

**\*“Significant Beneficial Owner”** in relation to a reporting company means an individual referred to in subsection (1) of section 90, who acting alone or together, or through one or more persons or trust, possesses one or more of the following rights or entitlements in such reporting company, namely :-

- i. holds indirectly, or together with any direct holdings, not less than ten per cent. of the shares;
- ii. holds indirectly, or together with any direct holdings, not less than ten per cent. of the voting rights in the shares;
- iii. has right to receive or participate in not less than ten per cent. of the total distributable dividend, or any other distribution, in a financial year through indirect holdings alone, or together with any direct holdings;
- iv. has right to exercise, or actually exercises, significant influence or control, in any manner other than through direct holdings alone:

Explanation I - For the purpose of this clause, if an individual does not hold any right or entitlement indirectly under sub-clauses (i), (ii) or (iii), he shall not be considered to be a significant beneficial owner.

Explanation II - For the purpose of this clause, an individual shall be considered to hold a right or entitlement directly in the reporting company, if he satisfies any of the following criteria, namely.—

- i. the shares in the reporting company representing such right or entitlement are held in the name of the individual;
- ii. the individual holds or acquires a beneficial interest in the share of the reporting company under subsection (2) of section 89, and has made a declaration in this regard to the reporting company.

Explanation III. – For the purpose of this clause, an individual shall be considered to hold a right or entitlement indirectly in the reporting company, if he satisfies any of the following criteria, in respect of a member of the reporting company, namely:-

- (i) where the member of the reporting company is a body corporate (whether incorporated or registered in India or abroad), other than a limited liability partnership, and the individual,
  - a. holds majority stake in that member; or
  - b. holds majority stake in the ultimate holding company (whether incorporated or registered in India or abroad) of that member;
- (ii) where the member of the reporting company is a Hindu Undivided Family (HUF) (through karta), and the individual is the karta of the HUF;
- (iii) where the member of the reporting company is a partnership entity (through itself or a partner), and the individual,-
  - a. is a partner; or
  - b. holds majority stake in the body corporate which is a partner of the partnership entity; or
  - c. holds majority stake in the ultimate holding company of the body corporate which is a partner of the partnership entity.

(iv) where the member of the reporting company is a trust (through trustee), and the individual,-

- a. is a trustee in case of a discretionary trust or a charitable trust;
- b. is a beneficiary in case of a specific trust;
- c. is the author or settlor in case of a revocable trust

(v) where the member of the reporting company is,- (a) a pooled investment vehicle; or (b) an entity controlled by the pooled investment vehicle,

based in member State of the Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the International Organization of Securities Commissions, and the individual in relation to the pooled investment vehicle,-

- A. is a general partner; or
- B. is an investment manager; or
- C. is a Chief Executive Officer where the investment manager of such pooled vehicle is a body corporate or a partnership entity.

Explanation IV. Where the member of a reporting company is,

- (i) a pooled investment vehicle; or
- (ii) an entity controlled by the pooled investment vehicle,

based in a jurisdiction which does not fulfil the requirements referred to in clause (v) of Explanation III, the provisions of clause (i) or clause (ii) or clause (iii) or clause (iv) of Explanation III, as the case may be, shall apply.

Explanation V. – For the purpose of this clause, if any individual, or individuals acting through any person or trust, act with a common intent or purpose of exercising any rights or entitlements, or exercising control or significant influence, over a reporting company, pursuant to an agreement or understanding, formal or informal, such individual, or individuals, acting through any person or trust, as the case may be, shall be deemed to be ‘acting together’.

Explanation VI. – For the purposes of this clause, the instruments in the form of global depository receipts, compulsorily convertible preference shares or compulsorily convertible debentures shall be treated as ‘shares’.