

Firms rush to file offer documents with Sebi

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Several companies have rushed to file their draft red herring prospectus (DRHP) with market regulator Securities and Exchange Board of India (Sebi) this month to ensure they meet a key deadline pertaining to financial disclosures. The rush is also the result of supportive sentiment towards the initial public offerings (IPOs), following a year of blockbuster listing gains.

According to data compiled by Prime Database, a firm tracking IPOs, 12 companies looking to raise a cumulative ₹22,230 crore (\$3 billion) have filed their offer documents so far this month.

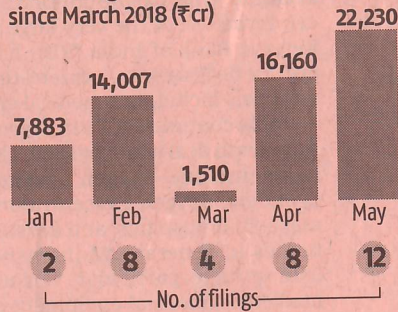
In terms of amount, this is most since August 2017 when nine companies looking to raise a total of ₹34,434 crore had filed their DRHPs. In terms of number of filings, this is the highest since March 2018, when 12 companies looking to raise ₹10,327 crore had filed their offer documents.

Legal experts said the financial statements disclosed in the DRHP cannot be older than 135 days, which might have resulted in a mad rush this month by companies who wanted to file based on their December quarter numbers.

"If companies would have missed the May 14 deadline, they would have to

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The 12 filings this month is the most since March 2018 (₹ cr)



include March 2021 financials in the offer document or the underwriters will have to rely on enquiry based comfort from the auditors as a part of their due diligence. Year-end financials can, theoretically speaking, be prepared in 45 days and so, if planned properly, the inability of the issuer to use December financials does not have to result in a delay in IPO timelines," explained Murtaza Zoomkawala, managing associate, L&L Partners.

Experts said readying the financial disclosures can be a tedious process from an IPO point of view and, hence, many com-

panies that have filed last week

	Est amt (₹ cr)
Go Airlines	3,600
Penna Cement	1,550
Aptus Value	3,000
Windlas Biotech	NA
Devyani International	1,000
Supriya Lifescience	1,200
Cartrade Tech	0
Krsnaa Diagnostics	1,200

panies manage to file their DRHPs days before the deadline.

"The restatement of financial statements is time consuming and one of the most critical milestones for a potential issuer company. That is the reason why companies whose financials are about to hit the six-month mark push for filing their offer documents before reaching that trigger point. Else, their targeted launch deadlines would get significantly delayed. And that's exactly what we witnessed recently," said Prashaant Vikram Rajput, partner, White & Brief Advocates

and Solicitors.

Among the companies that have filed with Sebi last week are Go Airlines; Devyani International, a quick service restaurant (QSR) company; Aptus Value, a South India based mortgage housing finance company; Supriya Lifescience, a drug manufacturer; and, Krsnaa Diagnostics.

Typically, Sebi takes between two and three months to vet a DRHP, after which the company is given approval to launch its IPO. Experts said companies that have filed in recent weeks will be able to hit the market comfortably during the third quarter of the year.

In 2019 and 2020, there were an average two filings every month. This year the average has been seven. As many as 34 companies looking to raise a cumulative ₹62,000 crore (\$8.5 billion) have filed their offer documents so far this year. This signals a strong IPO pipeline for the year.

"The market is ripe for IPO as investor appetite remains robust. This year we will see more IPOs than last year. It will be a broad-based year where companies from different sectors will be able to tap the market," said Ajay Saraf, executive director and head of investment banking at ICICI Securities.

In 2020, 15 IPOs worth ₹26,611 crore had hit the market.