

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:3928
ANSWERED ON:21.03.2013
PHALGUNA SAKA HOLDING NORMS OF COMPANIES
Thamaraiselvan Shri R.

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether there are many companies which need to meet the holding norms;
- (b) if so, the details thereof;
- (c) whether the promoters of these companies need to offload Rs. 26,000 crore share by June, 2013; and
- (d) if so, the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) (SHRI SACHIN PILOT) IN THE MINISTRY OF CORPORATE AFFAIRS

(a) & (b):- As on March 12, 2013, there are total 190 companies (14 Public Sector Undertakings (PSU) and 176 non PSU companies) in which public shareholding is less than the minimum public shareholding (MPS) requirement as mandated under the Securities Contracts (Regulation) Rules, 1957.

(c):- Based on information provided by Stock Exchanges, as on December 31, 2012 approximately Rs. 29,650 crore is to be divested. This value may undergo change depending on the market price of the share of these companies.

(d):- SEBI has specified the following methods for achieving MPS requirement in terms of rules 19(2) (b) & 19A of SCRR:

- 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 i.e. OFS through Stock Exchange;
- IV. Institutional Placement Programme (IPP)
- V. Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement.
- VI. Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.
- VII. Any other method as may be approved by SEBI, on a case to case basis.

SEBI vide circular dated August 29, 2012 had prescribed that listed entities desirous of achieving MPS requirement through other means may approach SEBI. It is also mentioned in the above circular that listed entities desirous of seeking any relaxation from the available methods may approach SEBI with appropriate details.

In order to bring out a plan of action and to resolve all outstanding issues for ensuring adherence MPS requirement for non- PSU companies, SEBI has initiated consultation process with the representatives of companies that are not meeting the MPS requirement.