

**Forward contracts – Investments of Non-Residents in Indian companies**  
**A.P.(DIR Series) Circular No.28 (October 17, 2003)**

**Reserve Bank of India**  
**Exchange Control Department**  
**Central Office**  
**Mumbai 400001**

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October 17, 2003

To  
All Authorised Dealers in Foreign Exchange  
Madam / Sirs,

**Forward contracts – Investments of  
Non-Residents in Indian companies**

Attention of Authorised Dealers is invited to Regulation 5 of Notification No.FEMA 25/RB-2000 dated May 3, 2000 read with A.P. (DIR Series) Circular No.50 dated November 16, 2002.

2. It has been decided to permit persons resident outside India having Foreign Direct Investments in India to enter into forward contracts with Authorised Dealers with rupee as one of the currencies to hedge the currency risk on dividend receivable by them on their investments in Indian companies. The forward cover shall be taken only after the rate of dividend has been approved by the Board of Directors of the concerned company.

3. Necessary amendments to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 are being issued separately.

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**