

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA**

**UNSTARRED QUESTION NO. 2461**

**ANSWERED ON MONDAY, THE 8<sup>th</sup> JULY, 2019/ ASHADHA 17, 1941 (SAKA)**

**REGULATION ON CAPITAL RAISING BY COMPANIES**

**QUESTION**

**2461 : SHRIMATI RATHVA:**

**SMT. GITABEN:**

**SHRI VAJESINGHBHAI:**

**Will the Minister of CORPORATE AFFAIRS**

**कॉर्पोरेट कार्य मंत्री**

**be pleased to state:**

- (a) The number of companies which have received capital through private placements and stake sales;**
- (b) If so, the details of such transactions during the last three years and the current year;**
- (c) whether there is any regulation of such capital raising and ensuring prudent valuations of companies to protect investors and the public;**
- (d) whether such transactions have taken place at high valuations;**
- (e) if so, the details thereof;**
- (f) if not, the reasons and implications of such transactions thereof?**

**ANSWER**

**THE MINISTER OF STATE FOR FINANCE**

**AND CORPORATE AFFAIRS**

**(SHRI ANURAG SINGH THAKUR)**

**वित्त एवं कॉर्पोरेट कार्य मंत्रालय में राज्य मंत्री**

**(श्री अनुराग सिंह ठाकुर)**

**(a) & (b): The listed companies as well as unlisted companies are raising capital. The information given by SEBI in respect of capital raised by listed companies through Private Placement & Stake Sale is provided in Annexure – A of the reply. As per SEBI in stake sale through IPO, the companies do not receive the proceeds and the proceeds accrue only to the stake selling shareholders.**

**Further, as per data abstracted from MCA-21 data base of Ministry of Corporate Affairs, 18,162 number of unlisted companies (other than unlisted companies which have filed financial statements in XBRL Format) have received capital through private placements which are as under:-**

<b>Financial year</b>	<b>No. of companies</b>	<b>Total amount of capital raised through private placement by unlisted companies. (Rs in cr.)</b>
<b>2015-16</b>	<b>4</b>	<b>1,953</b>
<b>2016-17</b>	<b>9478</b>	<b>13,656</b>
<b>2017-18</b>	<b>8629</b>	<b>388</b>
<b>2018-19</b>	<b>51</b>	<b>4,524</b>
<b>Total</b>	<b>18,162</b>	<b>20,151 CR</b>

**(c): The Companies Act, 2013 does not provide for pricing of shares/securities to be issued by the companies. However, under Section 42 of the Companies Act, 2013 read with Rule 12 & 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the issuer company is required to give basis or justification of price (including premium, if any) at which offer or invitation is made and copy of valuation report are required to be filed with Registrar of Companies (ROC).**

**The SEBI has informed regarding Listed Companies that Preferential allotments including inter alia the eligibility pricing provisions are governed by Chapter V – Preferential Issue of SEBI (ICDR) Regulations, 2018. The Qualified Institutions Placements (QIP) including inter alia the Eligibility conditions, pricing are governed by Chapter VI – Qualified Institutions Placement of the SEBI (ICDR) Regulations, 2018.**

**Listed NCDs/ NCRPS issued on private placement basis are governed by the provisions of SEBI (Issue and Listing of Debt Securities) Regulations 2008, SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, Companies Act, 2013 and Companies (Prospectus and Allotment) Rules, 2014. The issuer is required to make disclosures specified in these Regulations and comply with other circulars/ guidelines issued under these Regulations. SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 specify disclosures that are required to be made on a continuous basis for listed NCDs/ NCRPS.**

**(d) (e) & (f): No such information is available with Ministry of Corporate Affairs.**

**However, in respect of listed companies, the SEBI has informed that with regard to pricing in Preferential Allotment and Qualified Institutional Placement (QIP), the issuer companies are required to comply with pricing provisions in Chapter V & Chapter VI of SEBI (ICDR) Regulations, 2018, For, Offer for Sale through initial public offers, as per Regulation 28(1) of the SEBI (ICDR) Regulations, 2018, companies are free to determine the issue price in consultation with the lead merchant banker or through book building process, However, keeping in mind the need to protect the investors, SEBI has mandated elaborate disclosures requirements including inter alia risk factors, comparison of Price/Earnings ratio of the issuer company with peer group/industry. These measures are expected to enable the investors to take an informed investment decision, With respect to NCDs/ NCRPS, SEBI does not interfere in determination of price of NCDs/ NCRPS. The price depends on economic factors, domestic and international events, market sentiments, corporate performance, perception of future economic growth, etc. SEBI mandates elaborate disclosures requirements to enable investors in taking informed investment decisions.**

**The SEBI has furnished following information in respect of raising of capital through private placement and stake sales.**

**(I) SEBI has informed about private placement data for equity shares of Listed Companies till May 2019 is as under:**

Financial Year	Preferential Allotment		Qualified Institutional Placement	
	No.	Amount (in Rs. Crores)	No.	(in Rs. Crores)
2016-17	410	44249	20	8464
2017-18	407	59472	53	67257
2018-19	399	210138	14	8678
2019-20	59	55678	01	3172

**(II) Further, SEBI has informed about Stake Sales data for Equity Shares (Offer for Sale through Initial Public offer) till May 2019 is as under:**

Stake Sale Data for Equity Shares (Offer for Sale through Initial Public Offer )		
Financial Year	No. of companies	Amount raised in Rs. Crores
2016-17	17	16362
2017-18	36	61825
2018-19	12	9632
2019-20*	4	2688

**(III) Further, SEBI has informed about the details of listed issuances of Non-Convertible Debentures (NCDs)/ Non-Convertible Redeemable Preference Shares (NCRPS) for the last three financial years and current financial year issued on private placement basis till May 2019 is as under:**

Financial Year	No. of issues (NCDs)	Amount Raised (Rs. Crore)	No. of issues (NCRPS)	Amount Raised (Rs. Crore)
2016-17	3,377	6,40,716	3	139.50
2017-18	2,706	5,99,147	Nil	Nil
2018-19	2,358	6,10,317	2	750.00
2019-20*	364	1,13,641	3	273.90