To,

1. The listed entities
2. The recognised Stock Exchanges

Subject: Manner of achieving minimum public shareholding

1. Please refer to Circular No. CIR/CFD/CMD/14/2015 dated November 30, 2015 on the captioned subject, which allowed for various methods that may be used by a listed entity to achieve compliance with the minimum public shareholding requirements mandated under rules 19(2) (b) and 19A of the Securities Contracts (Regulation) Rules, 1957 (“the SCRR”) read with regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. With a view to further facilitate listed entities to comply with the minimum public shareholding requirements, the following additional methods are allowed:-

   a) **Open market sale:** Sale of shares held by the promoters/promoter group up to 2% of the total paid-up equity share capital of the listed entity in the open market, subject to five times’ average monthly trading volume of the shares of the listed entity;

   b) **Qualified Institutions Placement:** Allotment of eligible securities through Qualified Institutions Placement in terms of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
3. **Conditions for open market sale:**
   
a) In respect of the method mentioned at paragraph 2(a) above, the listed entity shall, at least one trading day prior to every such proposed sale, announce the following details to the stock exchange(s) where its shares are listed:
   
i. the intention of the promoter/promoter group to sell and the purpose of sale;
   
   ii. the details of promoter(s)/promoter group, who propose to divest their shareholding;
   
   iii. total number of shares and percentage of shareholding proposed to be divested; and
   
   iv. the period within which the entire divestment process will be completed.
   
   b) The listed entity shall also give an undertaking to the recognized stock exchange(s) obtained from the persons belonging to the promoter and promoter group that they shall not buy any shares in the open market on the dates on which the shares are being sold by promoter(s)/promoter group as stated above.
   
   c) The listed entity, its promoter(s) and promoter group shall ensure compliance with all applicable legal provisions including that of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

4. Pursuant to the above, a compilation of all methods allowed for achieving compliance with the minimum public shareholding requirements is placed at **Annexure** for reference.
5. This Circular is issued in exercise of the powers conferred under sections 11 and 11A of the Securities and Exchange Board of India Act, 1992 read with regulations 38 and 101(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall supersede the Circular No. CIR/CFD/CMD/14/2015 dated November 30, 2015.

6. This Circular is available at www.sebi.gov.in under the link “Legal” and “Circulars”.

7. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.

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ANNEXURE

In order to achieve the minimum level of public shareholding mandated under rules 19(2)(b) and rule 19A of the Securities Contracts (Regulation) Rules, 1957, a listed entity shall adopt any of the following methods:

i. Issuance of shares to public through prospectus;

ii. Offer for sale of shares held by promoters to public through prospectus;

iii. Sale of shares held by promoters through the secondary market in terms of Circular reference No. CIR/MRD/DP/18/2012 dated July 18, 2012;

iv. Institutional Placement Programme (IPP) in terms of Chapter VIIIA of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

v. Rights Issue to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;

vi. Bonus Issues to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;

vii. Sale of shares held by promoters/promoter group up to 2% of the total paid-up equity share capital of the listed entity in the open market, subject to conditions specified under this Circular;

viii. Allotment of eligible securities under Qualified Institutions Placement in terms of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

ix. Any other method as may be approved by the Board on a case to case basis. For this purpose, the listed entity may approach the Board with appropriate details to obtain prior permission. The Board would endeavor to communicate its decision within 30 days from the date of receipt of the proposal or the date of receipt of additional information as sought from the listed entity.

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