

FIPB to take up 48 foreign investment proposals on October 21

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NEW DELHI: With the government on a fast-track to lure foreign investments, FIPB will consider as many as 48 FDI proposals, including that of the HDFC Bank and about a dozen from the pharma sector, at its meeting on October 21.

Pharma proposals including those of Lupin, Sanofi- Synthelabo and Sun Pharma will come up for consideration in the meeting to be chaired by the Economic Affairs Secretary.

Besides, investment applications of major companies like Holcim, Today Magazines Lifestyle and Montblanc Services will be taken up by the Foreign Investment Promotion Board.

The proposals of Punj Lloyd and IdeaForge Technology pertain to FDI in the defence sector, while that of Keppel Puravankara Development is for the real estate space.

HDFC Bank's proposal for increasing the foreign holding in the bank to 67.55 per cent from 49 per cent has been pending before the FIPB since late last year.

The Department of Economic Affairs and the Department of Industrial Policy & Promotion are of view that promoter HDFC Ltd's 22.56 per cent stake in HDFC Bank is already a foreign investment.

Hence, if the proposal of the bank to raise foreign investment to 67.55 per cent is accepted, it would exceed the cap of 74 per cent, after taking into account parent HDFC Ltd's stake.

Foreign entities, including FIIs, hold more than 77.36 per cent in HDFC Ltd, while the foreign holding in a bank cannot exceed 74 per cent as per the existing norms.

At the end of June, foreign institutional investment in HDFC Bank was 33.93 per cent, according to BSE data. Further, foreign investors hold another 16.90 per cent shares through ADRs and GDRs.

If the promoter's (HDFC Ltd) stake of 22.56 per cent is deemed to be foreign, then the total of the above mentioned three categories would take foreign investment to over 74 per cent.

FDI, FII, NRI holding, ADR/GDR, convertible preference shares, foreign currency convertible bonds are treated as foreign investment under the FDI policy.

Investments by HDFC Ltd and associate companies, in HDFC Bank were made before 2009, when the government came out with norms to calculate the level of foreign investment in companies.



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