

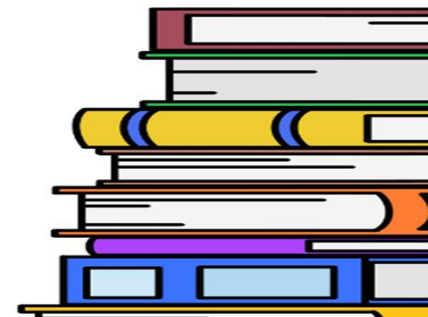
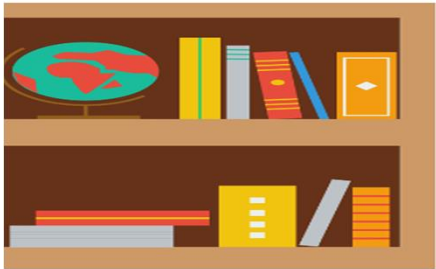
# FEMA Ke Fundae

#FamiliarwithFEMA

**Investment by Foreign  
Portfolio Investors  
(FPI)**

Issue No : 88

Date : 14-02-2024

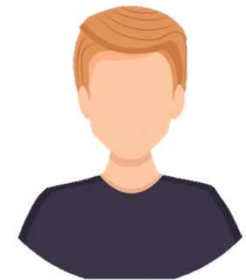




**Disha (Director of  
Traden Inc. Stock Trader  
in USA)**

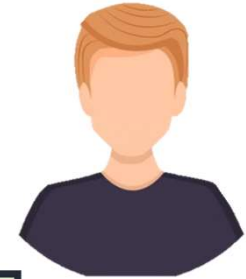
Hello, Mr. FEMA Gyani. Our Company is engaged in the business of Stock Trading and recently we came to know that there are good opportunities in the Indian Stock Market due to high Stock prices. So, our company wants to invest in the same, can I do so?

Hi Disha! Of Course, your company can invest in Indian Stock Market, but for that first it need to get registered under the provisions of Securities and Exchange Board of India and comply with various provisions for becoming Foreign portfolio Investor. Let me brief you about the same.



**The FEMA Gyani**

# Foreign Portfolio Investment



The FEMA  
Gyani

Foreign Portfolio Investment (FPI) means investment by way of **acquisition of listed equity capital** of an Indian entity subject to the following conditions:

**1**

The total holding by each FPI or an investor group should be **less than 10 per cent** of the total paid-up equity capital on a fully diluted basis or less than 10 per cent of the paid-up value of each series of debentures or preference shares or warrants issued by an Indian company.

**2**

The Investor should have **no control** over the Indian entity.

**AND**

**3**

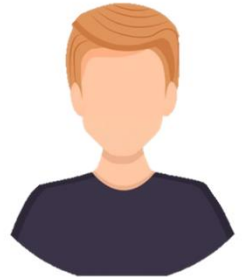
The total holdings of all FPIs put together **should not exceed 24 per cent** of paid-up equity capital on a fully diluted basis or paid up value of each series of debentures or preference shares or warrants.



**Disha**  
**(Director of**  
**Traden Inc. Stock Trader in**  
**USA)**

But I have one query, the aggregate limit of 24% is fixed or it can fluctuate?

The aggregate limit of 24% can fluctuate ,subject to following conditions:



**The FEMA**  
**Gyani**

**1**

The aggregate limit of **24 percent** may be increased by the Indian company concerned up to the sectoral cap/ statutory ceiling, as applicable, with the approval of its Board of Directors through a resolution.

**2**

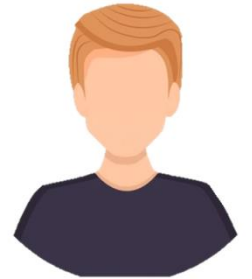
In case the total holding of an FPI increases to 10 percent or more of the total paid-up equity capital on a fully diluted basis or 10 per cent or more of the paid-up value of each series of debentures or preference shares or warrants issued by an Indian company, the total investment so made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI.



**Disha**  
(Director of  
Traden Inc. Stock Trader in  
USA)

Okay! I have a query are there any ways specified through which FPI can acquire equity instruments of Indian Company?

Yes , FPI can acquire equity instruments of an Indian company through public offer/ private placement, subject to the individual and aggregate limits and the conditions :



**The FEMA  
Gyani**

**1**

In case of **Public Offer**, the price of the shares to be issued is not less than the price at which shares are issued to residents, and

**2**

In case of issue by **private placement**, the price is not less than the price arrived in terms of SEBI guidelines or not less than the fair price worked out as per any internationally accepted pricing methodology for valuation of shares on arm's length basis, duly certified by a SEBI.



**Disha**

**(Director of  
Traden Inc. Stock Trader  
in USA)**

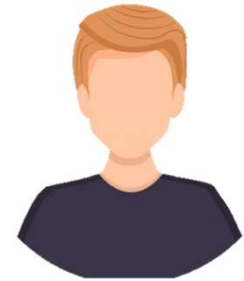
But I have one more question that how the payment will be made by FPI in case of such investment?



**Disha**

**(Director of  
Traden Inc. Stock Trader  
in USA)**

The amount of consideration for purchase of equity instruments should be received from abroad either through banking channels through inward remittance or out of funds held in a foreign currency account and/ or a Special Non-Resident Rupee (SNRR) account .



**The FEMA Gyani**

Can you brief me about Special Non-Resident Rupee (SNRR) account ?



**Disha**  
**(Director of**  
**Traden Inc. Stock Trader**  
**in USA)**



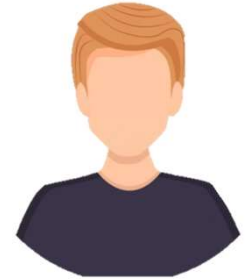
**Disha**  
**(Director of**  
**Traden Inc. Stock Trader in USA)**

Any person resident outside India, having a business interest in India, may open a Special Non-Resident Rupee Account (SNRR account) with an authorised dealer for the purpose of conducting transactions in rupees,

One last question can the sale proceeds be remitted outside India ?

Yes! The sale proceeds (net of taxes) of the investments made can be remitted outside India or may be credited to the foreign currency account or SNRR account of the FPI.

Got it. Thankyou so much, Mr. FEMA Gyani!!

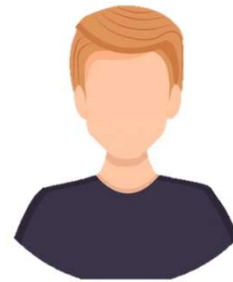


**The FEMA**  
**Gyani**



**The FEMA**  
**Gyani**

# Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoca>

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan  
WhatsApp group





# Disclaimer

- ❑ This presentation has been prepared on the basis of information available in the public domain and is intended for guidance purposes only.
- ❑ Jain Shrimal & Co. has taken reasonable care to ensure that the information in this presentation is accurate. It however accepts no legal responsibility for any consequential incidents that may arise from errors or omissions contained in this presentation.
- ❑ This presentation is based on the information available with us at the time of preparing the same, all of which are subject to changes which may, directly or indirectly impact the information and statements given in this presentation.
- ❑ Neither Jain Shrimal & co., nor any person associated with us will be responsible for any loss however sustained by any person or entity who relies on this presentation. Interested parties are strongly advised to examine their precise requirements for themselves, form their own judgments and seek appropriate professional advice.

**Jain Shrimal & Co.**