

RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2012-13/114

A. P. (DIR Series) Circular No.1

July 5, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Buyback / Prepayment of Foreign Currency Convertible Bonds (FCCBs)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [A.P. \(DIR Series\) Circular No. 39 dated December 08, 2008](#) and [A.P. \(DIR Series\) Circular No.75 dated June 30, 2011](#) on the captioned subject.

2. On a review, it has been decided to continue the scheme of buyback of FCCBs subject to certain modifications.

3. Accordingly, Reserve Bank will consider proposals from Indian companies for buyback of FCCBs under the **approval route** subject to:

a) The buyback value of the FCCBs shall be at a minimum discount of five per cent on the **accreted** value.

b) In case the Indian company is planning to raise a foreign currency borrowing for buyback of the FCCBs, all FEMA rules/ regulations relating to foreign currency borrowing shall be complied with.

c) All other terms and conditions as stipulated in paragraph 5 of A.P. (DIR Series) Circular No. 39 dated December 8, 2008 will continue to be applicable.

d) This facility shall come into force with immediate effect and the entire process of buyback should be completed by **March 31, 2013 after which the scheme lapses.**

4. The existing requirement of submission of ECB 2 return will continue as hitherto. Further, on completion of the buyback, a report giving details of buyback, such as, the outstanding amount of FCCBs, accreted value of FCCBs bought back, rate at which FCCBs bought back, amount involved, and source/s of funds may be submitted, through the designated AD Category - I bank, to the Reserve Bank.

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

6. The directions contained in this circular have been issued under sections 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager