manufacture of drugs and pharmaceuticals provided the activity does not attract compulsory licensing or involve use of recombinant DNA technology and specific cell/tissue targeted formulations. FDI proposals for the manufacture of licensable drugs and pharmaceuticals and bulk drugs produced by recombinant DNA technology and specific cell/tissue targeted formulations will require prior Govt. approval.
12.	Road and highways, Ports and harbours	100%	In projects for construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular tunnels, ports and harbours.
13.	Hotel & Tourism	100%	The term hotels include restaurants, beach resorts and other tourist complexes providing accommodation and/ or catering and food facilities to tourists. Tourism related industry include travel agencies, tour operating agencies and tourist transport operating agencies, units providing facilities for cultural, adventure and wild life experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment, amusement, sports and health units for tourists and Convention/Seminar units and organisations. For foreign technology agreements, automatic approval is granted if

			<p>i) Upto 3% of the capital cost of the project is proposed to be paid for technical and consultancy</p> <p>ii) Upto 3% of the net turnover is payable for franchising and marketing/publicity support fee, and</p> <p>Upto 10% of gross operating profit is payable for management fee, including incentive fee.</p>
14.	Mining	74%	<p>i) For exploration and mining of diamonds and precious stones FDI is allowed upto 74 % under automatic route</p>
		100%	<p>ii) For exploration and mining of gold and silver and minerals other than diamonds and precious stones, metallurgy and processing FDI is allowed upto 100 % under automatic route</p> <p>iii) Press Note 18 (1998 series) dated 14/12/98 would not be applicable for setting up 100 % owned subsidiaries in so far as the mining sector is concerned, subject to a declaration from the applicant that he has no existing joint venture for the same area and/or the particular mineral.</p>
15.	Advertising	100%	Advertising sector - FDI upto 100% allowed on the automatic route
16.	Films	100%	<p>Film Sector (Film production, exhibition and distribution including related services/products)</p> <p>FDI upto 100% allowed on the automatic route with no entry-level condition</p>
17.	Airports	74%	Govt. approval required beyond 74%
18.	Mass Rapid Transport Systems	100%	FDI upto 100% is permitted on the automatic route in mass rapid transport system in all metros including associated real estate development
19.	Pollution Control & Management	100%	In both manufacture of pollution control equipment and consultancy for integration of pollution control systems is permitted on the automatic route
20.	Special Economic Zones	100%	<p>All manufacturing activities except:</p> <p>i) Arms and ammunition , Explosives and allied items of defence equipments, Defence aircrafts and warships,</p> <p>ii) Atomic substances, Narcotics and Psychotropic Substances and hazardous Chemicals,</p>

			iii) Distillation and brewing of Alcoholic drinks and
			iv) Cigarette/cigars and manufactured tobacco substitutes.
21.	Any other Sector/ Activity	100 %	if not included in Annexure A
22.	Air Transport Services (Domestic Airlines)	100% for NRIs 49% for others	No direct or indirect equity participation by foreign airlines is allowed
23.	Townships, housing, built-up infrastructure and construction - development projects The sector would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure.	100%	<p>The investment shall be subject to the following guidelines:</p> <p>(a) Minimum area to be developed under each project shall be as under :</p> <p>(i) In case of development of serviced housing plots - 10 hectares.</p> <p>(ii) In case of construction -development project - 50,000 sq.mtrs.</p> <p>(iii) In case of combination project, any one of the above two conditions.</p> <p>(b) The investment shall be subject to the following conditions:</p> <p>(i) Minimum capitalization of US \$ 10 Million for wholly owned subsidiaries and US \$ 5 Million for joint ventures with Indian partners. The funds would have to be brought in within six months of commencement of business of the Company.</p> <p>(ii) Original investment cannot be repatriated before a period of three years from completion of minimum capitalization. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.</p> <p>(c) At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor shall not be permitted to sell undeveloped plots.</p> <p>(d) The project shall conform to the norms and standards, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government / Municipal / Local Body concerned.</p> <p>(e) The investor shall be responsible for obtaining all necessary approvals, including those of the building / layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules / bye-laws / regulations of the State Government / Municipal / Local Body concerned.</p>

- (f) The State Government / Municipal / Local Body concerned, which approves the building / development plans, shall monitor compliance of the above conditions by the developer.

Note: For the purpose of these guidelines, "undeveloped plots" will mean where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available. It will be necessary that the investor provides this infrastructure and obtains the completion certificate from the concerned local body / service agency before he would be allowed to dispose of serviced housing plots.

Terms and conditions for Transfer of Shares/Convertible Debentures, by way of Sale, from a Person Resident in India to a Person Resident Outside India and from a Person Resident Outside India to a Person Resident in India

1.1 In order to address the concerns relating to pricing, documentation, payment/ receipt and remittance in respect of the shares/convertible debentures of an Indian company, other than a company engaged in financial service sector, transferred by way of sale; the parties involved in the transaction shall comply with the guidelines set out below.

1.2 Parties involved in the transaction are (a) seller (resident/non-resident), (b) buyer (resident/non-resident), (c) duly authorized agent/s of the seller and/or buyer, (d) Authorised Dealer bank (AD) branch and (e) Indian company, for recording the transfer of ownership in its books.

2. Pricing Guidelines

2.1 The under noted pricing guidelines are applicable to the following types of transactions:

- i. Transfer of shares, by way of sale under private arrangement by a person resident in India to a person resident outside India
- ii. Transfer of shares, by way of sale under private arrangement by a person resident outside India to a person resident in India

2.2 Transfer by Resident to Non-resident (i.e. to incorporated non-resident entity other than erstwhile OCB, foreign national, NRI, FII)

Price of shares transferred by way of sale by resident to a non-resident shall not be less than

- (a) the ruling market price, in case the shares are listed on stock exchange,
- (b) fair valuation of shares done by a Chartered Accountant as per the guidelines issued by the erstwhile Controller of Capital Issues, in case of unlisted shares.

The price per share arrived at should be certified by a Chartered Accountant.

2.3 Transfer by Non-resident (i.e. by incorporated non-resident entity, erstwhile OCB, foreign national, NRI, FII) **to Resident**

Sale of shares by a non-resident to resident shall be in accordance with Regulation 10 B (2) of Notification No. FEMA 20/2000-RB dated May 3, 2000 which as below:

- (a) Where the shares of an Indian company are traded on stock exchange,
 - i) The sale is at the prevailing market price on stock exchange and is effected through a merchant banker registered with Securities and Exchange Board of India or through a stock broker registered with the stock exchange;

ii) if the transfer is other than that referred to in clause (i), the price shall be arrived at by taking the average quotations (average of daily high and low) for one week preceding the date of application with 5 percent variation. Where, however, the shares are being sold by the foreign collaborator or the foreign promoter of the Indian company to the existing promoters in India with the objective of passing management control in favour of the resident promoters the proposal for sale will be considered at a price which may be higher by upto a ceiling of 25 percent over the price arrived at as above,

(b) Where the shares of an Indian company are not listed on stock exchange or are thinly traded,

i) if the consideration payable for the transfer does not exceed Rs.20 lakh per seller per company, at a price mutually agreed to between the seller and the buyer, based on any valuation methodology currently in vogue, on submission of a certificate from the statutory auditors of the Indian company whose shares are proposed to be transferred, regarding the valuation of the shares, and

ii) if the amount of consideration payable for the transfer exceeds Rs.20 lakh per seller per company, at a price arrived at, at the seller's option, in any of the following manner, namely:

A) a price based on earning per share (EPS linked to the Price Earning (P/E) multiple ,or a price based on the Net Asset Value (NAV) linked to book value multiple, whichever is higher,

or

B) the prevailing market price in small lots as may be laid down by the Reserve Bank so that the entire shareholding is sold in not less than five trading days through screen based trading system

or

C) where the shares are not listed on any stock exchange, at a price which is lower of the two independent valuations of share, one by statutory auditors of the company and the other by a Chartered Accountant or by a Merchant Banker in Category 1 registered with Securities and Exchange Board of India.

Explanation:

1. A share is considered as thinly traded if the annualized trading turnover in that share, on main stock exchanges in India, during the six calendar months preceding the month in which application is made, is less than 2 percent (by number of shares) of the listed stock.

ii) For the purpose of arriving at Net Asset Value per share, the miscellaneous expenses carried forward, accumulated losses, total outside liabilities, revaluation reserves and capital reserves (except subsidy received in cash) shall be reduced from value of the total assets and the net figure so arrived at shall be divided by the number of equity shares issued and paid up.

Alternatively, intangible assets shall be reduced from the equity capital and reserves (excluding revaluation reserves) and the figure so arrived at shall be divided by the number of equity shares issued and paid up. The NAV so calculated shall be used in conjunction with the average BV multiple of Bombay Stock Exchange National Index during the calendar month immediately preceding the month in which application is made and BV multiple shall be discounted by 40 per cent.

iii) For computing the price based on Earning Per Share, the earning per share as per the latest balance sheet of the company shall be used in conjunction with the average Price Earning Multiple of Bombay Stock Exchange National Index for the calendar month preceding the month in which application is made and Price Earning shall be discounted by 40 per cent.

3. Responsibilities / Obligations of the parties

All the parties involved in the transaction would have the responsibility to ensure that the relevant regulations under FEMA are complied with and consequent on transfer of shares, the relevant individual limit/sectoral caps/foreign equity participation ceilings as fixed by Government are not breached. Settlement of transactions will be subject to payment of applicable taxes, if any.

4. Method of payment and remittance/credit of sale proceeds

4.1 The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. In case the buyer is a Foreign Institutional Investor (FII), payment should be made by debit to its Special Non-Resident Rupee Account. In case the buyer is a NRI, the payment may be made by way of debit to his NRE/FCNR (B) accounts. However, if the shares are acquired on non-repatriation basis by NRI, the consideration shall be remitted to India through normal banking channel or paid out of funds held in NRE/FCNR (B)/NRO accounts.

4.2 The sale proceeds of shares (net of taxes) sold by a person resident outside India) may be remitted outside India. In case of FII the sale proceeds may be credited to its special Non-Resident Rupee Account. In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE/FCNR(B) accounts and if the shares sold were held on non repatriation basis, the sale proceeds may be credited to his NRO account subject to payment of taxes.

4.3 The sale proceeds of shares (net of taxes) sold by an OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes, except in the case of OCBs whose accounts have been blocked by Reserve Bank.

2. Documentation

Besides obtaining a declaration in the enclosed form FC-TRS (in quadruplicate), the AD branch should arrange to obtain and keep on record the following documents:

2.1 For sale of shares by a person resident in India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- ii. Where Consent Letter has been signed by their duly appointed agent, the Power of Attorney Document executed by the seller/buyer authorizing the agent to purchase/sell shares.
- iii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India showing equity participation of residents and non-residents category-wise (i.e. NRIs/OCBs/foreign nationals/incorporated non-resident entities/FILs) and its percentage of paid up capital obtained by the seller/buyer or their duly appointed agent from the company, where the sectoral cap/limits have been prescribed.
- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. Copy of Broker's note if sale is made on Stock Exchange
- vi. 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.
- vii. Undertaking from the FII/sub account to the effect that the individual FII/ Sub account ceiling as prescribed by SEBI has not been breached.

3. For sale of shares by a person resident outside India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred.
- ii. Where the Consent Letter has been signed by their duly appointed agent the Power of Attorney Document authorizing the agent to purchase/sell shares by the seller/buyer. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- iii. If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis. The sale proceeds shall be credited NRE/NRO account, as applicable.

- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. No Objection/Tax Clearance Certificate from Income Tax authority/Chartered Account.
- vi. Undertaking from the buyer to the effect that the Pricing Guidelines have been adhered to.

4. Reporting requirements

4.1 For the purpose the Authorized Dealers may designate branches to specifically handle such transactions. These branches could be staffed with adequately trained staff for this purpose to ensure that the transactions are put through smoothly. The ADs may also designate a nodal office to coordinate the work at these branches and also ensure the reporting of these transactions to the Reserve Bank.

4.2 When the transfer is on private arrangement basis, on settlement of the transactions, the transferee/his duly appointed agent should approach the investee company to record the transfer in their books along with the certificate in the form FC-TRS from the AD branch that the remittances have been received by the transferor/payment has been made by the transferee. On receipt of the certificate from the AD, the company may record the transfer in its books.

4.3 The actual inflows and outflows on account of such transfer of shares shall be reported by the AD branch in the R-returns in the normal course.

4.4 In addition the AD branch should submit two copies of the Form FC-TRS received from their constituents/customers together with the statement of inflows/outflows on account of remittances received/made in connection with transfer of shares, by way of sale, to IBD/FED/or the nodal office designated for the purpose by the bank in the enclosed proforma (which is to be prepared in MS-Excel format). The IBD/FED or the nodal office of the bank will in turn submit a consolidated monthly statement in respect of all the transactions reported by their branches together with a copies of the FC-TRS forms received from their branches to Foreign Exchange Department, Reserve Bank, Foreign Investment Division, Central Office, Mumbai in a soft copy (in MS- Excel) in by e-mail

4.5 Shares purchased / sold by FIIs under private arrangement will be by debit /credit to their Special Non Resident Rupee Account. Therefore, the transaction should **also** be reported in (LEC FII) by the designated bank of the FII concerned.

4.6 Shares/convertible debentures of Indian companies purchased under Portfolio Investment Scheme by NRIs, OCBs cannot be transferred, by way of sale under private arrangement.

4.7 On receipt of statements from the AD, the Reserve Bank may call for such additional details or give such directions as required from the transferor/transferee or their agents, if need be.

Documents to be submitted by a person resident in India for transfer of shares to a person resident outside India by way of gift

- i. Name and address of the transferor (donor) and the transferee (donee).
- ii. Relationship between the transferor and the transferee.
- iii. Reasons for making the gift.
- iv. In case of Government dated securities and treasury bills and bonds, a certificate issued by a Chartered Accountant on the market value of such security.
- v. In case of units of domestic mutual funds and units of Money Market Mutual Funds, a certificate from the issuer on the Net Asset Value of such security.
- vi. In case of shares and debentures, a certificate from a Chartered Accountant on the value of such securities according to the guidelines issued by the Securities & Exchange Board of India or the erstwhile CCI for listed companies and unlisted companies, respectively.
- vii. Certificate from the concerned Indian company certifying that the proposed transfer of shares/convertible debentures by way of gift from resident to the non-resident shall not breach the applicable sectoral cap/ FDI limit in the company and that the proposed number of shares/convertible debentures to be held by the non-resident transferee shall not exceed 5 per cent of the paid up capital of the company.¹⁴

¹⁴ AP (DIR Series) Circular No. 08 dated August 25, 2005

Definition of "relative" as given in Section 6 of Companies Act, 1956.

- ◆ A person shall be deemed to be a relative of another, if, and only if:
 - (a) they are members of a Hindu undivided family ; or
 - (b) they are husband and wife ; or
 - (c) the one is related to the other in the manner indicated in Schedule IA (as under)
 1. Father.
 2. Mother (including step-mother).
 3. Son (including step-son).
 4. Son's wife.
 5. Daughter (including step-daughter).
 6. Father's father.
 7. Father's mother.
 8. Mother's mother.
 9. Mother's father.
 10. Son's son.
 11. Son's son's wife.
 12. Son's daughter.
 13. Son's daughter's husband.
 14. Daughter's husband.
 15. Daughter's son.
 16. Daughter's son's wife.
 17. Daughter's daughter.
 18. Daughter's daughter's husband.
 19. Brother (including step-brother).
 20. Brother's wife.
 21. Sister (including step-sister).
 22. Sister's husband.

FC-GPR**PART - A**

(To be filed by the company through its Authorised Dealer Category – I bank with the Regional Office of the RBI under whose jurisdiction the Registered Office of the company making the declaration is situated as and when fresh investment in the Company is received, along with the following documents:

- i) A certificate from the Company Secretary of the company accepting investment from persons resident outside India*
- ii) A certificate from Statutory Auditors or Chartered Accountant indicating the manner of arriving at the price of shares issued to the persons resident outside India (as specified in para 9 B of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000.)*

PAN Number

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Date of issue /transfer of
shares

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No.	Particulars	(In Block Letters)
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1.

Name

Address

State

Registration No. given by Registrar of Companies

Whether existing company or new company (strike off whichever is not applicable)

If existing company, give registration number allotted by RBI for FDI, if any

Fax	
Telephone	
e-mail	

2.

Description of the main business activity

NIC Code

Location of the project and NIC code for
the district where the project is located

	Percentage of FDI allowed as per FDI policy	
3	Details of the foreign collaborator	

Name

Address

Country

Constitution (specify whether Foreign
National/Foreign Company/ FVCI / FII /
NRI / PIO / others)

4	Particulars of Shares / Convertible Debentures Issued
(a)	<p data-bbox="267 151 609 184">Nature and date of issue</p> <p data-bbox="267 252 483 285"><i>Nature of issue</i></p> <p data-bbox="267 302 456 336"><i>Date of issue</i></p> <p data-bbox="267 352 857 386"><i>Number of shares/ convertible debentures</i></p> <p data-bbox="267 436 407 516">01 IPO / FPO</p> <p data-bbox="267 663 565 781">02 Preferential allotment / private placement</p> <p data-bbox="267 915 354 995">03 Rights</p> <p data-bbox="267 1142 354 1222">04 Bonus</p> <p data-bbox="267 1377 521 1457">05 Conversion of ECB</p> <p data-bbox="267 1612 678 1730">06 Conversion of royalty (including lump sum payments)</p> <p data-bbox="267 1856 370 1936">07 ESOPs</p>

	08 Others (please specify)
	Total

(b) Type of security issued						
	<i>Nature of security</i>	<i>Number</i>	<i>Maturity</i>	<i>Face value</i>	<i>Issue Price per share</i>	<i>Amount of inflow*</i>
	Equity					
	Convertible Debentures (CDs)					
	(a) Compulsorily CDs					
	(b) Optionally CDs					
	(c) Partially CDs					
	Preference shares (PS)					
	(a) Convertible PS					
	(b) Non-Convertible PS					
	Units of VCFs					
	Others					
	Total					

- i) In case the issue price is greater than the face value please give break up of the premium received
- ii) * In case the issue is against conversion of ECB or royalty, a Chartered Accountant's Certificate certifying the amount of the outstanding on the date of conversion

(c)	Break up of premium	Amount
	Control Premium	
	Non competition fee	
	Others*	
	Total	

*please specify the nature

(d)	Total inflow (in Rupees) on account of issue of shares to non-residents (including premium, if any) vide (i) Remittance through AD: (ii) Debit to NRE/FCNR A/c with Bank _____ (iii) Others Date of reporting of (i) above to RBI under Para 9 (1) A (i) of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time.	
(e)	Disclosure of fair value of shares issued**	
	We are a listed company and the market value of a share as on date of the issue is *	
	We are an un-listed company; and the fair value of a share is*	

** before issue of shares

*(Please indicate as applicable)

5. Post issue pattern of shareholding						
Investor category	Equity			Preference Shares/Convertible Debentures		
	No. of shares	Amount (Face Value) Rs.	%	No. of shares	Amount (Face Value) Rs.	%
a) Non-Resident						
Foreign Nationals						
Foreign Companies						
FIIIs						
FVCIs						
NRIs/PIOs						
Sub Total						
b) Resident						
Total						

DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE INDIAN COMPANY:

We hereby declare that:

1. We comply with the procedure for issue of shares as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000-RB dated 3rd May 2000 as amended from time to time

2. The investment is within the sectoral policy/cap permissible under the Automatic Route of RBI and we fulfill all the conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable)

a) Foreign entity(ies)-(other than individuals), to whom we have issued shares have existing joint venture or technology transfer or trade mark agreement in India in the same field. (Conditions stipulated in Press Note 1 of 2005 Series dated January 12, 2005 have been complied with).

OR

b) Foreign entity(ies)-(other than individuals), to whom we have issued shares do not have any existing joint venture or technology transfer or trade mark agreement in India in the same field.

c) We are/ are not an SSI unit & the investment limit of 24 % of paid-up capital has been observed/ requisite approvals have been obtained.

d) Shares have been issued on rights basis and the shares are issued to non-residents at a price that is not lower than that at which shares have been issued to residents.

OR

e) Shares issued are bonus shares.

OR

f) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of demerger or otherwise of an Indian company, duly approved by a court in India.

OR

g) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA/FIPB approval No. ----- dated -----
-----.

(Delete whichever is not applicable under signature)

(Signature of the Applicant)* : _____

(Name in Block Letters) : _____

(Designation of the signatory): _____

Place:

Date:

(* To be signed by Authorised signatory of the Company)

**CERTIFICATE TO BE FILED BY THE COMPANY SECRETARY OF THE INDIAN COMPANY
ACCEPTING THE INVESTMENT:**

(As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000)

In respect of the abovementioned details, we certify the following :

1. All the requirements of the Companies Act, 1956 have been complied with.
2. Terms and conditions of the Government approval, if any, have been complied with.
3. The company is eligible to issue shares under these Regulations.
4. The company has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

(Name & Signature of the Company Secretary)

(Seal)

FC-GPR

PART-B

(i) This is an annual report to be submitted by 30th of June every year, pertaining to all investments by way of direct/portfolio/re-invested earnings/others in the Indian company made during the preceding financial year (April to March).

(i.e. the report in Part B submitted by 30th June 2007 will pertain to the investments made during the financial year April 2006 to March 2007).

(ii) To be submitted to the Director, Balance of Payment Statistical Division, Department of Statistical Analysis & Computer Services, Reserve Bank of India, C9, 8th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051; Tel: 2657 1265, 2657 2513)

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PAN Number

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Date

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No.	Particulars	(In Block Letters)
1.	<p>Name</p> <p>Address</p> <p>State</p> <p>Registration No. given by the Registrar of Companies</p>	

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5. Foreign Direct Investment (FDI)				
	Amount in Lakhs of Rupees			
	Foreign Liabilities In India #		Foreign Assets Outside India ##	
	Outstanding at March end of Previous Year	Outstanding at March end of Current Year	Outstanding at March end of Previous Year	Outstanding at March end of Current Year
5.0 Equity Capital				
5.1 Other Capital \$				
5.2 Disinvestments during the year				
5.3 Retained earnings during the year				
6. Portfolio and Other Investment (PIS)				
<i>[Please furnish here the outstanding investments other than those mentioned under FDI above]</i>				
	Amount in Lakhs of Rupees			
	Foreign Liabilities In India		Foreign Assets Outside India	
	Outstanding at March end of Previous Year	Outstanding at March end of Current Year	Outstanding at March end of Previous Year	Outstanding at March end of Current Year
6.0 Equity Securities				
6.1 Debt Securities				
6.1.1 Bonds and Notes				
6.1.2 Money Market Instruments				
6.2 Disinvestments in India during the year				
7. Financial Derivatives (notional value)				
8. Other Investment				
8.1 Trade Credit				
8.1.1 Short Term				
8.1.2 Long Term				
8.2 Loans	see note® below			
8.3 Others				
8.3.1 Short Term				
8.3.2 Long Term				

Please furnish the outstanding investments of **non-resident investors (Direct Investors)** who were holding **10 % or more** ordinary shares of **your Company** on the reporting date.

Please furnish here your investments outside the country in each of which **your Company** held **10 per cent or more** ordinary shares of that non-resident enterprise on the reporting date.

Use March-end market price/exchange rate.

\$ Other Capital transactions between the non-resident direct investor and investee / reporting company includes: i) Short Term Borrowing from overseas investors, ii) Long Term Borrowing from overseas investors, iii) Trade Credit, iv) Suppliers Credit, v) Financial Leasing, vi) Control Premium, vii) Non-Competition Fee in case of transactions not involving issue of shares, viii) Non-cash acquisition of shares against technical transfer, plant and machinery, goodwill, business development and similar considerations and ix) investment in immovable property made during the year.

@Note: As the details of the Loans availed by your company are collected through Authorised Dealers separately by Foreign Exchange Department of the RBI in ECB returns, the details of external loans availed by your company need not be filled in. However, the external loans extended by your company to WOS/JVs outside India should be reported.

9.	Persons employed during the year	
	Directly	
	Indirectly	
	Total	

Signature of the Applicant * : _____

Name in Block Letters : _____

Designation of the signatory : _____

Place:

Date:

(* To be signed by Authorised signatory of the Company)

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)				
The following documents are enclosed (See Para 5 of Annex)				
<i>For sale of shares by a person resident in India</i>				
(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.				
<i>Additional documents in respect of sale of shares by a person resident outside India</i>				
(vii) If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis.				
(viii) No Objection/Tax Clearance Certificate from Income Tax Authority/Chartered Account.				
1	Name of the company			
	<i>Address (including e-mail ,telephone Number Fax no)</i>			
	<i>Activity</i>			
	<i>NIC Code No.</i>			
2	Whether FDI is allowed under Automatic route			
	Sectoral Cap under FDI Policy			
3	Nature of transaction			
	Transfer from resident to non resident			
	Transfer from non resident to resident			
4	Name of the buyer			
	Category (please tick appropriate category)	Individual	Company	FII
	In case of Company/FII etc please indicate the constitution of the company i.e. Limited company, registered partnership etc			Others
	Date and Place of Incorporation			
	<i>Address of the buyer (including e-mail ,telephone Number Fax no)</i>			
5	Name of the seller			
	Category	Individual	Company	FII
				Others(please

	(Please tick appropriate category)				specify)
	In case of Company/FII etc please indicate the constitution of the company i.e. Limited company, registered partnership etc				
	Date and Place of Incorporation				
	Address of the seller (including e-mail ,telephone Number Fax no)				
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>If so 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 **	<i>CA Certificate to be attached</i>				
Declaration by the transferor/transferee					
I/ We hereby declare that :					
(i)	(i)	The particulars given above are true and correct to the best of my/our knowledge and belief			
(ii)	(ii)	I/ We was/were holding the shares as per FDI Policy under FERA/ FEMA Regulations on repatriation/non repatriation basis			
(iii)	(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)	(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

Return to be filed by an Indian Company who has arranged issue of GDR/ADR			
[Refer to paragraph 4(2) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000]			
Instructions : The form should be completed and submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai.			
1.	Name of the Company		
2.	Address of Registered Office		
3.	Address for Correspondence		
4.	Existing Business (please give the NIC Code of the activity in which the company is predominantly engaged)		
5.	Details of the purpose for which GDRs/ADRs have been raised. If funds are deployed for overseas investment, details thereof		
6.	Name and address of the Depository abroad		
7.	Name and address of the Lead/ Manager Investment/Merchant Banker		
8.	Name and address of the Sub-Managers to the issue		
9.	Name and address of the Indian Custodians		
10.	Details of FIPB approval (please quote the relevant NIC Code if the GDRs are being issued under the Automatic Route)		
11.	Whether any overall sectoral cap for foreign investment is applicable. If yes, please give details		
12.	Details of the Equity Capital		<u>Before Issue</u>
	(a)	Authorised Capital	<u>After Issue</u>
	(b)	Issued and Paid-up Capital	
	(i)	Held by persons Resident in India	
	(ii)	Held by foreign investors other than FIIs/NRIs/PIOs/ OCBs (a list of foreign investors holding more than 10 percent of the paid-up capital and number of shares held by each of them should be furnished)	

	(iii)	Held by NRIs/PIOs/OCBs		
	(iv)	Held by FIIs		
		Total Equity held by non-residents		
	(c)	Percentage of equity held by non-residents to total paid-up capital		
13.	Whether issue was on private placement basis. If yes, please give details of the investors and ADRs/GDRs issued to each of them			
14.	Number of GDRs/ADRs issued			
15.	Ratio of GDRs/ADRs to underlying shares			
16.	<u>Issue Related Expenses</u>			
	(a)	Fee paid/payable to Merchant Bankers/Lead Manager		
	(i)	Amount (in US\$, etc.)		
	(ii)	Amount as percentage to the total issue		
	(b)	Other expenses		
17.	Whether funds are kept abroad. If yes, name and address of the bank			
18.	Details of the listing arrangement			
	Name of Stock Exchange			
	Date of commencement of trading			
19.	The date on which ADRs/GDRs issue was launched			
20.	Amount raised (in US \$)			
21.	Amount repatriated (in US \$)			
Certified that all the conditions laid down by Government of India and Reserve Bank of India have been complied with.				
Chartered Accountant			Authorised Signatory of the Company	

Quarterly Return		
[Refer to paragraph 4(3) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000]		
(to be submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai)		
1.	Name of the Company	
2.	Address	
3.	GDR/ADR issue launched on	
4.	Total No. of GDRs/ADRs issued	
5.	Total amount raised	
6.	Total interest earned till end of quarter	
7.	Issue expenses and commission etc.	
8.	Amount repatriated	
9.	Balance kept abroad - Details	
	(i)	Banks Deposits
	(ii)	Treasury Bills
	(iii)	Others (please specify)
10.	No. of GDRs still outstanding	
11.	Company's share price at the end of the quarter	
12.	GDR price quoted on overseas stock exchange as at the end of the quarter	
Certified that the funds raised through ADRs/GDRs have not been invested in stock market or real estate.		
Chartered Accountant		Authorised Signatory of the Company

APPENDIX

List of Circulars/Notifications which have been consolidated in the Master Circular on Foreign Investments / Acquisition of Immovable property in India/ Establishment of Branch, Liaison and Project Offices in India and investments in proprietary /partnership firms

Notifications

Sl.No.	Notification	Date
1.	No. FEMA 32/2000-RB	December 26, 2000
2.	No. FEMA 35/2001-RB	February 16, 2001
3.	No. FEMA 41/2001-RB	March 2, 2001
4.	No. FEMA 45/2001-RB	September 20, 2001
5.	No. FEMA 46/2001-RB	November 29, 2001
6.	No. FEMA 50/2002-RB	February 20, 2002
7.	No. FEMA 55/2002-RB	March 7, 2002
8.	No. FEMA 62/2002-RB	May 13, 2002
9.	No. FEMA 64/2002-RB	June 29, 2002
10.	No. FEMA 65/2002-RB	June 29, 2002
11.	No. FEMA 76/2002-RB	November 12, 2002
12.	No. FEMA 85/2003-RB	January 17, 2003
13.	No. FEMA 93/2003-RB	June 9, 2003
14.	No. FEMA 94/2003-RB	June 18, 2003
15.	No. FEMA 100/2003-RB	October 3, 2003
16.	No. FEMA 101/2003-RB	October 3, 2003
17.	No. FEMA 106/2003-RB	October 27, 2003
18.	No. FEMA 108/2003-RB	January 1, 2004
19.	No. FEMA 111/2004-RB	March 6, 2004
20.	No.FEMA.118/2004-RB	June 29, 2004
21.	No.FEMA.122/2004-RB	August 30, 2004
22.	No.FEMA.125./2004-RB	November 27, 2004
23.	No.FEMA.130/2005-RB	March 17, 2005
24.	No.FEMA.131/2005-RB	March 17, 2005
25.	No.FEMA.138/2005-RB	July 22, 2005
26.	No. FEMA.136 /2005-RB	July 19, 2005
27.	No. FEMA.137/2005- RB	July 22, 2005
28.	No.FEMA.138/2005-RB	July 22, 2005
29.	No. FEMA.149/2006-RB	June 9, 2006

Circulars

Sl.No.	Circulars	Date
1.	A.P.DIR(Series) Circular No.14	September 26, 2000
2.	A.P.DIR(Series) Circular No.24	January 6, 2001
3.	A.P.DIR(Series) Circular No.26	February 22, 2001
4.	A.P.DIR(Series) Circular No.32	April 28, 2001
5.	A.P.DIR(Series) Circular No.13	November 29, 2001
6.	A.P.DIR(Series) Circular No.21	February 13, 2002
7.	A.P.DIR(Series) Circular No.29	March 11, 2002
8.	A.P.DIR(Series) Circular No.1	July 2, 2002
9.	A.P.DIR(Series) Circular No.5	July 15, 2002
10.	A.P.DIR(Series) Circular No.19	September 12, 2002
11.	A.P.DIR(Series) Circular No.35	November 1, 2002
12.	A.P.DIR(Series) Circular No.45	November 12, 2002
13.	A.P.DIR(Series) Circular No.46	November 12, 2002
14.	A.P.DIR(Series) Circular No.52	November 23, 2002
15.	A.P.DIR(Series) Circular No.56	November 26, 2002
16.	A.P.DIR(Series) Circular No.67	January 13, 2003
17.	A.P.DIR(Series) Circular No.68	January 13, 2003
18.	A.P.DIR(Series) Circular No.69	January 13, 2003
19.	A.P.DIR(Series) Circular No.75	February 3, 2003
20.	A.P.DIR(Series) Circular No.88	March 27, 2003
21.	A.P.DIR(Series) Circular No.101	May 5, 2003
22.	A.P.DIR(Series) Circular No.10	August 20, 2003
23.	A.P.DIR(Series) Circular No.13	September 1, 2003
24.	A.P.DIR(Series) Circular No.14	September 16, 2003
25.	A.P.DIR(Series) Circular No.19	September 23, 2003
26.	A.P.DIR(Series) Circular No.28	October 17, 2003
27.	A.P.DIR(Series) Circular No.35	November 14, 2003
28.	A.P.DIR(Series) Circular No.38	December 3, 2003
29.	A.P.DIR(Series) Circular No.39	December 3, 2003
30.	A.P.DIR(Series) Circular No.43	December 8, 2003
31.	A.P.DIR(Series) Circular No.44	December 8, 2003
32.	AP (DIR Series) Circular No.53	December 17, 2003
33.	A.P.DIR(Series) Circular No.54	December 20, 2003
34.	A.P.DIR(Series) Circular No.63	February 3, 2004
35.	A.P.DIR(Series) Circular No.67	February 6, 2004
36.	A.P.DIR(Series) Circular No.89	April 24, 2004
37.	A.P.DIR(Series) Circular No.11	September 13, 2004
38.	A.P.DIR(Series) Circular No.13	October 1, 2004
39.	A.P.DIR(Series) Circular No.15	October 1, 2004
40.	A.P.DIR(Series) Circular No.16	October 4, 2004
41.	A.P.DIR(Series) Circular No.30	April 25, 2005

42.	A.P.DIR(Series) Circular No.44	May 17, 2005
43.	AP (DIR Series) Circular No. 04	July 29, 2005
44.	A.P. (DIR Series) Circular No. 06	August 11, 2005
45.	A.P. (DIR Series) Circular No. 07	August 17, 2005
46.	A.P. (DIR Series) Circular No. 08	August 25, 2005
47.	A. P. (DIR Series) Circular No. 10	August 30, 2005
48.	A.P. (DIR Series) Circular No. 11	September 05, 2005
49.	A.P. (DIR Series) Circular No.16	November 11, 2005
50.	A.P.(DIR Series) Circular No. 24	January 25, 2006
51.	A.P.(DIR Series) Circular No. 4	July 28, 2006
52.	A.P.(DIR Series) Circular No. 5	August 16, 2006
53.	A.P.(DIR Series) Circular No. 12	November 16, 2006
54.	A.P.(DIR Series) Circular No. 25	December 22, 2006
55.	A.P.(DIR Series) Circular No. 32	February 8, 2007
56.	A.P.(DIR Series) Circular No. 40	April 20, 2007
57.	A.P.(DIR Series) Circular No. 62	May 24, 2007