

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 2143
TO BE ANSWERED ON FRIDAY, JULY 29, 2016/SHRAVANA 7, 1938 (SAKA)

DEBT RIDDEN LISTED COMPANIES

QUESTION

2143. SHRI C. MAHENDRAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether each one in three companies listed in Bombay Stock Exchange (BSE) have more debt than value, if so, the details thereof;
- (b) the total number of companies are listed in BSE as on date; and
- (c) the reaction of the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): As per the information provided by the Securities and Exchange Board of India (SEBI), out of the 4,066 companies that have submitted Balance Sheet/reported financials for the last Financial Year with Bombay Stock Exchange (BSE), there are 843 companies in which the Debt (non-current liabilities) are greater than their value considered as Networth (Share Capital + Reserves & Surplus) on a standalone basis. Thus, 20.73% of the companies have more debt than Networth.

(b): As per the data provided by SEBI, the number of companies listed on the BSE, as on July 24, 2016, is 5,522.

(c): The companies finance their projects through debt as well as equity. Debt/equity ratio varies across industries as different industries rely on different amounts of capital to operate and use that capital in different ways, a relatively high debt/equity ratio may be common in one industry while a relatively low debt/equity may be common in another.
