

Info Capsule



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

August 8, 2019

1. Disclosure of encumbrance by promoter of listed companies (CIRCULAR No. SEBI/HO/CFD/DCR1/CIR/P/2019/90 dated August 07, 2019)

The format for disclosure under Regulation 31(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations) has been prescribed by SEBI vide circular No. CIR/CFD/POLICYCELL/3/2015 dated August 05, 2015.

In order to bring greater transparency regarding reasons for encumbrance, particularly when significant shareholding by promoter along with persons acting in concert (PACs) with him is encumbered, it has been decided to prescribe additional disclosure requirements under Regulation 31(1) read with Regulation 28(3) of Takeover Regulations, as follows, -

- i. The promoter of every listed company shall specifically disclose detailed reasons for encumbrance if the combined encumbrance by the promoter along with PACs with him equals or exceeds:
 - a) 50% of their shareholding in the company; or
 - b) 20% of the total share capital of the company, in the format provided at Annexure -II of this circular, within two working days from the creation of such encumbrance.Such disclosures will be warranted on every occasion, when the extent of encumbrance (having already breached the above threshold limits) increases further from the prevailing levels.
- ii. The recognised stock exchanges shall maintain and separately disseminate the list of such companies along with details of encumbrance and reasons for encumbrance, on their websites promptly; and
- iii. The listed companies shall disclose the contents on their websites within two working days of receipt of such disclosure.
- iv. The provisions of this circular shall come into effect from October 01, 2019.

The details are available at: https://www.sebi.gov.in/legal/circulars/aug-2019/disclosure-of-reasons-for-encumbrance-by-promoter-of-listed-companies_43837.html