

May 04, 2007

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Overseas Investment by Venture Capital Funds (VCFs)

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to para 2 of A. P. (DIR Series) Circular No. 49 dated April 30, 2007 on Overseas Investment by Indian Venture Capital Funds (VCFs).

2. It is clarified that Domestic Venture Capital Funds registered with SEBI, have been permitted to invest in equity and equity-linked instruments only of off-shore Venture Capital Undertakings. Accordingly, Domestic Venture Capital Funds registered with SEBI, desirous of making investments in off-shore Venture Capital Undertakings may approach SEBI for prior approval. No separate permission from Reserve Bank is necessary for such VCFs.

3. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this Circular have been issued under Section 10 (4) and 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approval, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager