SEBI CIRCULAR DATED 7TH AUGUST 2019

Disclosure of reasons for encumbrance by Promoters of Listed Companies

Some changes in the format for disclosure under SEBI Regulation 31(1) of Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as prescribed by SEBI in it's Circular Dated August 05, 2015.

PURPOSE OF SEBI CIRCULAR DATED 7TH AUGUST 2019

To bring transparency regarding reason for encumbrance, particularly when significant shareholding of promoter along with PAC with him is encumbered.

By: CS Vikram Singh Sirohi

Some additional disclosures have been prescribed under Regulation 31 (1) read with Regulation 28(3) of Takeover Regulation-

Point No.-1

The Promoter of every listed company shall disclose reasons for encumbrance in detailed-

If the combined encumbrance by the Promoter along with PAC with him equals or exceeds-

50% Shareholding in the company: or

20% of the total share capital of the Company.

In the prescribed format, within two working days from the creation of encumbrance.

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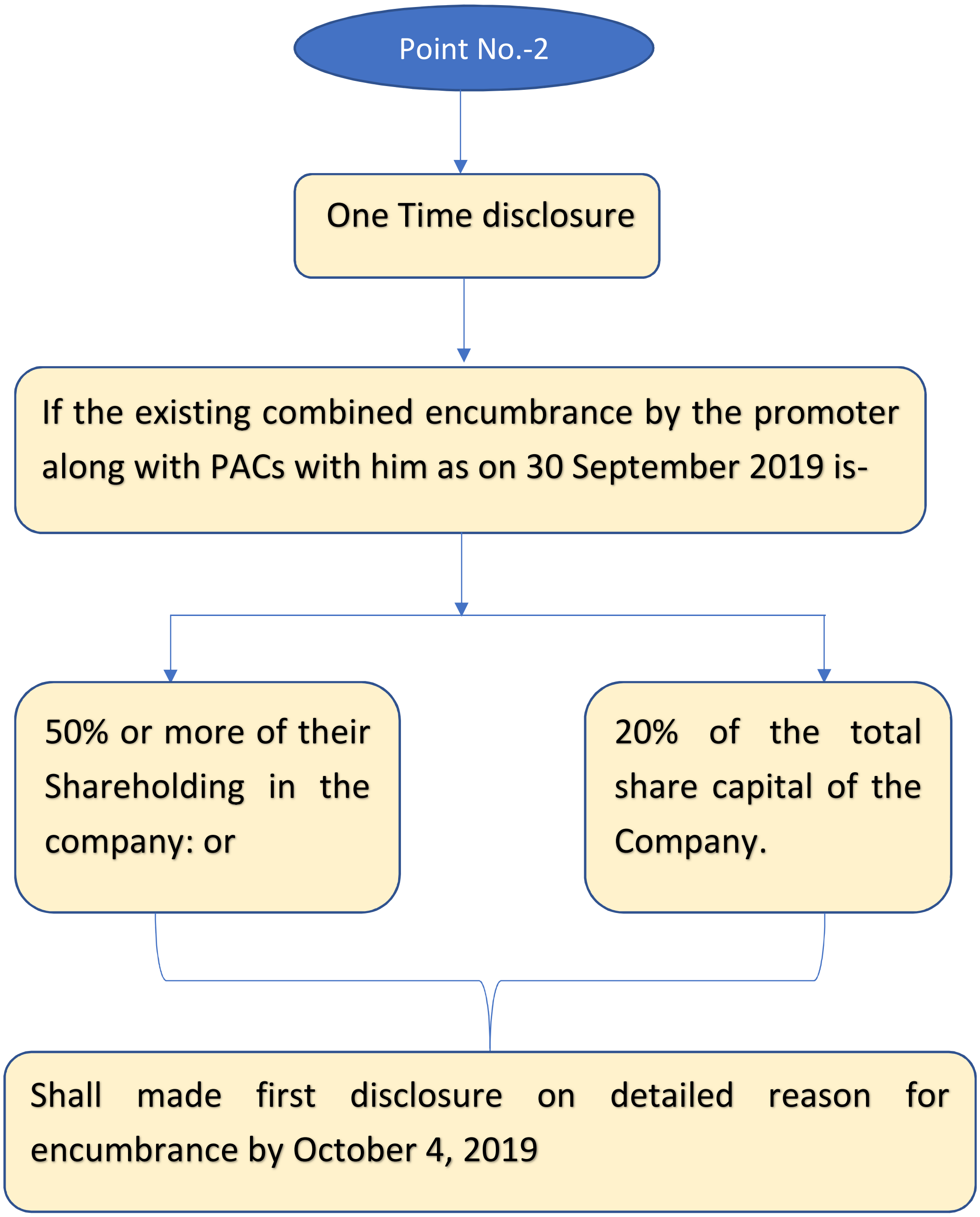

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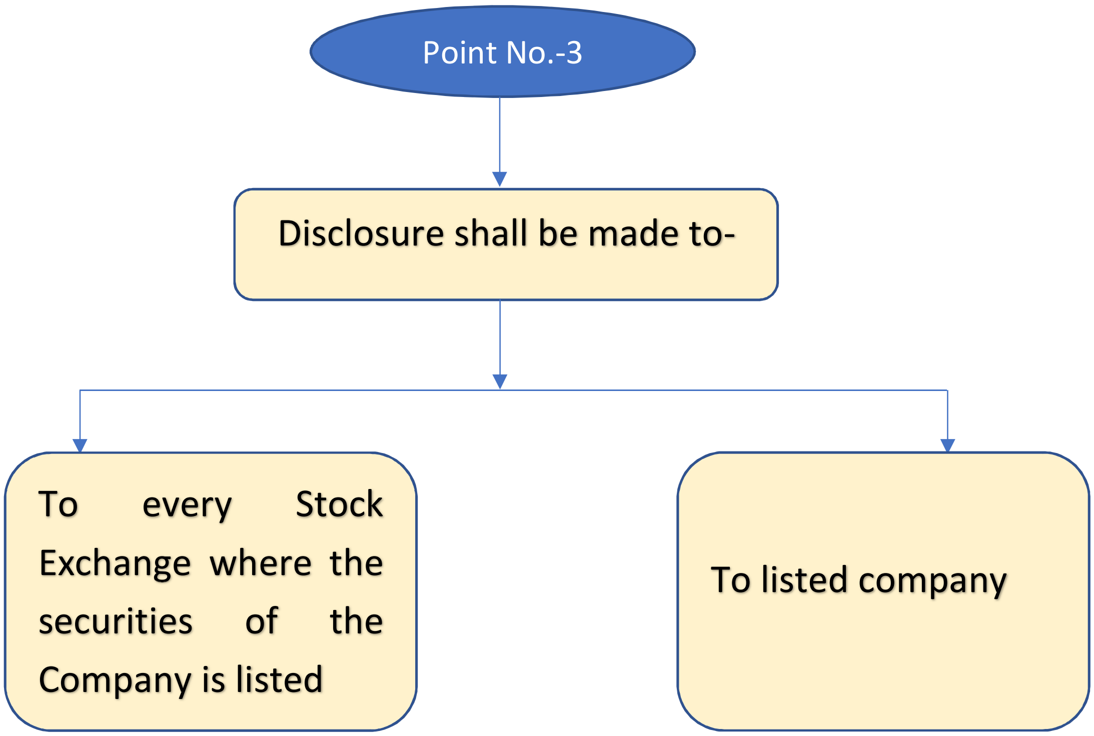
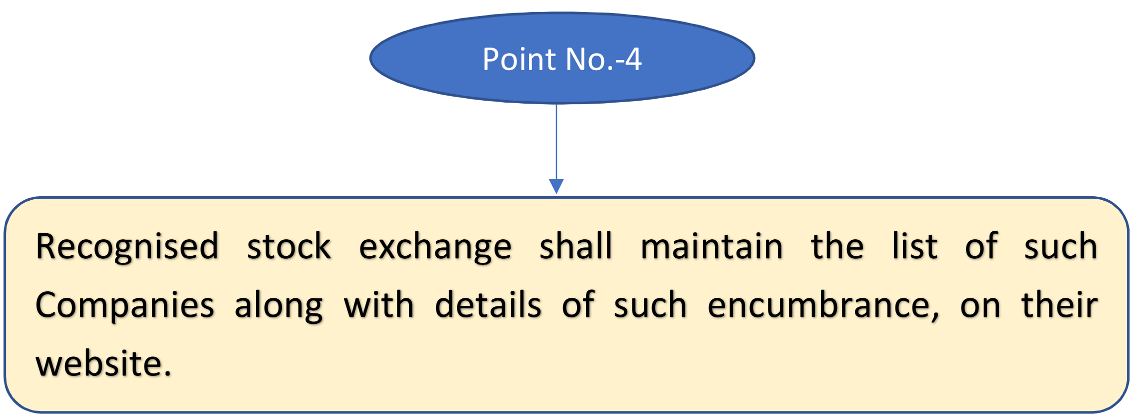

Point No.-3
Disclosure shall be made to-
To every Stock Exchange where the securities of the Company is listed
To listed company


Point No.-4
Recognised stock exchange shall maintain the list of such Companies along with details of such encumbrance, on their website.

Point No.-5

Listed Company shall disclose the content of Annexure II website within 2 working days from the date of receipt of such disclosure.

Point No.-6

Provision of Circular shall effective from October 2019

Point No.-7

Recognised stock exchange is directed to-

To bring the provision of circular in the notice of Companies and their promoter and communicate the same on their website, and

Communicate the status of implementation of the provision of circular to the SEBI Through monthly development report

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Format of disclosure of reason for encumbrance i.e Annexure II

Annexure - II

Format for disclosure of reasons for encumbrance

(In addition to Annexure - I prescribed by way of circular dated August 05, 2015)

Name of listed company	
Name of the recognised stock exchanges where the shares of the company are listed	
Name of the promoter(s) / PACs whose shares have been encumbered	
Total promoter shareholding in the listed company	No. of shares – % of total share capital -
Encumbered shares as a % of promoter shareholding	
Whether encumbered share is 50% or more of promoter shareholding	YES / NO
Whether encumbered share is 20% or more of total share capital	YES / NO

Details of all the existing events/ agreements pertaining to encumbrance

		Encumbrance 1 (Date of creation of encumbrance: _______)	Encumbrance 2 *(Add columns for each event/ agreement)*
Type of encumbrance (pledge, lien, negative lien, non-disposal undertaking etc. or any other covenant, transaction, condition or arrangement in the nature of encumbrance)			
No. and % of shares encumbered		No. of shares: % of total share capital:	
Specific details about the encumbrance	Name of the entity in whose favour shares encumbered (X)		
	Whether the entity X is a scheduled commercial bank, public financial institution, NBFC or housing finance company? If No, provide the nature of the business of the entity.	YES/ NO	
	Names of all other entities in the agreement	Listed company and its group companies (if any) – 1. 2. … Other entities (if any) – 1. 2. …	
	Whether the encumbrance is relating to any debt instruments viz. debenture, commercial paper, certificate of deposit etc.? If yes, provide details about the instrument, including credit rating	YES / NO If yes, 1. Name of the issuer 2. Details of the debt instrument	

		3. Whether the debt instrument is listed on stock exchanges? 4. Credit Rating of the debt instrument 5. ISIN of the instrument	
Security Cover / Asset Cover	Value of shares on the date of event / agreement (A)		
	Amount involved (against which shares have been encumbered) (B)		
	Ratio of A / B		
End use of money	Borrowed amount to be utilized for what purpose – (a) Personal use by promoters and PACs (b) For the benefit of listed company Provide details including amount, purpose of raising money by listed company, schedule for utilization of amount, repayment schedule etc. (a) Any other reason (please specify)		

Signature of Authorised Signatory:

Place:

Date: