

SEBI returned 17 IPO documents in FY25

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SEBI has returned 17 IPO offer documents in the last financial year, up from seven in the previous fiscal.

Companies whose documents were returned include Avanse Financial, BMW Ventures and Vishal Mega Mart, data from PRIME Database showed.

Some of these companies refiled their offer documents and subsequently got them cleared. In fact, Vishal Mega Mart listed its shares in December after launching its IPO successfully.

Draft offer documents that lack proper due diligence or disclosure are being returned, said experts.

"SEBI is strictly interpreting the regulations and their compliance in the DRHP. There is no scope for any leeway or grey area," said a banker.

Earlier, there used to be a lot of back and forth between the market regulator and the investment bankers on corrections and amplifications required for the draft prospectus — with the regulator asking for missing details and the bankers subsequently furnishing them.

IN FAST TRACK MODE

In the past two years, the regulator has returned the documents to bankers rather than letting them remain in the processing stage for an indefinite period of time.

The regulator had earlier drawn flak for taking too much time to greenlight IPO documents.

The regulator had issued guidelines for returning draft offer documents and their resubmission in February last year.

"It has been observed that at times, draft offer docu-



ments filed with the Board for public issue lacking in compliance with respect to instructions provided under Schedule VI of ICDR Regulations. Such documents require revisions and, thus, lead to a longer processing time," the circular had said.

REASONS FOR RETURN

According to the circular, the draft offer document can be returned if it lacks substantial revision or addenda on key disclosures or corrective measures on account of regulatory interpretation, among other things. The draft offer, including risk factors, has to be worded in simple language and should avoid inconsistency in data and facts.

"It could be that the regulator is not happy with the justifications provided for working capital as an issue object. Or there could be some issue with KPI disclosures. Or smaller issues such as typos. In all these cases, the document may be returned," an official from a law firm said.

The official, however, clarified that returning documents is preferable to the regulator rejecting the document, which would mean the company cannot refile the document for one year.

"If they officially reject it under the general order, you can't file the document for one year. But if the documents are returned, they it can be refiled immediately," the official said.