STEPS INVOLVED IN SHARE ALLOTMENT TO FOREIGN INVESTOR		
Particulars	**Under Foreign Exchange Management Act, 1999**	**Under Companies Act, 1956**
1. BEFORE ALLOTMENT	**a) On Receipt of Remittances from abroad** An Indian company receiving investment from outside India for issuing shares under the FDI Scheme, are required to report the details of the receipt of the amount of consideration for issue of shares through an AD Category - I bank, with following documents: --copy/ies of the FIRC/s evidencing the receipt of the remittance --along with the KYC report on the non-resident investor from the overseas bank remitting the amount. **b) Time Limit for Reporting** Indian companies should report the details of the amount of consideration to the Regional Office concerned of the Reserve Bank through its AD Category I bank, not later than 30 days from the date of receipt in the Advance Reporting Form. **c) Unique Identification Number (UIN)** The report would be acknowledged by the Regional Office concerned, which will allot a Unique Identification Number (UIN) for the amount reported. **d) Effect of Non- Compliance** Non-compliance with the above provision would be reckoned as a contravention under FEMA and could attract penal provisions.	**To be included as subscribers in MOA & AOA on receipt of money**

Particulars	Under Foreign Exchange Management Act, 1999	Under Companies Act, 1956
2. ALLOTMENT OF SHARES	**a) Time frame within which shares have to be issued** The equity instruments should be issued within 180 days from the date of receipt of the inward remittance or by debit to the NRE/FCNR (B) account of the non-resident investor. **b) Issue price of shares** Price of shares issued to persons resident outside India under the FDI Policy, shall not be less than – the fair valuation of shares done by a SEBI registered Category - I Merchant Banker or a Chartered Accountant as per the discounted free cash flow method, where the shares of the company is not listed on any recognised stock exchange in India ; and **c) Refund the consideration amount if shares not issued within 180 days** In case, the equity instruments are not issued within 180 days from the date of receipt of the inward remittance or date of debit to the NRE/FCNR (B) account, the amount of consideration so received should be refunded immediately to the non-resident investor by outward remittance through normal banking channels or by credit to the NRE/FCNR (B) account, as the case may be. **d) Non Compliances** Non-compliance with the above provision would be reckoned as a contravention under FEMA and could attract penal provisions. **e) Refund / allotment of shares beyond a period of 180 days** In exceptional cases, refund / allotment of shares for the amount of consideration outstanding beyond a period of 180 days from the date of receipt may be considered by the Reserve Bank, on the merits of the case.	**a) Record the shares subscribed by the subscribers to the MOA of the Company at the First Board Meeting of the Company.** **b) Print and Issue Share certificates to the Subscribers of the MOA of the Company.** **c) Update the Members and Allotment Register of the Company.**

<table>
<tr><th>Particulars</th><th>Under Foreign Exchange Management Act, 1999</th><th>Under Companies Act, 1956</th></tr>
<tr><td>3.
AFTER ALLOTMENT</td><td>a) Filing of FCGPR within 30 days of issue of shares
After issue of shares the Indian company has to file Form FC-GPR, through its AD Category I bank, not later than 30 days from the date of issue of shares.

Form FC-GPR has to be duly filled up and signed by Managing Director/Director/Secretary of the Company and submitted to the Authorised Dealer of the company, who will forward it to the concerned Regional Office of the Reserve Bank.

b) Supporting documents for FCGPR
The following documents have to be submitted along with FCGPR:

(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's 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 Category I Merchant Banker or Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.

c) Non –Compliances
Non-compliance with the above provision would be reckoned as a contravention under FEMA and could attract penal provisions.</td><td>As Form2 is not required to be filed for subscribers to MOA, a copy of the MOA of the Company can be provided as supporting documents for FCGPR.

In case of subsequent allotment, FORM 2 has to be filed with ROC within 30 days from the date of allotment.</td></tr>
</table>

Filename:	FDI REPORTING UNDER FEMA.doc
Directory:	C:\Documents and Settings\Administrator\Desktop
Template:	C:\Documents and Settings\Administrator\Application Data\Microsoft\Templates\Normal.dotm
Title:	FDI REPORTING UNDER FEMA
Subject:	
Author:	CS DHANAPAL
Keywords:	
Comments:	
Creation Date:	6/15/2012 6:49:00 PM
Change Number:	3
Last Saved On:	6/15/2012 6:51:00 PM
Last Saved By:	admin
Total Editing Time:	6 Minutes
Last Printed On:	6/15/2012 6:55:00 PM
As of Last Complete Printing	
Number of Pages:	3
Number of Words:	725 (approx.)
Number of Characters:	4,135 (approx.)