

REDUCES offer size if post-issue m-cap tops ₹1 L cr; move will increase market depth, say experts

Sebi Eases Min Public Offer Norms, Clears Path for LIC, Other Big IPOs

Reena.Zachariah@timesgroup.com

Mumbai: India late Wednesday cleared the decks for ultra-mega initial share sales locally by its giant closely held companies, easing the minimum public offer norms at a time when the total market capitalisation of listed assets is beginning to outrun the country's gross domestic output.

The Securities and Exchange Board of India (Sebi), which held a meeting of its board members Wednesday, said that for issuers with post-issue market capitalisation exceeding ₹1 lakh crore, the need for the minimum public offer will be reduced from 10% of post-issue market capital to ₹10,000 crore, plus 5% of the incremental amount beyond ₹1 lakh crore.

India's largest institutional investor, the Life Insurance Corp (LIC), is considering an initial public offering (IPO) that analysts believe might be the biggest to date.



Sebi chief Ajay Tyagi with Finance Minister Nirmala Sitharaman at the Sebi Board meeting in New Delhi on Wednesday. - PTI

At the end of trading Wednesday, only 34 listed companies in India had market capitalisation in excess of ₹1 lakh crore. The list is headed by Reliance, TCS and HDFC Bank.

Issuers would be required to achieve at least 10% public shareholding in two years — and 25% within five years from the date of listing. At present, issuers with a post-issue market capital of at least ₹4,000 crore are required to offer to the public at least

10% of their post-issue stock. Besides, such issuers need to achieve a minimum public shareholding (MPS) of 25% within three years from the date of listing.

"The change in MPS norms is very appropriate as it would allow very large companies, like the LIC and many high-tech companies with very large valuations, to do a domestic offer with ease," said Prithvi Haldea, chairman of PRIME Database. "This wo-

uld also prevent the export of our capital markets and increase its depth."

Finance Minister Nirmala Sitharaman addressed the regulator's board before its formal meeting and stressed the need for timely implementation of the budget announcements relating to the capital markets.

After the presentation of the union budget every year, it is customary for the finance minister to address the boards of Sebi and the Reserve Bank of India (RBI).

It was proposed in the budget to introduce a unified securities market code aimed at eliminating overlapping and outdated laws. The government intends to consolidate the Sebi Act, Depositories Act, Securities Contracts (Regulation) Act and Government Securities Act. The government also named Sebi as the regulator for gold commodity bourses.

The Sebi board also approved allowing merchant bankers and brokers to carry out underwriting activities.