

4. Financial Statement of foreign company.—(1) Every foreign company shall prepare financial statement of its Indian business operations in accordance with Schedule III or as near thereto as may be possible for each financial year including—

(i) documents required to be annexed thereto in accordance with the provisions of Chapter IX of the Act i.e. Accounts of Companies ;

(ii) documents relating to copies of latest consolidated financial statements of the parent foreign company, as submitted by it to the prescribed authority in the country of its incorporation under the provisions of the law for the time being in force in that country;

Provided that where such documents are not in English language, there shall be annexed to it a certified translation thereof in the English language:

Provided further that where the Central Government has exempted or specified different documents for any foreign company or a class of foreign companies, then documents as specified shall be submitted;

(iii) Such other documents as may be required to be annexed or attached in accordance with sub-rule (2).

(2) Every foreign company shall, along with the financial statement required to be filed with the Registrar, attach thereto the following documents; namely: —

(a) Statement of related party transaction, which shall include—

- (i) name of the person in India which shall be deemed to be the related party within the meaning of clause (76) of section 2 of the Act of the foreign company or of any subsidiary or holding company of such foreign company or of any firm in which such foreign company or its subsidiary or holding company is a partner;
- (ii) nature of such relationship;
- (iii) description and nature of transaction;
- (iv) amount of such transaction during the year with opening , closing, highest and lowest balance during the year and provisions made (if any) in respect of such transactions;
- (v) reason of such transaction;
- (vi) material effect of such transaction on both the parties;

- (vii) amount written off or written back in respect of dues from or to the related parties;
- (viii) a declaration that such transactions were carried out at arms length basis; and
- (ix) any other details of the transaction necessary to understand the financial impact;

(b) Statement of repatriation of profits which shall include—

- (i) amount of profits repatriated during the year;
- (ii) recipients of the repatriation;
- (iii) form of repatriation;
- (iv) dates of repatriation;
- (v) details if repatriation made to a jurisdiction other than the residence of the beneficiary;
- (vi) mode of repatriation; and
- (vii) approval of the Reserve Bank of India or any other authority, if any.

(c) Statement of transfer of funds (including dividends if any) which shall, in relation of any fund transfer between place of business of foreign company in India and any other related party of the foreign company outside India including its holding, subsidiary and associate company, include—

- (i) date of such transfer;
- (ii) amount of fund transferred or received;
- (iii) mode of receipt or transfer of fund;
- (iv) purpose of such receipt or transfer; and
- (v) approval of Reserve Bank of India or any other authority, if any

(3) The documents referred to in this rule shall be delivered to the Registrar within a period of six months of the close of the financial year of the foreign company to which the documents relate:

Provided that the Registrar may, for any special reason, and on application made in writing by the foreign company concerned, extend the said period by a period not exceeding three months.