



# भारतीय प्रतिभूति और विनिमय बोर्ड Securities and Exchange Board of India

CIRCULAR

CIR/IMD/FIC/13/2014  
June 17, 2014

**All Foreign Portfolio Investors**  
through their Designated Depository Participants

**The Depositories (NSDL and CDSL)**

Sir / Madam,

**Sub: Investments by FPIs in Non-Convertible / Redeemable preference shares or debentures of Indian companies**

1. Pursuant to the Reserve Bank of India (RBI) circular RBI/2013-14/632 dated June 06, 2014, it has been decided as follows:
  - a) In terms of the RBI circular A.P. (DIR Series) Circular No. 84 dated January 06, 2014, an Indian company is permitted to issue non-convertible/redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/GDR holders by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.
  - b) FPIs are permitted to invest on repatriation basis, in non-convertible/redeemable preference shares or debentures issued by an Indian company in terms of the above RBI circular and listed on recognized stock exchanges in India.
  - c) The investments by FPIs in the abovementioned securities shall be reckoned against the Corporate Debt Investment Limits (US\$ 51 billion).

This circular shall come into effect immediately. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.

A copy of this circular is available at the web page "Circulars" on our website [www.sebi.gov.in](http://www.sebi.gov.in). Custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,

**S MADHUSUDHANAN**  
Deputy General Manager  
Tel No.: 022-26449614  
Email: [smadhu@sebi.gov.in](mailto:smadhu@sebi.gov.in)