



**CIRCULAR**

CIR/CFD/DIL/10/2010

December 16, 2010

To  
All Stock Exchanges

Dear Sir/Madam,

Sub: Amendments to the Equity Listing Agreement

1. In line with the objective of enhancing the quality of disclosures made by listed entities, it has been decided to effect certain amendments to the Equity Listing Agreement ("the LA") with respect to various continuous disclosures made by listed entities.
2. The full text of amendments to be effected in the LA is given in the **Annexure** hereto. A gist of the said amendments is as follows:-

**(I) Amendments to Clause 35 – Disclosure relating to shareholding pattern**

**(a) Disclosure of shareholding pattern prior to listing of securities**

Entities which seek listing of their securities post-IPO shall mandatorily submit their shareholding pattern as per Clause 35 of the LA one day prior to the date of listing, in order to ensure public dissemination of updated shareholding pattern. The stock exchanges shall upload the same on their websites before commencement of trading in the said securities.

**(b) Disclosure of shareholding pattern of listed entities pursuant to material changes in the capital structure**

With a view to ensure public dissemination of the shareholding pattern pursuant to capital restructuring in listed entities, it has been decided that in all cases wherein the change in capital structure due to such restructuring exceeds +/- 2% of the paid up share capital of the entities, the listed entities shall file a revised shareholding pattern with the stock exchanges within 10 days from the date of allotment of shares pursuant to such change in the capital structure, as per the format specified in clause 35 of the LA alongwith a footnote on what necessitated the filing of the revised shareholding pattern. The stock exchanges shall upload the same on their websites immediately.

**(c) Disclosure in respect of Depository Receipts**

In the case of listed entities which have issued Depository Receipts (DRs) overseas, in order to ensure a holistic and true picture of the promoter/promoter group holding in such entities, it has been decided that details of 'shares held by custodians and against which DRs have been issued' which are presently required to be disclosed in Table (I) (a) of Clause 35 shall be further segregated as those pertaining to the 'promoter/promoter group' and to the 'public'.



**(II) Amendments to Clause 40A – Minimum public shareholding**

Department of Economic Affairs, Ministry of Finance vide its notification dated June 4, 2010 and August 9, 2010 amended the Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 (“the Rules”), which requires a company which has issued shares under Rule 19 (2) (b) (ii) of the Rules to raise its public shareholding to the specified minimum in the manner specified by SEBI. In order to align the requirements in the LA with the amended Rules and to specify the manner in which public shareholding may be raised to the prescribed minimum, it has been decided to amend the LA to provide that:-

- (i) the company agrees to comply with the requirements specified in Rule 19(2) and Rule 19A of the Rules,
- (ii) Where the company is required to achieve the level of public shareholding as specified in Rule 19(2) and/or 19A of the Rules,, it shall adopt any of the following methods to raise the public shareholding to the required level:
  - (a) issuance of shares to public through prospectus; or
  - (b) offer for sale of shares held by promoters to public through prospectus;  
or
  - (c) sale of shares held by promoters through the secondary market.

For adopting methods as specified at point (c) the company agrees to take prior approval of the Specified Stock Exchange, which may impose such conditions as it may deem fit.

**(III) Amendments to Clause 5A - Uniform procedure for dealing with unclaimed shares**

While the existing clause 5A in the equity listing agreement addresses and resolves the practical difficulties of companies which have issued shares in electronic mode; it does not address the difficulties faced by companies which had in the past issued shares in physical mode. These share certificates may have remained unclaimed by the shareholders due to insufficient/incorrect information or for any other reason. Thus it has been decided to amend the clause to provide for the aforesaid procedure.

**(IV) Amendment to Clause 20 & 22- Corporate Announcement**

In order to enable investors to manage their cash/securities flows efficiently and to enhance process transparency, it has been decided to mandate companies to have a pre-announced fixed pay date for payment of dividends and for credit of bonus shares.

**(V) Amendment to Clause 21 - Notice Period**

Consequent to amendment in clause 20 & 22, as above, it has been decided to amend the Clause 21 by removing references to dividend payments.

**(VI) Insertion of Clause 53 - Disclosures regarding agreements with the media companies**

In order to ensure public dissemination of details of agreements entered into by corporates with media companies, it has been decided that the listed entities shall disclose details of such agreements on their websites and also notify the stock exchange of the same for public dissemination.



**(VII) Insertion of Clause 54 – Maintenance of a website**

In order to ensure/enhance public dissemination of all basic information about the listed entity, it has been decided to mandate that the listed entities maintain a functional website that contains certain basic information about them, duly updated for all statutory filings, including agreements entered into with media companies, if any.

3. The above listing conditions are specified in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992. The said listing conditions should form part of the existing Listing Agreement of the stock exchange. A text of amendments in the Listing Agreement is enclosed as **Annexure**.
4. **Applicability**
  - a. The provisions of para (2)(I)(a), 2(I)(b) and (2)(I)(c) above, (2)(II), (2) (III) and 2 (VI) shall be applicable with immediate effect.
  - b. The provisions of para (2) (IV) and (2) (V) shall be applicable for all board / shareholders' meetings convened for this purpose on or after January 01, 2011.
  - c. The provisions of para (2) (VII) above shall be applicable with effect from April 01, 2011.
5. All stock exchanges are advised to ensure compliance with this circular and carry out the amendments in their Listing Agreement as per the Annexure to this circular.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

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Encl: as above



**Amendments to Listing Agreement**

1. In Clause 5A, the following shall be inserted, namely:-

*“For shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed, the issuer company agrees to comply with the following procedure:*

- (a) The registrar to the issue shall send at least three reminders at the address given in the application form as well as captured in depository’s database asking for the correct particulars. If no response is received, the issuer company shall transfer all the shares into one folio in the name of “Unclaimed Suspense Account”.*
- (b) The issuer company shall dematerialise the shares held in the Unclaimed Suspense Account with one of the Depository Participants.*
- (c) All corporate benefits in terms of securities accruing on such shares viz. bonus shares, split etc. shall also be credited to such Unclaimed Suspense Account.*
- (d) The voting rights on such shares shall remain frozen till the rightful owner claims the shares.*
- (e) The Unclaimed Suspense Account shall be held by the issuer company purely on behalf of the allottees who are entitled for the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of allotting the shares to the allottee as and when he/she approaches the issuer company.*
- (f) The issuer company shall maintain details of shareholding of each individual allottee whose shares are credited to such Unclaimed Suspense Account.*
- (g) As and when an allottee approaches the issuer company, the issuer company shall, after proper verification, either credit the shares lying in the Unclaimed Suspense Account to the demat account of the allottee to the extent of the allottee’s entitlement, or deliver the physical certificates after re-materialising the same, depending on what has been opted for by the allottee.*
- (h) The issuer company shall also disclose the following details in its Annual Report till the time the shares are in the Unclaimed Suspense Account:-*
  - (i) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year;*
  - (ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year;*
  - (iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year;*
  - (iv) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.”*



3. In Clause 20, after sub-clause (d), the following proviso shall be inserted:-  
“Provided that an intimation made to stock exchanges under sub-clause (a) shall also contain the date on which dividend shall be paid/dispatched”.
4. In Clause 21, the following amendments shall be carried out:-
  - (i) the words “the dividend on shares” occurring after words “from which the” and before the words “interest on debentures” shall be deleted.
  - (ii) The words “dividend warrants” occurring after words “issue simultaneously the” and before the words “interest warrants” shall be deleted.
  - (iii) The words “payment of dividend” occurring after words “date fixed for” and before words “interest on debentures” shall be deleted.
5. In Clause 22, after sub-clause (d), the following proviso shall be inserted:-  
“Provided that an intimation made to stock exchanges under sub-clause (a) shall also contain the date on which such bonus shares would be credited/dispatched”.
6. In Clause 24(d)(ii), the words “guidelines on disclosure and investor protection issued by SEBI” shall be substituted with the words “the SEBI (ICDR) Regulations, 2009”
7. In Clause 35 of the Equity Listing Agreement, the following amendments shall be carried out:-
  - (i) The introductory paragraph of the said clause may be substituted with the following:-  
“The issuer company agrees to file with the exchange the following details, separately for each class of equity shares/security in the formats specified in this clause, in compliance with the following timelines, namely :-
    - a. One day prior to listing of its securities on the stock exchanges.
    - b. On a quarterly basis, within 21 days from the end of each quarter.
    - c. Within 10 days of any capital restructuring of the company resulting in a change exceeding +/-2% of the total paid-up share capital”
  - (ii) In table (I)(a), the introductory sub-table detailing the name of the company, scrip code etc., shall be substituted with the following:-

<i>Name of the Company:</i>			
<i>Scrip Code, Name of the scrip, class of security:</i>			
<i>Quarter ended:</i>			
<i>Partly paid-up shares:-</i>	<i>No. of partly paid-up shares</i>	<i>As a % of total no. of partly paid-up shares</i>	<i>As a % of total no. of shares of the company</i>
<i>Held by promoter/promoter group</i>			



<i>Held by public</i>			
<b>Total</b>			
<i>Outstanding convertible securities:-</i>	<i>No. of outstanding securities</i>	<i>As a % of total no. of outstanding convertible securities</i>	<i>As a % of total no. of shares of the company, assuming full conversion of the convertible securities</i>
<i>Held by promoter/promoter group</i>			
<i>Held by public</i>			
<b>Total</b>			
<i>Warrants:-</i>	<i>No. of warrants</i>	<i>As a % of total no. of warrants</i>	<i>As a % of total no. of shares of the company, assuming full conversion of warrants</i>
<i>Held by promoter/promoter group</i>			
<i>Held by public</i>			
<b>Total</b>			
<b>Total paid-up capital of the company, assuming full conversion of warrants and convertible securities</b>			

(iii) Para. (C) of Table (I)(a) may be substituted with the following, namely:-

Category code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in demat form	Total shareholding as a percentage of total no. of shares		Shares Pledged or otherwise encumbered	
					As % of (A+B)	As % of (A+B+C)	No. of Shares	As a % (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	



(C)	Shares held by custodian and against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public							

(iv) Table (II) (b) may be substituted with the following, viz.,:-

**Statement showing holding of Depository Receipts (DRs), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	No. of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.				
2.				
<b>TOTAL</b>				

8. Clause 40A shall be substituted with the following, namely:-

"40A.

- (i) *The issuer company agrees to comply with the requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.*
- (ii) *Where the issuer company is required to achieve the minimum level of public shareholding specified in Rule 19(2)(b) and/or Rule 19A of the Securities Contracts (Regulation) Rules, 1957, it shall adopt any of the following methods to raise the public shareholding to the required level:-*
  - (a) *issuance of shares to public through prospectus; or*
  - (b) *offer for sale of shares held by promoters to public through prospectus; or*
  - (c) *sale of shares held by promoters through the secondary market.*

*Provided that for the purpose of adopting the method specified at sub-clause (c) above, the issuer company agrees to take prior approval of the Specified Stock Exchange (SSE) which may impose such conditions as it deems fit.*



**Explanation:** For the purposes of this clause the term “Specified Stock Exchange (SSE)” shall mean: -

- (a) where the issuer company is listed on one stock exchange only, then that stock exchange;
- (b) where the issuer company is listed on one or more stock exchange(s) having nationwide trading terminal(s) and / or on one or more stock exchange(s) not having nationwide trading terminal(s), then all such stock exchange(s) having nationwide trading terminal(s); and
- (c) where the issuer company is listed on one or more stock exchange(s) and none of those stock exchanges have nationwide trading terminals, then the stock exchange which was chosen as the Designated Stock Exchange by the company for the previous issue of its shares, or the regional Stock Exchange, as the case may be.”

9. In Clause 44, the words “guidelines on disclosure and investor protection issued by SEBI” shall be substituted with the words “the SEBI (ICDR) Regulations, 2009”.

10. After Clause 52, the following clauses shall be inserted :-

“53. The issuer company agrees to notify the stock exchange and also disseminate through its own website, immediately upon entering into agreements with media companies and/or their associates, the following information:-

- a. Disclosures regarding the shareholding (if any) of such media companies/associates in the issuer company.
- b. Any other disclosures related to such agreements, viz., details of nominee of the media companies on the Board of the issuer company, any management control or potential conflict of interest arising out of such agreements, etc.
- c. Disclosures regarding any other back to back treaties/contracts/agreements/MoUs or similar instruments entered into by the issuer company with media companies and/or their associates for the purpose of advertising, publicity, etc.

54. The issuer company agrees to maintain a functional website containing basic information about the company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and/or their associates, etc. The issuer company also agrees to ensure that the contents of the said website are updated at any given point of time.”

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