

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:397
ANSWERED ON:03.05.2012
VIOLATION OF NORMS OF PRIVATE PLACEMENT
Tewari Shri Manish

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is considering a crackdown on unlisted companies that have allegedly misused the private placement route to raise funds;
- (b) if so, the details thereof;
- (c) whether the Government is contemplating to make it mandatory for companies to file each placement individually with the Registrar of Companies (ROCs);
- (d) if so, the reasons therefor;
- (e) whether the Government is contemplating an upper limit on the number of private placements which a company can undertake in a given period of time;
- (f) if so, the details in this regard; (g) whether the Government has urged ROC to inspect the books of accounts of certain companies for alleged violation of norms of private placements; and (h) if so, the names of these companies and the finding of the ROC with respect to them?

Answer

THE MINISTER OF CORPORATE AFFAIRS (DR. M. VEERAPPA MOILY)

(a) to (h) A Statement is laid on the table of the House.

Statement annexed to the Answer to the Starred Question No. 397 in the Lok Sabha on 03.05.2012

(a) & (b) The Central Government has recently amended the Unlisted Public Companies (Preferential Allotment) Rules, 2003 to more effectively regulate raising of funds through Private Placement route by Unlisted Public Companies.

(c) & (d) In order to strengthen the provisions of Section 67 of the Companies Act, 1956, governing raising of funds through Private Placement route, the Rules, 2003 mentioned above now provide that no fresh offer or invitation shall be made unless the allotment with respect to any offer or invitation made earlier have been completed in terms of sub-section (9) of Section 60B of the Companies Act, 1956.

(e) & (f) No, Madam.

(g) Yes, Madam.

(h) The Registrar of Companies have been instructed to carry out Scrutiny of the records under Section 234 of the Companies Act, 1956 in respect of companies with regard to complaints pertaining to raising of funds through private placement. A list of companies where scrutiny of records under Section 234 of the Act has been ordered is as under:-

S No Name of Company Remarks

1. M/s Prayag Infotech Hirise Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered

2. M/s Weird Industries Ltd, Kolkata - Scrutiny of records Scrutiny u/s 234 of the Act is ordered

3. M/s Ramel Industries Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered

4. M/s Rose Valley Real Estate & Construction Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
5. M/s Waris Healthcare Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
6. M/s Waris Industries Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
7. M/s HUM Projects Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
8. M/s Amrit Projects Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
9. M/s Sahara India Commercial Corporation Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
10. M/s Jasoda Real Estate Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
11. M/s Kolkata Weir Industries Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
12. M/s Rahul Hi-Rise Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered
13. M/s MPS Greenery Developers Ltd, Kolkata Scrutiny u/s 234 of the Act is ordered

A list of companies where inspection has been ordered under Section 209A of the Act is as under:-

S No Name of Company Remarks

1. M/s Global Bull Developers Ltd, Delhi Inspection u/s 209A of the Act ordered.
2. M/s Sahara Housing Investment Corporation Ltd, Mumbai Inspection u/s 209A of the Act ordered.
3. M/s Sahara India Real Estate Corporation Ltd, Lucknow Inspection u/s 209A of the Act ordered.
4. M/s Tower Infotech Ltd, Kolkata The inspection report have been reported and is under process.
5. M/s Vibgyor Allied Infrastructure Ltd, Kolkata Inspection u/s 209A of the Act is ordered