

Notification No. FEMA. 41 /2001-RB (March 2, 2001)

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

Notification No. FEMA. 41 /2001-RB

dated March 2, 2001

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No. FEMA 20/2000-RB dated 3rd May 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, namely:-

1. (1) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2001.
(2) They shall come into force with immediate effect.
2. In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000,

(i) in Schedule I, after paragraph 4, the following paragraphs shall be added, namely:

“ 4A. A registered broker in India may purchase shares of an Indian Company on behalf of a person resident outside India, for the purpose of converting the shares so purchased into ADRs/GDRs,

Provided that

- i) the shares are purchased on a recognized stock exchange;
- ii) the Indian company has issued ADRs/GDRs;
- iii) the shares are purchased with the permission of Custodian of the ADRs/GDRs of the concerned Indian company and are deposited with the Custodian;
- iv) the number of shares so purchased shall not exceed ADRs/GDRs converted into underlying shares and shall be subject to sectoral caps as applicable;

- v) the non-resident investor, broker, Custodian and the overseas depository comply with the provisions of the Scheme for Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued thereunder by the Central Government from time to time.

(4B) i) An Indian company may sponsor an issue of ADRs/GDRs with an overseas depository against shares held by its shareholders at a price to be determined by the Lead Manager.

ii) The proceeds of the issue shall be repatriated to India within a period of one month.

iii) The sponsoring company shall comply with the provisions of the Scheme for Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued thereunder by the Central Government from time to time;

iv) the sponsoring company shall furnish full details of such issue in a form specified in Annexure C to the Foreign Investment Division, Exchange Control Department, Reserve Bank of India, Central Office, Mumbai within 30 days from the date of closure of the issue.”

ii) in Schedule 2, in paragraph 1, in sub paragraph (4), in the proviso, for the figure and words “40 per cent”, the figure and words “49 per cent”, shall be substituted.

(D.P. Sarda)
Executive Director

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