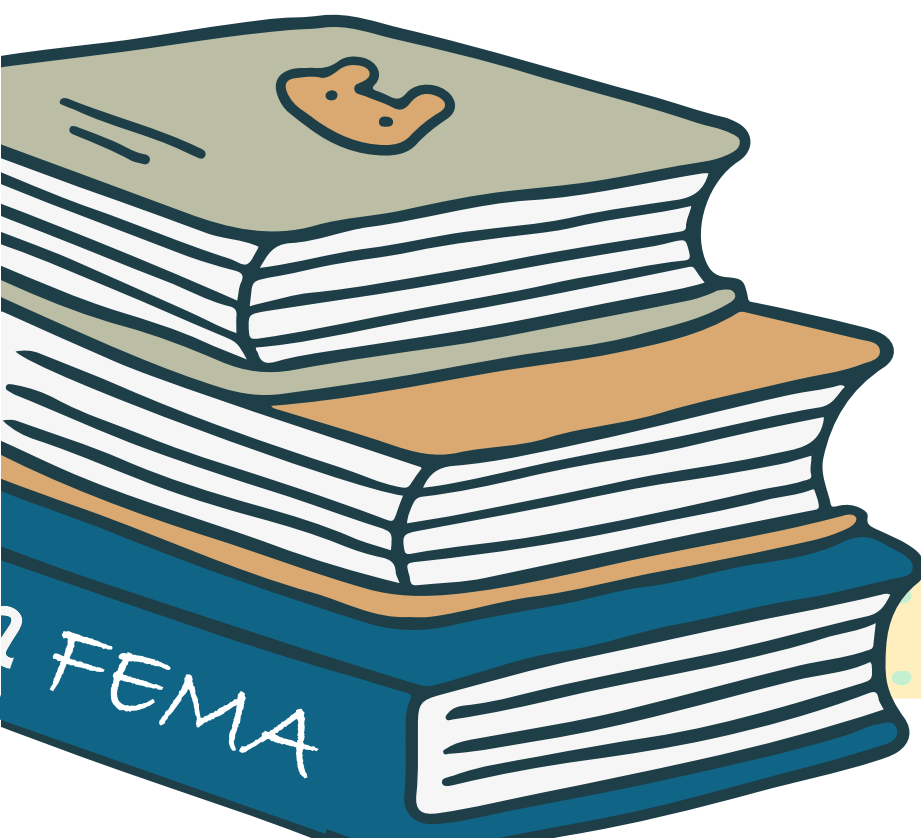
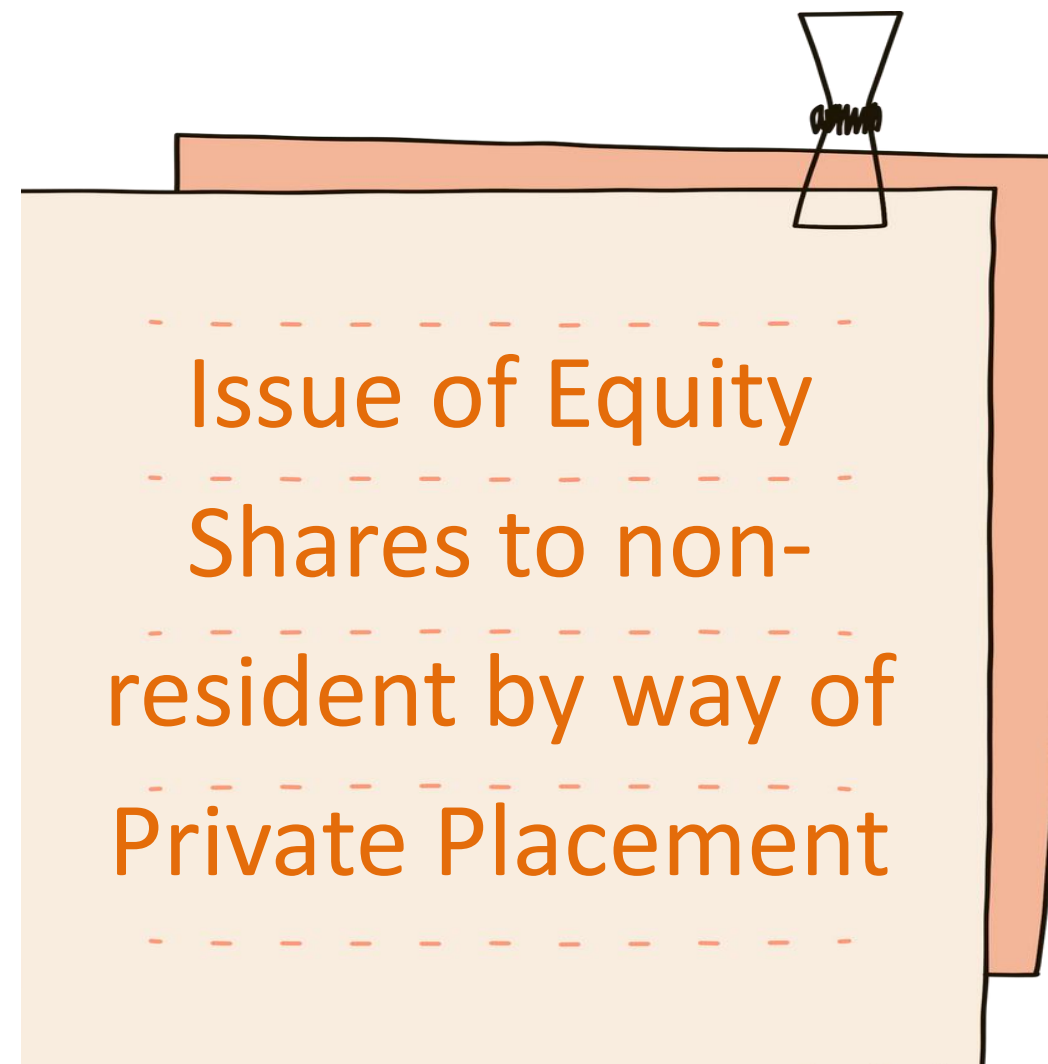


FEMA Ke Fundae

#FamiliarwithFEMA



Date:18/09/2024

Issue no:119



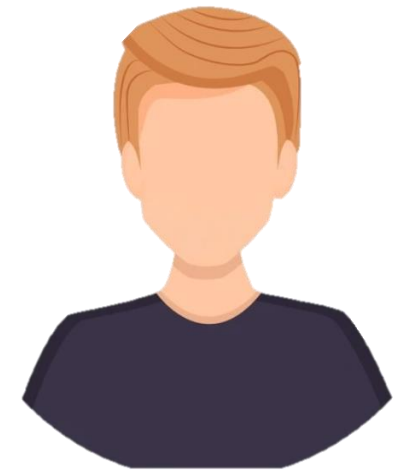


Vijay
Director of an Indian
Co.

Hello Mr. FEMA Gyani, hope you're doing well. I am Vijay, Director of a listed Indian Company. My company is willing to issue equity shares to non-resident by way of Private Placement. So can we issue equity shares to them through Private Placement?

Hello Vijay!

Yes, you can issue equity shares to non-resident by way of Private Placement but in case of private placement by Foreign Portfolio Investor(FPI) price shall not be less than:



The FEMA Gyani

the price arrived in terms of guidelines issued by the SEBI

OR

the fair price as per any globally accepted pricing methodology for valuation of shares on arm's length basis





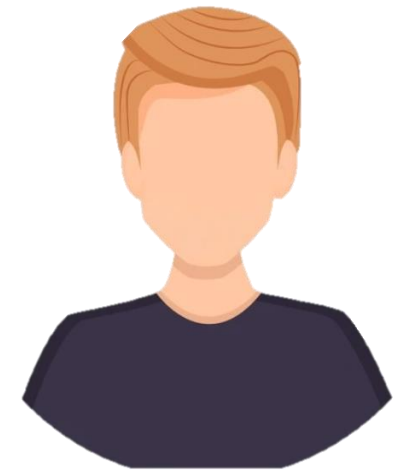
Vijay
Director of an Indian
Co.

Okay!

Is the pricing condition same if equity shares are issued to non resident by way of public offer?

No Vijay!

In case of **public offer**, the price of the shares to be issued shall not be less than the price at which shares are issued to residents



The FEMA Gyani



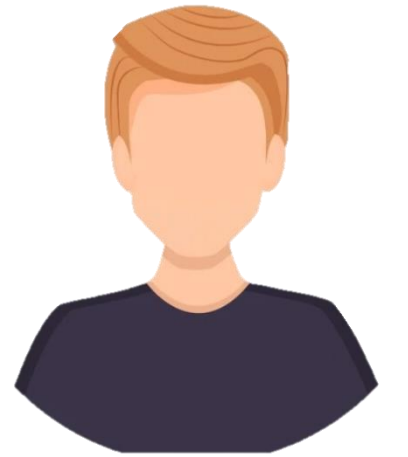
Vijay
Director of an Indian
Co.

Got it!

How will such investment by non-residents be reported?



If the investment by NRI is more than 10%, such investment will be recognised as **Foreign Direct Investment(FDI)** and as per FEMA provisions if equity instruments is issued to a person resident outside India and where such issue is reckoned as Foreign Direct Investment, then it shall be reported in FC-GPR within 30 days of issue.



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Okay! What if the investment by NRI will be less than 10% of total issue?

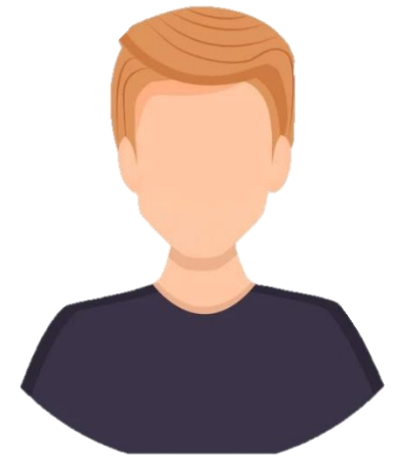


Vijay

**Director of an Indian
Co.**



In that case the investment by NRI will be recognised as **Foreign Portfolio Investment** and no reporting will be required since definition of Form FC-GPR states that investment considered as FDI will have to be reported .



The FEMA Gyani

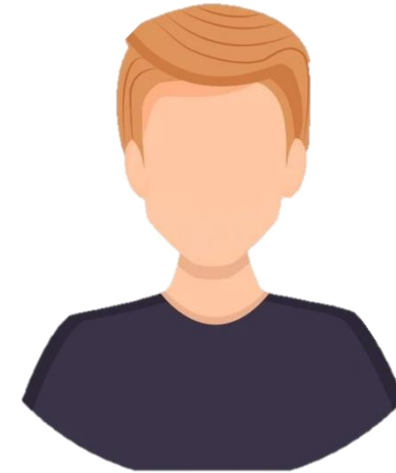
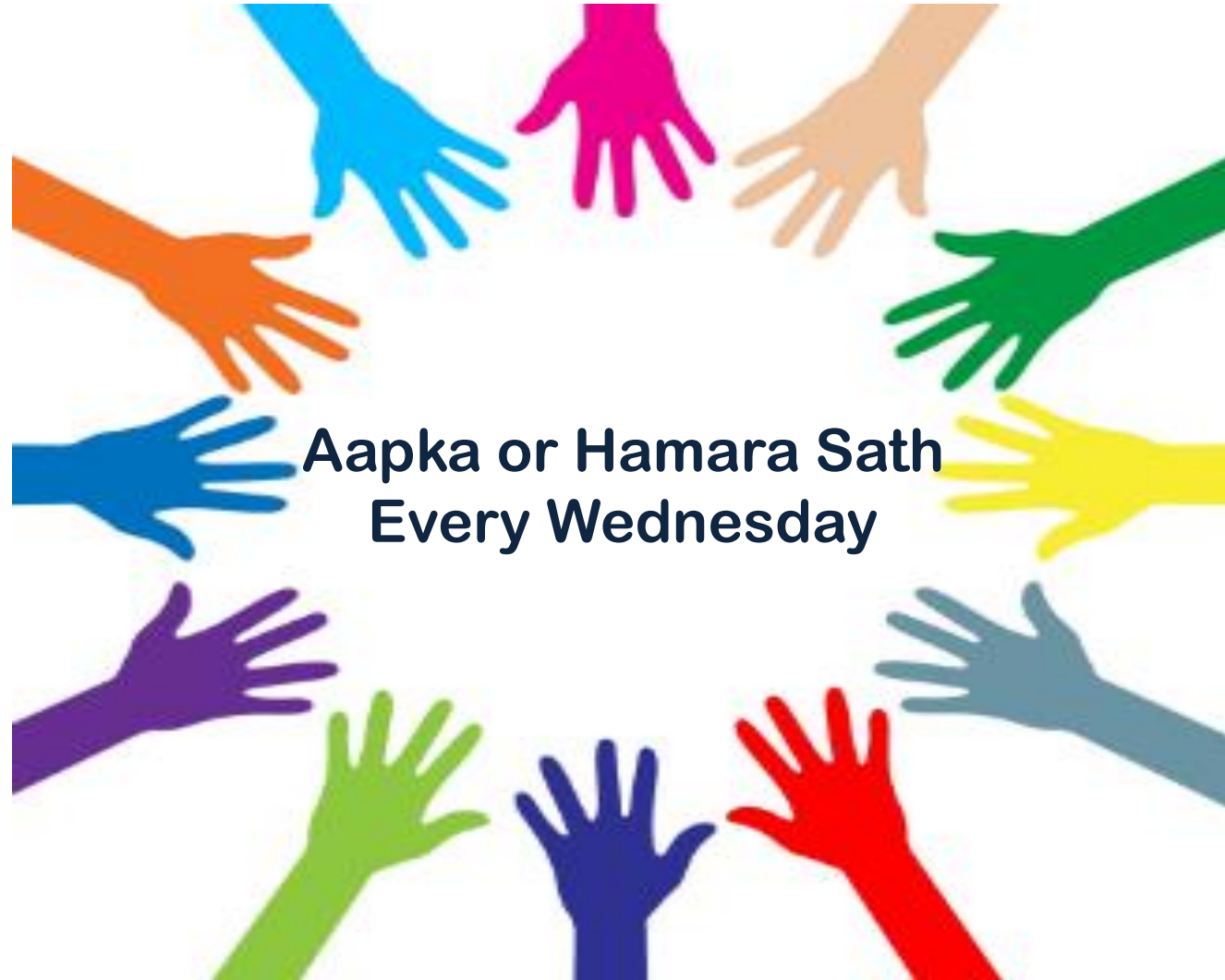


Vijay
Director of an Indian
Co.

Okay Thank You FEMA Gyani!



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan   
WhatsApp group



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