

FIDC

Finance Industry Development Council

(A body incorporated as a Self Regulatory Organisation for Registered NBFCs – AFCs)

July 12, 2013

Mr. N S Vishwanathan,
The Principal Chief General Manager,
Department of Non Banking Supervision,
Reserve Bank of India,
Mumbai.

Sir,

This is with reference to the notification issued by the RBI vide DNBD(PD) CC No. 330 /03.10.001/2012-13 dated 27th June 2013 and the clarification issued by RBI vide RBI/2013-14/115 DNBS(PD) CC No.349/03.10.001/2013-14 dated 2nd July 2013, on private placement of debentures by NBFCs.

Para 2 of the covering letter for the said Guidelines state that *“It may be noted that all other extant guidelines on private placement remain unchanged. The provisions of these guidelines will however override other instructions in this regard, wherever contradictory”*. Also, Clause 2 (viii) of the Guidelines state that *“All other extant instructions with regard to private placement remain unchanged.”*

The only guidelines which RBI has issued regarding issue of debentures on private placement is the circular issued by RBI on 23rd June 2010 - IDMD.DOD.09/11.01.01(A)/ 2009-10 dated June 23, 2010. This June 23, 2010 circular specifically deals only with issue of NCDs of maturity less than one year.

From the above, we understand that the changes which have been made in the present guidelines in relation to issue of debentures, are only in relation to the private placement issue of debentures for period of less than one year and do not apply to issues of debentures for periods exceeding one year.

We request you to please let us know in case if the above stated is not correct."

We would like to submit our detailed representation on hearing from your good self and also request you for giving us an appointment to apprise you of the resultant affect of the new directions on the finance industry, especially the Asset Finance Companies.

Thanking You,

Yours sincerely,

For Finance Industry Development Council

MAHESH THAKKAR
Director General