



# PROCEDURE FOR TRANSFER OF SHARES



## BACKGROUND

The purpose of this presentation is to highlight the brief procedure for transfer of shares of a Company as per the relevant sections of Companies Act, 2013 and other statutory laws as applicable in India.



## BACKGROUND

A share means a share in the share capital of a company and includes stock. The shareholders of the Company are owners of the Company. Thus, if any shareholder wants to transfer his/her ownership then the shares of the Company needs to be transferred. Shareholder can be anyone, whether Resident or Non – Resident. We therefore are highlighting transfer of shares by different types of shareholders.

### **Transfer from Resident Shareholder to Resident Shareholder**

To transfer a shares from a resident shareholder to a resident shareholder of a Company, a Letter of Intent (“LOI”) need to be obtain from the Transferor. Post which Share Transfer Agreement and Share Transfer Deed need to be executed and a meeting of the Board of the Directors need to be convened to consider and approve transfer of shares.

### **Transfer from Resident Shareholder to Non – Resident Shareholder or vice-versa**

To transfer a shares from a resident shareholder to a Non - resident shareholder or Vice – versa of a Company a Letter of Intent (“LOI”) need to be obtain from the Transferor. Post which Share Transfer Agreement need to be executed and a requisite approval from Reserve Bank of India (“RBI”) need to be obtain. Upon obtaining approval from RBI a meeting of the Board of the Directors need to be convened to consider and approve transfer of shares.

### **Transfer from Non - Resident Shareholder to Non – Resident Shareholder**

To transfer a shares from a non - resident shareholder to a non - resident shareholder of a Company a Letter of Intent (“LOI”) need to be obtain from the Transferor. Post which Share Transfer Agreement and Share Transfer Deed need to be executed and a meeting of the Board of the Directors need to be convened to consider and approve transfer of shares.





# PROCEDURE FOR TRANSFER FROM RESIDENT TO RESIDENT

# Steps for Transfer of Shares

- Step 1** *The first step is to receive Letter of Intent("LOI") from the resident shareholder ("Transferor") expressing its intent and assent to transfer its Shares held in the Indian Company to the proposed resident shareholder ("Transferee").*
- Step 2** *Upon receiving the LOI , the fair value of shares at which proposed transfer shall take place needs to be computed on the basis of valuation conducted by a Chartered Accountant.*
- Step 3** *Execution of Share Transfer Agreement and thereafter preparation and execution of Share Transfer Deed between the transferor and transferee in the requisite Form*
- Step 4** *Upon receiving the Share Transfer Agreement and Share Transfer Deed, convene a meeting of the Board of the Directors to consider and approve transfer of shares and record the same.*
- Step 5** *Endorsement on the share certificate evidencing transfer.*



# Steps for Transfer of Shares

**Step 6**                      *Arrange to get stamp duty paid to the Government by way of affixation of share transfer stamp.*

**Step 7**                      *Updation of the statutory registers of the Company.*





# PROCEDURE FOR TRANSFER FROM NON - RESIDENT TO NON - RESIDENT



# Steps for Transfer of Shares

- Step 1** *The first step is to receive Letter of Intent (“LOI”) from the Non-resident shareholder (“Transferor”) expressing its intent and assent to transfer its Shares held in the Indian Company to the proposed Non-resident shareholder (“Transferee”).*
- Step 2** *Upon receiving the LOI , the fair value of shares at which proposed transfer shall take place needs to be computed on the basis of valuation conducted by a Chartered Accountant.*
- Step 3** *Execution of Share Transfer Agreement and thereafter preparation and execution of Share Transfer Deed between the transferor and transferee in the requisite Form*
- Step 4** *Upon receiving the Share Transfer Agreement and Share Transfer Deed, convene a meeting of the Board of the Directors to consider and approve transfer of shares and record the same.*
- Step 5** *Endorsement on the share certificate evidencing transfer.*



# Steps for Transfer of Shares

**Step 6**                    *Arrange to get stamp duty paid to the Government by way of affixation of share transfer stamp.*

**Step 7**                    *Updation of the statutory registers of the Company.*





PROCEDURE FOR TRANSFER FROM  
RESIDENT TO NON - RESIDENT OR  
VICE - VERSA

# Steps for Transfer of Shares

- Step 1** *The first step is to receive Letter of Intent (“LOI”) from the Resident shareholder (“Transferor”) expressing its intent and assent to transfer its Shares held in the Indian Company to the proposed Non-resident shareholder (“Transferee”) or Vice - Versa*
- Step 2** *Upon receiving the LOI , the fair value of shares at which proposed transfer shall take place needs to be computed on the basis of valuation conducted by a Chartered Accountant.*
- Step 3** *Execution of Share Transfer Agreement and other relevant documents.*
- Step 4** *File requisite Form with RBI on Firms Portal within 60 days of the receipt of the consideration. The obligation to file such Form with RBI is on resident shareholder whether transferor or transferee .*
- Step 5** *Upon receipt of the approval from the RBI, preparation and execution of the Share Transfer Deed between the transferor and transferee in the requisite Form*



# Steps for Transfer of Shares

- Step 6**                    *Convene a meeting of the Board of the Directors to consider and approve transfer of shares and record the same.*
- Step 7**                    *Endorsement on the share certificate evidencing transfer.*
- Step 8**                    *Arrange to get stamp duty paid to the Government by way of affixation of share transfer stamp.*
- Step 9**                    *Updation of the statutory registers of the Company.*



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