

By Speed Post/Airmail



No. 01(2014)/192(2013)
Government of India
Ministry of Finance
Department of Economic Affairs
FIPB
(FC Section)

North Block, New Delhi
Dated the February 12, 2014

To,

M/s The Federal Bank Ltd.,
C/o Mr. Pradosh Kumar Mohapatra,
The Federal Bank Ltd., Regional Office,
Patel Nagar New Delhi-110008.

**Subject: - Application for foreign collaboration (Registration No. 192/FC/2013
dated : 30.08.2013).**

Sir,

I am directed to refer to the above mentioned application and to convey approval of Government of India to your proposal subject to the following terms and conditions:

1. **Name and address of foreign collaborator/investor** NRI and FII & Other foreign bodies
Name and address of the Indian Joint Venture partner Not Applicable
Name and address of the implementing company M/s The Federal Bank Ltd
2. **Foreign Equity** Existing: 56.16 per cent
Proposed: 74 per cent
3. **Location/Proposed Location** Kerala
4. **Foreign Equity Participation:** Up to 74 per cent of the equity of M/s The Federal Bank Ltd.

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The FDI inflow by the foreign collaborator/investor would be ₹ 1400 crore (approx.).

5. The approval is to M/s The Federal Bank Ltd to increase in foreign equity to 74% subject to the FIIs aggregate shareholding not exceeding 49% of the paid up equity share capital of the bank and individual FII holding being restricted to a cap of 10 % of the total paid up capital.

The consideration amount for the aforesaid investment will be paid out of the inward remittance of foreign exchange received through normal banking channels and as per RBI's Notification No. FEMA 20 /2000-RB dated 3rd May 2000 as amended from time to time.

6. All remittances by the foreign collaborator shall be made as per the exchange rates prevailing on the day of remittance.
7. The transfer / issue / pricing of the shares shall be as per RBI / SEBI guidelines as applicable.
8. The approval is subject to (i) compliance with para 6.2.17.2.1 of Circular 1 of 2013 of Consolidated FDI policy; (ii) adhering to the clauses contained in para 6.2.17.2.2 of Circular 1 of 2013 of Consolidated FDI policy; (iii) on becoming a foreign owned entity, the Federal Bank Limited's downstream investments in its subsidiaries, if any, would have to be in accordance/compliance with para 3.10.4.1 of Circular 1 of 2013 and the relevant sectoral conditions on entry route, conditionalities and caps, with regard to the sectors in which they are operating; and (iv) compounding by RBI for exceeding the 49% sectoral cap by 7.16%.
8. The approval of FIPB shall be necessary in case the Investing Company intends to increase the foreign equity beyond the percentage approved as per clause 4 supra for an activity which is on the approval route.
10. The investee company shall notify FIPB Unit, within 30 days of receipt of funds and/or allotment of shares to Non-resident shareholders in case there is an increase in the amount of foreign equity without a change in the foreign equity percentage approved, as per clause 4 supra.
11. In case the proposed activity is not exempted from the provisions of Industrial (Development & Regulation) Act 1951 and the Foreign Exchange Management Act, 1999 as amended from time to time, it will be your responsibility to obtain such clearance as may be required under the said Acts.
12. The location of the industrial project, if any, will be subject to Central or State Environmental laws or regulations including local zoning and land use laws and regulations.

13. The investee company / project shall comply with all applicable environmental laws and regulations (including effluent and emission standards as may be prescribed by the State Government in which the investee company / project is located.
14. You shall ensure that your proposed investment approved vide this letter is in compliance with Prevention of Money Laundering Act, 2002 as amended from time to time.
15. You may now proceed, if needed, to finalise the foreign collaboration agreement. This approval letter be made part of the said agreement to be executed between the investee company and the foreign collaborator and only those provisions of the agreement which are covered by this letter or which are not in variance with the provisions of this letter shall be binding on the Government of India or Reserve Bank of India.
16. The agreement shall be subject to compliance with Indian Laws.
17. The Administrative Ministry/ies concerned with the proposal are Department of Financial Services, Department of Industrial Policy & Promotion and Department of Economics Affairs.
18. You shall file required documents of inward remittance with the Regional Office of the Reserve Bank of India within 30 days after issue of shares in terms of FEMA regulations notified by RBI.
19. A copy of the foreign collaboration agreement, signed by both parties shall be furnished to the following authorities:
 - i. Reserve Bank of India / Authorized Dealer
 - ii. Administrative Ministry/Department as mentioned above.
 - iii. FIPB Unit, New Delhi
 - iv. Department of Scientific and Industrial Research, Technology Bhawan, New Mehrauli Road, New Delhi.
20. You are requested to:
 - a) acknowledge and confirm the acceptance of the terms and conditions mentioned in this letter immediately on receipt of this approval;
 - b) Furnish the information as per the questionnaire on 1st January & 1st July every year till the receipt of total approved foreign equity and commencement of commercial production to the Administrative Ministry/ies concerned and also to the FIPB Unit.
21. In case of any problem encountered during implementation of this foreign collaboration approval, you are advised to contact Foreign Investment Implementation Authority (FIIA) at email address fiia@ub.nic.in or write to Foreign Investment Implementation Authority, Department of Industrial Policy &

Promotion, Ministry of Commerce and Industrial, Udyog Bhawan, New Delhi-110011.

22. Any non-compliance with the approval letter shall be viewed strictly by the Government and the Government reserves the right to, at its sole discretion, revoke this approval or modify its terms and conditions and/or initiate action on account of such non-compliance.
23. All future correspondence/ intimation/ downstream investment notifications/ notifications for amendments/ changes in terms and conditions of the approval letter etc., if required, shall be addressed to the FIPB Secretariat, Section Officer, FIPB, North Block, New Delhi- 01 Kindly quote the Approval No in all correspondences.



[SEAL OF THE MINISTRY]

Yours faithfully

Anant Kumar

(Anant Kumar)

Under Secretary to the Govt. of India