

**Issue of shares to NRIs/OCBs on rights basis  
A.P.(Dir Series) Circular No.10 (August 20, 2003)**

**Reserve Bank of India  
Exchange Control Department  
Central Office  
Mumbai – 400 001.**

A.P.(Dir Series) Circular No.10

August 20, 2003

To

All Authorised Dealers in Foreign Exchange

Madam/Sir,

**Issue of shares to NRIs/OCBs on rights basis**

Attention of authorised dealers is invited to sub-regulation (2) of Regulation 6 of Notification No.FEMA.20/2000-RB dated 3<sup>rd</sup> May 2000 in terms of which Indian companies are permitted to offer to a person resident outside India, equity or preference shares or convertible debentures on right basis subject to conditions stipulated therein.

2. With a view to extending to non-resident shareholders the facility to subscribe to additional equity or preference shares or convertible debentures over and above their entitlement on rights basis, on par with the resident shareholders, Reserve Bank has issued Notification No.FEMA.76/2002-RB dated 12<sup>th</sup> November 2002 (copy enclosed) amending Regulation No.6 of Notification No.FEMA.20/2000-RB dated 3<sup>rd</sup> May 2000. Accordingly, the existing non-resident shareholders may apply for issue of additional equity shares or preference shares or convertible debentures over and above their rights entitlements and the investee company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral cap.

3. All other terms and conditions stipulated in Regulation No.6 of the Notification No.FEMA.20/2000-RB dated 3<sup>rd</sup> May 2000 as amended from time to time shall remain unchanged.

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

5. 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,

**Grace Koshie**

Chief General Manager