

# Listed PSUs to get one more year to achieve 25% minimum public shareholding norm

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Listed public sector companies will get one more year time to achieve minimum public shareholding of 25 per cent.

The Finance Ministry has notified changes in the norm. A rule notified in 2018 had mandated every listed public sector company, which has public shareholding below 25 per cent, to increase its public shareholding to at least 25 per cent, within a period of two years from the date of that notification (August 3, 2018). This means the period is coming to end this month. Since many of PSUs are yet to achieve a minimum public shareholding target and considering the pandemic situation, it has been decided to give more time to them to achieve the target.

There are 45 Central Public Sector Enterprises listed on the BSE, of which, some of them are yet to achieve minimum public shareholding. Hindustan Copper has Government shareholding of 76.05 per cent while MMTC has 89.93 per cent, SJVN has 86.77 per cent, NLC India has 79.20 per cent and ITDC has 87.03 per cent. This means these companies need to lower Government's holding to at least 75 per cent and increase minimum public shareholding to at least 25 per cent.

Public means persons other than - (i) the promoter and promoter group; (ii) subsidiaries and associates of the company. Public shareholders can be individual or financial institutions and they normally buy shares through public offer or secondary markets. In or-

der to bring more transparency in the working of listed companies, the concept of minimum public shareholding was introduced.

## Second relief

More time for achieving minimum public shareholding is the second major relief on the compliance front for the listed companies during the pandemic. Earlier, on May 14, SEBI relaxed applicability of action against not maintaining the shareholding norm. According to the regulator, after taking into consideration requests received from listed entities and industry bodies as well as considering the prevailing business and market conditions, it has been decided to grant relaxation from the applicability of the October 10, 2017 circular.

"Recognised Stock Exchanges are advised not to take any penal action as envisaged in the October 10, 2017 circular against such entities in case of non-compliance during the said period. Penal actions, if any, initiated by Stock Exchanges from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities may be withdrawn. This Circular shall come into force with immediate effect," the regulator had said.

As per the norms, exchanges can impose a fine of up to ₹10,000 on companies for each day of non-compliance with MPS requirements. Besides, exchanges can intimate depositories to freeze the entire shareholding of the promoter and promoter group.