

To: Shri C.K.G Nair, Director (PM), Capital Markets Division, Department of Economic Affairs,  
Ministry of Finance, Government of India, New Delhi

From: P.K. Nagpal, Executive Director, Securities and Exchange Board of India, Mumbai

---

Parliament Questions Cell  
PQC/ / 2010  
April 20, 2010

Reply to Lok Sabha Question – "Issued of Privately Placed Debentures"  
Admitted Unstarred Question No. 5872  
For reply on 30.04.2010  
By Shri Eknath M. Gaikwad, Shri B.B. Patil, Shri Madhu Goud Yaskhi

**Questions:**

- (a) whether instances of misuse of Privately Placed Debentures Scheme by some of the companies have been reported
- (b) If so, the details thereof;

**Reply (a & b):**

Privately placed debentures are issued as per the Companies Act, 1956 and come under the purview of Ministry of Corporate Affairs (MCA). We have recently received one complaint relating to issue of privately placed non-convertible debentures by Citicorp Finance India Limited and the same was forwarded to MCA.

**Questions:**

- (c) whether the Union government has impressed upon the Securities and Exchange Board of India (SEBI) to take question action such erring companies misusing the Privately Placed Debentures; and
- (d) If so, the details in this regard and reaction of SEBI thereto?

**Reply (c&d):** We have no information in this regard.

Regards,

P.K. Nagpal  
Executive Director

GOVERNMENT OF INDIA  
(MINISTRY OF FINANCE)  
(DEPARTMENT OF ECONOMIC AFFAIRS)

LOK SABHA UNSTARRED QUESTION NO. 5872  
TO BE ANSWERED ON 30<sup>th</sup> APRIL, 2010

ISSUE OF PRIVATELY PLACED DEBENTURES

5872 SHRI EKNATH M. GAIKWAD  
SHRI B.B. PATIL  
SHRI MADHY GOUND YASKHI

QUESTION

Will the Ministry of Finance be pleased start?

- (a) whether instances of misuse of Privately Placed Debentures Scheme by some of the companies have been reported.
- (b) If so, the details thereof;
- (c) whether the Union government has impressed upon the Securities and Exchange Board of India (SEBI) to take action against such erring companies misusing the Privately Placed Debentures
- (d) if so, the details in this regard and reaction SEBI thereto

ANSWER

MINISTER OF STATE IN THE MINISTRY ORDINANCE  
(SHRI NAMO NARAIN MEENA)

- (a) Yes, Sir
- (b) SEBI has received one complaint relating to issue of privately placed non-convertible redeemable debentures by Citicorp Finance India Limited.
- (c) Privately placed debentures issued as per the Companies Act, 1956 which is administered by Ministry of Corporate Affairs,
- (d) Does not arise in view of reply to (c) above.

\*\*\*