

Rights issue-preferential combo, 'demystified' IPO filing on table

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The buoyant primary markets will soon receive additional support from the Securities and Exchange Board of India (Sebi). Plans are underway to streamline IPO filing and introduce a new fundraising avenue for listed companies, reducing turnaround time in a bid to encourage private capital expenditure. Propelled by bullish mar-



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MADHABI PURI BUCH
Chairperson, Sebi

ket conditions, nearly ₹1 trillion has been raised so far this year through initial public offerings (IPOs), rights issues,

and qualified institutional placements (QIPs). “The most important part of the role of the capital mar-

kets is capital formation. So, it is a matter of great pride that India ranks first in the global league tables for total number of IPOs and issuances worldwide,” said Madhabi Puri Buch, chairperson, Sebi, at the annual capital markets conference organised by industry body Ficci.

Turn to Page 6

► **SEBI TO RELAX NORMS FOR INVESTMENT ADVISORS** P12

FROM PAGE 1

India tops in annualised growth in IPO fundraising: Buch

According to PRIME Database, 40 companies have raised ₹36,286 crore so far this year. Four IPOs, aiming to cumulatively raise ₹12,000 crore, will close next week.

Buch noted that in terms of annualised growth in IPO fundraising over the past five years, India is at the top.

To encourage more fundraising, Buch said, Sebi will soon introduce a “demystified” format for filing offer documents, featuring a fill-in-the-blank approach and a separate section for explaining complexities. She also announced that the markets regulator is working on a new mode of fundraising, drawing from the frameworks governing rights issues and preferen-

tial allotment. The Sebi chief said that the regulator is looking to reduce processing and approval times for applications, given the large pipeline of IPO filings. Although the time taken to clear IPO documents has decreased, according to her, some delays persist due to incomplete filing, inconsistencies in applications, or internal due diligence.

Erroneous IPO applications are “cluttering the path” for quality ones seeking approvals. To address this, Sebi is using artificial intelligence for faster approvals, with 80 per cent of the work done through this technology, she noted. As of July, the regulator processed around 86 IPO docu-

ments. Of these, 65 received observation letters or approvals, 16 were returned, and four were withdrawn. Sebi may soon start the consultation process for feedback on the new fundraising avenue.

“We will introduce a combo product of a rights issue and preferential allotment, combining the best of both. The timeline for this will be cut in half from the current 23 days for rights issues and 42 days for preferential allotments,” Buch said. “The whole objective is that we should now create this equivalent of express highway to be able to do fundraising in a way that is fast, cost effective, and at the same time fully protects the investor.”