

# Navigating Share Transfers

## Essential Reporting Insights

### Under The Companies Act, 2013 (the “Act”):

- **Submit Transfer Instrument:** Send Form SH-4 and share certificate within sixty days of execution as per section 56 of the Act.
- **Board Approval:** Convene a board meeting to approve the transfer and pass a resolution as per section 179 of the Act.
- **Issue Share Certificate:** Issue the certificate within one month of receipt and update the Register of Members.

### Under The Foreign Exchange Management Act, 1999 (the “FEMA Act”):

- **Reporting Form:** Report share transfers between residents and non-residents using Form FC-TRS on the RBI FIRMS portal (<https://firms.rbi.org.in/firms/faces/pages/login.xhtml>).
- **Submission Deadline:** Submit Form FC-TRS to the AD Category-I bank within sixty days of the transfer or receipt/remittance of funds, whichever is earlier.
- **Reporting Responsibility:** The resident transferor/transferee or person resident outside India holding capital instruments on a non-repatriable basis is responsible for reporting.

## Primary Documents Required

For Transfer from a Resident to Non-Resident	For Transfer from a Non-Resident to Resident
1. Board Resolution of investee Company for noting transfer of shares	1. Board Resolution of investee Company for noting transfer of shares
2. Declaration by the Non-resident transferor//transferee for adhering to pricing guidelines	2. Declaration by Non-Resident Transferor/transferee for adhering to pricing guidelines
3. Consent letter of Buyer and Seller	3. Consent letter of Buyer and Seller
4. Valuation report pursuant to FEMA 20(R) regulation.	4. Self-attested Passport copy of transferor
5. Share Transfer Deed in form SH-4	5. Share Transfer Deed in form SH-4
6. Press Note 3 Declaration by Buyer	6. Form 15CA & 15CB along with acknowledgments
7. Pre and Post Shareholding of investee Company	7. TDS Deposit Challan
8. FIRC & KYC	8. RBI acknowledgment and screenshot of the Form FC-GPR filed for investment by the transferor.
9. Share Purchase Agreement, if any	9. Pre and Post Shareholding of investee Company
	10. Valuation report pursuant to FEMA 20(R) regulation

## Key Takeaways

### At the time of initiating remittance in case of FDI:

- **Submission of Form FC-TRS:** Submit Form FC-TRS to the AD Category-I bank via the FIRMS Portal.
- **Entity and User Registration:** Create an Entity for the company and register the resident Transferor/Transferee beforehand; approval generally takes a few days.
- **Handling Bank Charges and FIRC:** Do not deduct bank charges from the transfer consideration. The FIRC should reflect the exact amount, with a permissible fluctuation of up to 0.5% due to currency changes.
- **KYC Details:** Provide the six-pointer KYC details of the remitter to your AD-Bank when wiring money.
- **Purpose Code for Remittance:** Use purpose code P0006 for foreign direct investment in equity.
- **Currency and Conversion:** Remittance must be in foreign currency; conversion will be handled by your AD bank in India.

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## About Treelife

Treelife provides **financial and legal support** to entrepreneurs, investors, and foreign businesses with **access to a team of professionals**, including chartered accountants, lawyers, and company secretaries, who have **deep domain expertise in the startup ecosystem**.

**Our mission** is to empower the startup ecosystem by providing holistic legal and finance solutions and save at least 80% time of stakeholders by delegating tasks to experts with accountability and confidence.



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