

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3527
ANSWERED ON:07.09.2007
INFORMATION REGARDING DEBENTURE TO INVESTORS
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made it mandatory for companies to provide all information regarding debentures to investors and general public;
- (b) if so, the details thereof;
- (c) whether failure to maintain such transparency as mandated by the Government will attract penalty;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to strictly enforce the mandate?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. K. BANSAL)

(a) and (b): Securities and Exchange Board of India (SEBI) had made it mandatory in September, 2003 for a listed company making issue of debt securities on private placement basis to make full initial and continuing disclosure in the manner prescribed in the Companies Act, 1956, the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the Listing Agreement with the Exchanges. It has mandated in August, 2007 that the companies issuing debentures and the respective debenture trustees/stock exchanges shall disseminate all information regarding the debentures to the investors and the general public. Under the Companies Act, the balance sheet of every company is required to indicate details in respect of money raised by way of issue of debentures, including the terms of redemption or conversion, if any.

(c) to (e): Failure to comply with these are punishable under the SEBI Act, 1992, Securities Contract (Regulations) Act, 1957 and the Companies Act, 1956.