

Retention of Proceeds of ADRs/GDRs abroad
A.P. (DIR Series) Circular No.69 (January 13, 2003)

Reserve Bank of India
Exchange Control Department
Central Office
Mumbai- 400 001

January 13, 2003

A.P. (DIR Series) Circular No.69
To
All Authorised Dealers in Foreign Exchange

Madam/Sir,

Retention of Proceeds of ADRs/GDRs abroad

Attention of authorised dealers is invited to Clause (4) of Regulation 4 of Schedule I to Notification No.FEMA.20/2000-RB dated May 3, 2000, in terms of which, Indian companies issuing shares to overseas depository for the purpose of issuing ADRs/GDRs are permitted to invest funds abroad for a temporary period pending repatriation to India, subject to the conditions stipulated therein.

2. It has now been decided that Indian companies may retain abroad funds raised through ADRs/GDRs, for any period to meet their future forex requirements. Further, pending repatriation or utilisation of foreign resources raised, the Indian company may invest the foreign currency funds in :-

- i) deposits or Certificate of Deposit or other products offered by banks who have been rated not less than AA(-) by Standard and Poor/Fitch IBCA or Aa3 by Moody's;
- ii) deposits with branch outside India of an authorised dealer in India; and
- iii) treasury bills and other monetary instruments of one year maturity having minimum rating as indicated at (i) above.

3. The corporates will be required to report (in soft copy form) the details of such funds raised and retained abroad within 30 days from the date of closure of the issue to the Chief General Manager, Exchange Control Department, Foreign Investment Division, Reserve Bank of India, Central Office, Mumbai-400 001.

4. The above relaxations, subject to review, shall be effective for a period upto June 30, 2003.

5. Necessary amendments to the Foreign Exchange Management Regulations, 2000 are being issued separately.

6. Authorised dealers may bring the contents of the circular to the notice of their constituents concerned.

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7. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
G. Padmanabhan
General Manager-in-Charge