

Cos. failing to meet public holding norm face stiff Sebi action

The Securities and Exchange Board of India (Sebi) today said 105 companies had failed to meet the minimum public shareholding requirement and barred the promoters and directors of these companies from accessing the capital market till they achieved compliance.

They could, however, access the market for meeting the shareholding requirement.

According to an interim order passed by Sebi whole-time member Prashant Saran, these firms' voting rights and corporate benefits, such as dividend and bonus with respect to excess shareholding of promoters or promoter groups, would be frozen till they comply with the 25 per cent public holding norm.

The deadline for private companies to meet the criterion expired yesterday. State-owned ones, however, have time till August to bring government holding down to 90 per cent.

According to details from stock exchanges, 35 of the 105 firms that failed to meet the requirement were already in the suspended category.

The shareholders forming part of the promoter group of the non-compliant companies, as well as their directors, have also been restrained from holding new positions as directors at other listed firms.

"Despite repeated cautionary advice and enabling methods provided to all companies, the said companies have failed to comply with the requirement of minimum public shareholding within the specified timeline," Saran said in the order.

Sebi also said the entities or persons against whom it had passed the order could file their replies, if any, within 21 days. These entities could also ask for personal hearing before Sebi in their replies.

The regulator said its order was without prejudice to the right of Sebi to take any other action, including levying of monetary penalty, initiating criminal proceedings, moving scrips to trade-to-trade segment and excluding scrips from the F&O segment, against non-compliant companies and their promoters.

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