

Sebi puts IPO drafts under close scrutiny

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After Paytm's IPO fiasco, Sebi has turned cautious while giving clearance to the initial share sales as it has returned the preliminary papers of half a dozen companies, including Oravel Stays, which runs hospitality chain Oyo, in over two months.

These companies have been asked to refile their draft red herring prospectus (DRHP) with certain updates.

Apart from Oyo, the firms whose draft papers have been returned by the regulator are — Go Digit General Insurance Ltd, a firm backed by Canada-based Fairfax Group; home-grown mobile maker Lava International; B2B payments and services provider Paymate India; Fincare Small Finance Bank India and integrated services company BVG India, according to an analysis of data with the Securities and Exchange Board of India (Sebi).

The six companies had filed their preliminary initial public offering (IPO) papers with Sebi between September 2021 and May 2022 and their papers were returned during January-March (till 10 March).

Together, these companies were hoping to raise at least ₹12,500 crore.

Sebi has become stricter in its approach while giving its go-ahead to IPOs after investors lost their money in some of the high-profile initial



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shares in 2021 and according to data compiled by *Primedatabase.com*, the average time taken by the markets regulator in approving an IPO in 2022 was 115 days.

"After the IPO fiasco following the listing of new age digital companies like Paytm, Zomato and Nykaa in which investors lost heavily, Sebi has tightened the approval norms for IPOs. This is welcome and is in the interest of investors," V.K. Vijayakumar, chief investment strategist at Geojit Financial Services, said.

However, ultimately investors have to apply their minds while applying for IPOs and avoid high-priced issues, he added.

One97 Communications, the parent entity of digital payments firm Paytm, made a disappointing debut on the bourses in November 2021. The company's ₹18,300-crore IPO was the biggest on Dalal Street after Coal India.

The digital payment firm stock was still trading 72% lower from its issue price.