

Indian IPO market strengthening through reforms: A review

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Abstract

Indian capital market is an emerging financial market which is constantly endeavoring to evolve as one of the Asia's most developed markets. In this regard, the Indian capital market regulator, SEBI (Securities and exchange board of India), ever since 1992, has been actively contributing with stream of rules, regulations and reforms to help Indian capital market grow and develop in a regulated manner, in alignment with economic development goals of the nation. One of the main constituent of capital market is Primary market, where securities are issued by companies, public and private sectors, for the first time to raise capital from public for investment in productive ventures, thus mobilizes the investible surplus in the economy and helps in capital formation. The primary securities market has four major modes, IPO (Initial Public Offer), FPO (Follow up Public Offer), Rights Issue and Debt Issue. In this paper reforms related to only IPO market has been dealt with. Efforts are being made to track the reforms in primary market (IPO segment) brought by SEBI, starting from the year 2008-09, the year of global economic meltdown, which caused a crash in the stock markets world over. For this purpose the annual reports of SEBI have been downloaded from its official website and a careful study has been conducted to track the reforms. The paper highlights some of the major reforms brought in the IPO market segment related to the issue process, investor protection, disclosure norms and transparency, intermediaries functioning, rationalizing time period involved, etc.

Keywords: primary market, reforms, IPO, disclosures, investor protection

Introduction

Every modern economy is based on a sound financial system which helps in production, capital and economic growth by encouraging savings habits, mobilising savings from households and other segments and allocating savings into productive usage such as trade, commerce, manufacture etc. Efficient transfer of resources from those having idle resources to others who have a pressing need for them is achieved through financial markets. The financial markets have two major components; the money market and the capital market. (This paper's scope is restricted to only the Capital Market and its regulator).

The Capital Market is a market for financial investments that are direct or indirect claims to capital. It is wider than the Securities Market and embraces all forms of lending and borrowing. The Capital Market comprises the complex of institutions and mechanisms through which intermediate term funds and long term funds are pooled and made available to business, government and individuals. The Capital Market also encompasses the process by which securities already outstanding are transferred. The Securities Market refers to the markets for those financial instruments/claims/obligations that are commonly and readily transferable by sale. The Securities Market has two inter-dependent and inseparable segments, the new issues (primary) market and the stock (secondary) market.

The primary market provides the channel for sale of new securities, while the secondary market deals in securities previously issued. The issuer of securities sells the securities in the primary market to raise funds for investment and/or to discharge some obligation. In other words, the market wherein resources are mobilised by

companies through issue of new securities is called the primary market. These resources are required for new projects as well as for existing projects with a view to expansion, modernisation, diversification and up-gradation.

The Primary Market (New Issues) is of great significance to the economy of a country. It is through the primary market that funds flow for productive purposes from investors to entrepreneurs. (The scope of the paper is limited to reforms in the primary market segment of the capital market).

It is important to ensure smooth working of capital market, as it plays a vital role in determining the economic growth of the country. Various laws have been passed from time to time to meet this objective. The main legislations governing the Capital Market are:

1. The SEBI Act, 1992 which establishes SEBI to protect investors and develop and regulate securities market.
2. The Securities Contracts (Regulation) Act, 1956, SC (R) A which regulates transactions in securities through control over stock exchanges.
3. The Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat securities.
4. The Companies Act, 2013, which sets out the code of conduct for the corporate sector in relation to Issue, allotment and transfer of securities and disclosures to be made in public issues.

The reform process was initiated with the establishment of Securities and Exchange Board of India. The SEBI Act, 1992 establishes SEBI with statutory powers for (a) protecting the interests of investors in securities, (b) promoting the development of the securities market, and

(c) regulating the securities market. Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with securities market. It can conduct enquiries, audits and inspection of all concerned and adjudicate offences under the Act. It has powers to register and regulate all market intermediaries and also to penalise them in case of violations of the provisions of the Act, Rules and Regulations made there under. SEBI has full autonomy and authority to regulate and develop an orderly securities market.

Objectives of the study

To trace the policies and programs initiated by SEBI for improved disclosure environment enhanced investor protection and promoting regulated development of Primary Securities Market during the study period of 2008-09 to 2015-16. This study is an attempt to list down, year-wise, various reforms brought in by the securities market regulator SEBI in the primary market functioning in particular related to public offering of shares by companies (IPO). The base of the study has been the annual reports of SEBI. Focus has been on the following : reforms related to disclosures in IPO prospectus as well as continued disclosures mechanism, issues related to corporate governance, issues related to improved liquidity of securities issued, enhancing shareholder interest protection, rationalization of Issue processes and compliance, improving investment culture, encouraging retail investor participation, etc. It also tracks the behavior of the IPO market over the study period in terms of number issues that came out and the quantum resources that have been mobilized through this channel, year wise.

Research Methodology

For tracking the reforms brought in by SEBI with regard to the primary market (IPO segment), annual reports of SEBI for the period from 2008 to 2016 were downloaded from SEBI website. Based on careful study of these reports, required information was gathered for the study period related reforms pertaining to Indian IPO market and interpreted. The SEBI Annual Report is a compilation and analysis of the happenings in securities market. The Annual Report serves to enlighten the public at large on what SEBI had intended to accomplish during the previous year and what was actually carried out.

Need for reforms

SEBI has come a long way since its inception as an institution regulating the Indian Capital Markets. It has initiated a lot of reforms to make the market more safer for investors. A healthy and regulated primary market is vital for maintaining the confidence of issuers, intermediaries and investors. In order to keep pace with the changing economic environment and to address concerns of various market participants, especially issuers and the investing community, regulations governing the primary market have been amended from time to time. Such reviews are intended to facilitate easy capital mobilisation by industry while ensuring adequate

investor protection. These measures are intended to make the primary securities market more efficient and vibrant. This paper deals with some of the major policy reforms brought by SEBI in the primary market segment from 2008 to 2016.

Following are the reforms brought in by SEBI (Securities and Exchange Board of India) from 2008 to 2016, year-wise, related in particular to IPO (Initial Public Offerings) segment of the market. These are not exhaustive; include only those which are material to the objectives of the study:

2008-09

Due to global economic recession in 2008-09, the equity markets world over came crashing down. This caused a meltdown in the Indian Equity market as well. Due to this only fewer companies entered the primary market and also the investor's response to public issues was very low compared to the previous financial year. There was a low resource mobilization and number of issues this year. However, with the ongoing reforms by SEBI, the investor's confidence in the primary market could be maintained. Following were the major policy initiatives taken by SEBI relating to the primary market (IPO segment) during 2008-09:

Applications Supported by Blocked Amount (ASBA)

SEBI introduced a new mode of payment in public issues through book building wherein the application money remains blocked in the bank account of the applicant till allotment is finalised. The said process named ASBA is supplementary to the existing process of applying in public issues through cheque/draft.

Eligibility of Shares for Promoters' Contribution and Offer for Sale

SEBI (DIP) Guidelines provided that only those shares, which are held by shareholders for a period of at least one year at the time of filing of draft offer document for a public issue were eligible (i) to be included for computing promoters' contribution (except in cases where the shares have been issued at the same issue price during the preceding one year) and (ii) to be offered for sale. The shares issued pursuant to a restructuring exercise approved by High Court(s), in lieu of business that had been in existence for a period of more than one year prior to the restructuring exercise were excluded. The amendments made permitted such shares as eligible shares for offer for sale and for inclusion in the promoters' contribution.

Extension of Validity Period of SEBI Observations

The validity period of the observations letter issued by SEBI on draft offer documents filed for public/rights issues was increased from three months to a period of twelve months. This measure would give sufficient flexibility to issuer to plan for launching an issue. Every issuer is required to file an updated offer document with SEBI and where updating includes significant changes in the offer document, such an updated Red Herring Prospectus/ Prospectus or Letter of Offer shall be filed with SEBI at least one month before filing the same with

Registrar of Companies (RoC) or with Designated Stock Exchange as the case may be.

Announcement of Price Band before Initial Public Offer Opens

The provisions in SEBI (DIP) Guidelines mandated disclosure of the floor price or price band in an initial public offer through the book building process in the Red Herring Prospectus (RHP) filed with the RoC. Given that there is a time lag of about two weeks between the filing of the RHP with the RoC and issue opening date, this exposed the price band disclosed in the RHP to market conditions. In order to mitigate this, issuers making an initial public offer were permitted to announce the floor price or price band at least two working days before the issue opening date subject to fulfillment of certain disclosure requirements.

Provisions Pertaining to Corporate Governance

To enhance the standards of corporate governance for listed entities, amendments were carried out in Clause 49 of the listing agreement by introducing new provisions such as (i) requirement to have at least one-half of the board as independent directors, if the nonexecutive Chairman of the company is a promoter or is related to promoters or persons occupying management positions at the board level or at one level below the board, (ii) specifying the minimum age limit of 21 years for independent directors, (iii) specifying the maximum time gap (i.e., 180 days) between the retirement and resignation of an independent director and appointment of another independent director in his place, and (iv) requiring the listed companies to disclose the inter-se relationship between the directors in the filing made with stock exchanges.

Amendments to Provisions Pertaining to Submission of Quarterly Financial Reports by Listed Companies to Stock Exchanges

In order to bring more transparency in the disclosures of the financial results, SEBI amended Clause 41 of the listing agreement by:

- extending time limit for submission of consolidated financial results, from one month to two months from the end of the quarter;
- requiring the company to publish only consolidated financial results if it opts to submit consolidated financial results in addition to its standalone financial results;
- relaxing the requirement to place the limited review report on un-audited financial results before Board or Committee, only if the variation between un-audited financial results and its limited review exceeds 10 per cent; and
- Requiring the company to submit the limited review report for the last quarter also, if it opts to submit un-audited financial results for the last quarter.

Disclosure of Pledged Shares by Promoters/Promoter Group in Listed Companies

Clause 35 and clause 41 of the Listing Agreement were amended to provide for disclosure of details of shares

held by promoters and promoter group entities in listed companies which are pledged or otherwise encumbered. This was done with a view to ensure that while deciding to invest in the company, the investors may factor in the information about the pledged or otherwise encumbered shares held by promoter/promoter group in the company, as the extent of pledge/ encumbrance may have a significant impact on the price of the shares.

2009-10

Indian primary market witnessed renewed activity in terms of resource mobilisation and number of issues during 2009-10, building it further from its relatively subdued pace in 2008-09. In view of the recovery witnessed in equity markets post global financial crisis, companies entered the primary market and investors' response to public issues was encouraging in 2009-10 when compared to 2008-09. Equity capital was raised to the tune of Rs.55,055 crore through 73 issues during 2009-10, higher than Rs.14,720 crore mobilised through 46 issues during 2008-09. The ongoing reforms in the primary market further helped in maintaining the investors' confidence. Following were the major policy initiatives taken by SEBI relating to the primary market during 2009-10:

Introduction of Concept of 'Anchor Investors' in Public Offerings

In order to ensure certain minimum levels of subscription from qualified institutional buyers (QIBs) even in a relatively bearish market, SEBI introduced the concept of 'Anchor Investors' in public offering. Such investors are expected to offer stability to the issue by subscribing to the issue before the bid is open to other categories of the investors.

Strengthening the Regulatory Framework Governing Public Offerings

In order to have a greater enforceability of the regulatory framework relating to issue of capital by companies and to streamline the disclosures while also taking into account changes in market design, the erstwhile SEBI Disclosure and Investor Protection Guidelines (DIP Guidelines) governing public offerings were replaced by the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations). There were certain changes made in the ICDR Regulations vis-à-vis the provisions contained in DIP Guidelines, on account of: (a) removal of redundant provisions of DIP Guidelines, (b) modifications on account of change in market design and (c) bringing more clarity to the existing provisions of DIP Guidelines.

Listing of Securities Issued through IPO on at least One Stock Exchange with Nationwide Trading Terminals

In order to provide greater liquidity in securities of companies after the IPO, it was mandated that an unlisted company making an IPO shall list the securities being issued through the IPO on at least one stock exchange having nationwide trading terminals.

Introduction of Uniform Margin Payment for all Categories of Investors in Public Issues

Retail individual investors (RII) and non-institutional investors (NII) were required to pay entire application money upfront while applying in public issues while qualified institutional buyers (QIBs) could apply by paying only 10 percent of the application money as margin on their application. This resulted in a non-level playing field for retail individual investors and non-institutional investor's vis-à-vis the QIBs. It also resulted in an inflated demand in public issues since the lower margin enjoyed by QIBs led them to put in larger bids than they intended to acquire. In order to address these concerns, SEBI decided that with effect from May 1, 2010, the margin collected shall be uniform across all categories of investors.

2010-11

Indian primary market witnessed renewed activity in terms of resource mobilisation and number of issues during 2010-11, continuing its momentum from 2009-10. In view of the recovery witnessed in equity markets post global financial crisis, companies, largely public sector with a divestment mandate, entered the primary market during 2010-11. Investors' response to public issues was encouraging in 2010-11. Capital (equity and debt) was raised to the tune of Rs.67,609 crore through 91 issues during 2010-11, higher than Rs.57,555 crore mobilised through 76 issues during 2009-10. Continued reforms in the primary market further strengthened investors' confidence. Following were the major policy initiatives taken by SEBI relating to the primary market (IPO segment) during 2010-11:

Encouragement of Retail Investor Participation

In order to increase retail investor participation and to keep pace with inflation, monetary limit on retail individual investor application was increased from Rs.1 lakh to Rs.2 lakh. The limit was enhanced with the objective that retail individual investors who have capacity and appetite to apply for securities worth above Rs. 1 lakh should not be constrained.

Reforms in Issue Process

In order to make our markets competitive SEBI has been constantly reviewing various rules and procedures to make issue process simpler and at the same time safer. Some of the major initiatives in this area include:

a) Reduction in process time lines

In order to lessen the market risk, infrastructural stress and costs, time between issue closure and listing was reduced from 22 days to 12 working days. Reduction in process timelines help in reducing exposure of issuers/investors to volatility in market conditions, enable quicker turnaround of money invested and help issuers to raise money quicker.

b) Enhancement in Application Supported by Blocked Amounts (ASBA) Process

To smoothen the payment/refund process in issues, SEBI has introduced Applications Supported by Blocked

Amount (ASBA) Process in issues, wherein application money is blocked in a bank account and debited only to the extent of allotment entitlement while continuing to earn interest.

ASBA has resulted in the following benefits:

- Savings for investors on account of interest earnings
- Savings for issuers on account of lesser cost arising out of savings in refund expenses
- Systemic savings arising out of unclogging of the payment system, work load reduction, better liquidity management by banks and reduction in refund related concerns.

In order to enhance use of ASBA, the following measures have also been taken i.e. ASBA forms are now available for download through exchanges' websites and issue advertisements prominently highlight the use of ASBA facility. Vide Circular dated April 06, 2010, SEBI also extended the ASBA facility to QIBs in public issues, opening on or after May 1, 2010.

c) Public Announcement by companies proposing to access the capital market

In order to draw the attention of investors about filing of draft offer document so as to elicit timely comments without adversely impacting the issue process, it was mandated that the issuer company may make a simultaneous public announcement about filing of draft offer document.

d) Lead managers mandated to submit compliance certificate in respect of news reports

In order to ensure that the information that had appeared in the media is consistent with the disclosures made in the offer documents, merchant bankers were mandated to submit a compliance certificate as to whether the contents of the news reports that had appeared after filing of the draft offer document till closure of the issue were supported by appropriate disclosures in the offer document or not. This was made applicable for all reports appearing in newspapers stipulated in SEBI (ICDR) Regulations, 2009 for issue advertisements, major business magazines and also in the print and electronic media controlled by a media group where the media group has a private treaty/shareholders' agreement with the issuer company/promoters of the issuer company.

e) Details of current and past directorship(s) in listed companies whose shares have been / were suspended from being traded on the BSE/NSE

In order to enable investor to assess track record of directors, director of issuer companies have been mandated to disclose in Red Herring Prospectus regarding directorship in other companies whose shares have been de-listed / suspended from trading for a period of 3 months or more in the past 5 years.

Disclosure of Proforma Financial Statements

In certain cases it was observed that issuer companies had done material acquisition or divestment after the end of the latest disclosed annual financial results in the offer document, due to which certain companies become/cease to be direct or indirect subsidiaries of the issuer. In such

cases, it was mandated that the issuer companies shall submit proforma financial statements in respect of the last completed accounting year, and the period beginning from the date of the end of the last completed accounting year and ending on the date on which financial statements of the issuer have been disclosed in the offer document. Further, in cases where the acquisition/ divestment is not material, it has been specified that the fact of the acquisition or divestment along with the consideration paid / received and the mode of financing such acquisition shall be disclosed in the offer documents.

Interim Disclosure of Balance Sheet Items by Listed Entities

With a view to have more frequent disclosure of the asset-liability/solvency position of entities, listed entities were mandated to disclose within forty-five days from the end of the half-year, as a note to their half-yearly financial results, a statement of assets and liabilities in a specified format.

Amendments to Clause 35 of the Listing Agreement – Disclosure Relating to Shareholding Pattern

a) Disclosure of Shareholding Pattern Prior to Listing of Securities

Entities which seek listing of their securities post-IPO were mandated to submit their shareholding pattern as per Clause 35 of the listing agreement one day prior to the date of listing, in order to ensure public dissemination of updated shareholding pattern. The stock exchanges were also mandated to upload the same on their websites before commencement of trading in the said securities.

b) Disclosure of Shareholding Pattern of Listed Entities Pursuant to Material Changes in the Capital Structure

With a view to ensure public dissemination of the shareholding pattern pursuant to capital restructuring in listed entities, it was specified that in all cases wherein the change in capital structure due to such restructuring exceeds +/- 2 percent of the paid up share capital of the entities, the listed entities shall file a revised shareholding pattern with the stock exchanges within 10 days from the date of allotment of shares pursuant to such change in the capital structure, as per the format specified in Clause 35 of the Listing Agreement along with a footnote on what necessitated the filing of the revised shareholding pattern. The stock exchanges were also mandated to upload the same on their websites immediately.

Maintenance of a Website by Listed Entities

In order to ensure/enhance public dissemination of all basic information about listed entities, all such entities were mandated to maintain a functional website that contains certain basic information about them, duly updated for all statutory filings, including agreements entered into with media companies, if any.

Disclosures Regarding Agreements with the Media Companies

In order to ensure public dissemination of details of

agreements entered into by corporates with media companies, listed entities were mandated to disclose details of such agreements on their websites and also notify the stock exchange of the same for public dissemination.

2011-12

Indian primary market has seen a slackening of the activity in the current fiscal year partly reflected by the global sentiments and partly by domestic factors. Fewer companies have raised capital backed by the fear of failure in turbulent markets. A total of Rs.12, 857 crore of equity capital has been raised during 2011-12 through 51 issues, compared with Rs.58, 157 crore raised through 81 issues in 2010-11. Certain reforms in policies have been undertaken to build up the investor confidence further. The major policy initiatives related to the primary market during 2011-12 are as under:

Eligibility Criteria under the Profitability Track Record

The eligibility norms for issuers coming out with IPOs through the profitability track record criteria were amended to clarify that the track record of distributable profits for at least three out of the immediately preceding five years should be complied with, both on stand-alone as well as on consolidated basis. Disclosure of track record of the public issues managed by merchant bankers/investment bankers would encourage appropriate disclosures by the issuer and adequate due diligence by the merchant banker, as the disclosures and transparency prevent any wrong doing. The disclosure of track record has been intended to indicate the quality of issue(s) managed by the merchant bankers, which includes the pricing as well as fundamentals of the issue. With the above in view, vide circular dated January 10, 2012, a format for disclosure of the track record of the public issues managed by merchant bankers was prescribed. The track record is required to be disclosed for a period of three financial years from the date of listing for each public issue managed by the merchant banker. This will help the investors to gauge the performance of issues on short term, medium term and long term basis.

Review of Bid-cum-Application Form and Abridged Prospectus

The structure, design and contents of bid-cum-application form and abridged prospectus were revised so as to provide material information to investors in a user-friendly manner. SEBI set up a committee, comprising representatives of investor associations, legal fraternity, merchant banking/stock broking community, industry chambers and market professionals and SEBI to review the adequacy and quality of disclosures in the application form (including Abridged Prospectus) as well as the structure, design, format, contents and order of information. Pursuant to the recommendations of the Committee, the Application Form and Abridged Prospectus has been revised to ensure that materially important information is provided in a structured, logical and user-friendly manner.

Disclosure of Price Information of Issues handled by Lead Managers

In order to apprise investors regarding the performance of issues brought in the past by Merchant Bankers (MBs), it was mandated that the price information of issues handled by MBs in the past be disclosed in the offer documents. The disclosures are to be given for issues during three financial years (current financial year and two financial years preceding the current financial year) subject to maximum 10 issues (IPOs) managed by merchant banker.

Disclosures in Offer Document when Funds are shown as Promoters of an Issuer Company

Considering the constraints in disclosure of details of investee companies of funds (such as venture capital funds, etc.) which are shown as one of the promoters of the issuer, a set of alternate disclosure requirements was specified in such cases in lieu of the existing disclosure requirements. Some of the alternate disclosure requirements include details of the fund manager, total number of investors in the fund, details of companies funded by the said funds, etc.

Disclosure of Quarterly Financial Results

In order to give a better comparative picture of the quarterly financial results, which may aid investors while making investment decisions, it was mandated that companies disclose financial results in respect of immediately preceding quarter as well in addition to the disclosures of financial results pertaining to corresponding periods in the previous year.

Disclosure of Voting Results by Listed Entities

In order to ensure wider dissemination of information regarding voting results, which gives a better picture of how the meetings are conducted and how the different categories of investors have voted on a resolution, listed entities were mandated to disclose in a prescribed format, voting results/ patterns on their websites and to the exchanges within 48 hours from the conclusion of the concerned shareholders' meeting. To begin with, this requirement has been made applicable to top 500 listed entities based on market capitalisation.

Forensic Accounting Cell at SEBI

A Forensic Accounting Cell has been set up to further enhance the monitoring of disclosure of financial information and to assist in detection of financial irregularities by companies.

2012-13

Indian Primary markets have seen a revival in the activity partly reflecting the recovery imminent in the global scenario. Resources mobilized in the primary market have risen by around 20 percent in the wake of renewed economic fervor. A total of Rs.15,474 crore of Equity capital has been raised in 2012-13 through 49 issues, compared with Rs.12,857 crore raised through 51 issues in 2011-12. Certain reforms in policies have been undertaken to build up the investor confidence further. The major policy initiatives related to the primary market

during 2012-13 are as under:

Mandating Inclusion of Business Responsibility Report as Part of Annual Report

SEBI has mandated the top 100 listed companies to include Business Responsibility Report as part of Annual Reports with a focus on the Environmental, Social and Governance issues. The report would also include compliance with the nine principles for business responsibility reporting to assess compliance with Environmental, Social and Governance norms. The said reporting requirement is in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVEG's) notified by the Ministry of Corporate Affairs, Government of India, in July 2011.

Annual Updating of Offer Document

Listed companies have been mandated to update their disclosures in the prospectus on an annual basis and to ensure that the same is available in public domain. Such consolidated public disclosures can be used for the purpose of FPOs/Right Issue filings through appropriate hyper-links without requiring a repetition of such disclosures.

Revised Timeline for Disclosing Financial Information Prior to Issue Opening

Disclosure of price band along with relevant financial information shall be published by way of an advertisement at least five working days prior to opening of an initial public offer as against two working days prescribed earlier in order to ensure that investors get sufficient time to analyze the issue before investing. This information would also be pre-filled in the application forms available for download from websites of the stock exchanges.

Manner of achieving Minimum Public Shareholding Requirements

In accordance with the provisions of Securities Contracts (Regulation) Rules, 1957, SEBI had specified certain means for the listed companies to achieve minimum public shareholding requirements. Additionally, during the course of the financial year, SEBI has permitted the listed companies to make rights or bonus issues to public shareholders, with promoters/promoter group shareholders forgoing their entitlement for the purpose of achieving compliance. Further, it has also been prescribed that listed entities desirous of achieving the minimum public shareholding requirement through other means/relaxation from the available methods may approach SEBI with appropriate details.

Mandatory Authentication by Listed Companies on SEBI Complaints Redress System (SCORES)

With a view to facilitate the processing of investor complaints in the centralized web based complaints redress system 'SCORES', companies desirous of getting their equity shares listed on the stock exchanges were mandated to obtain authentication on SCORES, before listing approval is granted by the stock exchange.

Formats for Disclosure of Financial Results

Pursuant to notification of the Ministry of Corporate Affairs revising the format for disclosure of Balance Sheet under Schedule VI of the Companies Act, 1956; consequential amendments regarding interim disclosure of financial results by listed companies to stock exchanges were carried out in the Listing Agreement.

Clarification on Clause 36 of the Equity Listing Agreement

It came to the notice of SEBI that certain listed companies were giving monthly disclosure of their sales/turnover/production figures to their respective trade bodies/industry associations and the same was not disclosed to the stock exchanges. It was therefore, clarified that all the events or material information which will have a bearing on the performance / operations of the company as well as price sensitive information shall be first disseminated to the stock exchanges as required under clause 36 of the Listing Agreement.

Extending the reach of ASBA facility

To make application process more convenient for investors, it was decided to extend the reach of Application Supported by Blocked Amount (ASBA) by mandating the Self Certified Syndicate Banks (SCSBs) to provide the facility in all their branches in a phased manner.

Public Issues in Electronic Form and Use of Nationwide Broker Network of Stock Exchanges for Submitting Application Form (e-IPO facility)

To widen the distribution network of public issues, in addition to the existing channels, the nationwide broker network of stock exchanges at more than 1000 locations have been made available for distributing public issues in electronic form (e-IPO). This mechanism can be used by the investors to submit both ASBA and non-ASBA application. This has resulted in simplifying the process of issuing IPO, lowering their costs and helping companies reach more retail investors in small towns. It is mandatory for companies to issue IPOs of Rs. 10 crore and above in electronic form through nationwide broker network of stock exchanges.

Eligibility Criteria for IPOs

Eligibility criteria for making initial public offers (IPOs) for both profit-making and non-profit making issuers have been reviewed. The revised criteria require the issuers to be profitable for at least three out of the preceding five years, with a minimum average pre-tax operating profit during the three most profitable years of Rs. 15 crore, to be eligible to come out with IPOs through the profitability track record route. Issuers not meeting with this requirement may come out with IPOs, if the issuers undertakes to allot at least 75 percent of the net offer to the Qualified Institutional Buyers (QIB).

Eligibility Criteria for Further Public Offers and Rights Issues through the Fast-Track Route

One of the eligibility conditions for well-established

listed companies to come out with further public offers/ rights issues through the fast-track route is to have a minimum level of average market capitalization of public shareholding. This has been brought down from Rs.5000 crore to Rs.3000 crore.

Minimum Promoters' Contribution by AIF's

Minimum promoters' contribution in IPOs is required to be at least 20 percent of the post-issue capital. In order to facilitate capital raising by companies founded by professionals / first generation entrepreneurs, it has been decided that in case the post-issue shareholding of the promoter is less than 20 percent, the Alternative Investment Funds (AIFs) may contribute for the purpose of meeting the shortfall in minimum contribution, subject to a maximum of 10 percent of the post-issue capital.

Flexibility to the Issuers and Better Transparency in Disclosure of Objects of the Issue

To allow more flexibility to the issuers, changes up to 20 percent in the amount proposed to be raised under the objects of the issue at the red herring prospectus (RHP) stage, as against the erstwhile 10 percent, will not necessitate re-filing with SEBI. Further, deletion of objects of the issue at the red herring prospectus stage will not trigger re-filing, except in certain cases where SEBI retains the regulatory discretion to require a re-filing in case of apparent exacerbation of risk. Moreover, to bring more transparency in capital raising. 'General Corporate Purposes' as an object of the issue has been capped at 25 percent of the proceeds raised by the issuer.

Investment by BRLMs and their Associates in Public Issues

A Book Running Lead Manager (BRLM) which is also an associate of the issuer shall have the restricted role of marketing the issue, and accordingly declare itself as a 'Marketing Lead Manager' in the offer document. However, all the BRLMs to the issue, including the Marketing Lead Managers, will sign the due diligence certificate. This will bring in ample clarity on the role of a BRLM who may be an associate of the issuer by way of adequate disclosures.

SEBI Framework for Rejection of Draft Offer Documents Order

In order to protect the interest of investors who may not always be in a position to assess the risks associated with a business model due to complexities involved therein and to ensure that only reasonably credible issuers with adequate disclosures in their offer documents are allowed to access the public issuance route, a framework for rejection of offer documents containing the illustrative list of objective criteria for the purpose and consequences of rejection has been put in place by SEBI.

The draft offer documents would be scrutinized by SEBI based on broad criteria including, existence of circular building up of capital, showcasing enhanced prospects for issuer by changing accounting policies etc. and the framework is applicable to all offer documents filed for issue of securities.

Decentralisation of Processing of Draft Offer Documents to the Regional Offices of SEBI

As a further step towards decentralization, Regional Offices of SEBI were empowered to process the draft offer documents in respect of issues of size up to Rs.500 crore. Merchant Bankers were accordingly advised to file the draft offer documents / offer documents with the concerned office of the Board, based on the estimated issue size.

Enabling Shareholders to Electronically Cast their Votes

In order to enable wider participation of shareholders in corporate proposals, top 500 listed companies were mandated to enable e-voting facility to their shareholders, in respect of those businesses which are transacted through postal ballot by the listed companies.

Minimum Allotment to Retail Individual Investors

All retail individual investors (RIIs) shall be allotted at least the minimum application size, subject to availability of shares in the RII category. This would encourage wider retail participation in public issues. The remaining available shares, if any, shall be allotted on a proportionate basis. The minimum application size for all investors has also been increased to Rs. 10,000 – 15,000 as against Rs.5,000 – 7,000 prescribed earlier.

Revision of Bidding by Investors

To avoid any misleading signals to retail investors about the extent of subscription in the issue, no withdrawals or lowering of size of bids shall be permitted for non-retail investors at any stage. However, retail investors will be permitted to withdraw or downsize their bids until the finalization of allotment.

2013-14

A well-developed primary market is fundamental for an economy to prosper. In order to further refine the primary market design and boost investor confidence, various measures have been undertaken by SEBI in 2013-14. This section throws light on the policy measures initiated during the financial year:

Compliance with the Provisions of Equity Listing Agreement by Listed Companies -Monitoring by Stock Exchanges

In order to improve the effectiveness of monitoring mechanism of stock exchanges to ascertain the adequacy and accuracy of disclosures made in compliance with the Listing Agreement, the stock exchanges have been advised to put in place appropriate framework to effectively monitor the disclosures. The stock exchanges have also been advised to put in place an appropriate mechanism for handling complaints related to inadequate and inaccurate disclosures and non-compliances. Stock exchanges are further required to submit 'exception reports' to SEBI containing details of companies not responding to the clarifications sought by them and/or where the response submitted by the company is not satisfactory. Further, the stock exchanges have also been advised to disclose the details of promoters / directors /

key managerial personnel of defaulting companies on their websites.

IPO Grading made voluntary

Considering the requests received from market participants, viz. Investor Associations and Association of Investment Bankers of India (AIBI), the recommendation of the advisory committee of SEBI, and to align with the principles laid down by the Financial Stability Board (FSB) on reducing the reliance on credit rating agencies, the IPO grading mechanism was made "voluntary" as against the earlier provision of the same being "mandatory".

Introduction of General Information Document

The concept of General Information Document (GID) has been implemented. GID shall contain information which is of generic nature (like issue and allotment procedure) and not specific to the issuer, thereby eliminating the repetition of common information in abridged prospectus. This is expected to bring down the size of the abridged prospectus and ultimately reduce the cost of printing.

Revised illustrative format of Statement of Assets and Liabilities in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

The illustrative format of Statement of Assets and Liabilities in offer document which is provided under Regulation - (2)(IX)(B)(9) (f) of Part-A of Schedule VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 was updated and brought in line with the revised Schedule VI of the Companies Act, 1956 and Schedule III of the newly enacted Companies Act, 2013.

Primary Market Advisory Committee (PMAC)

PMAC has been constituted with the objective of advising SEBI on:

- Issues related to regulation and development of primary market in India.
- Matters required to be taken up for changes in legal framework to introduce simplification and transparency in systems and procedures in the primary market.
- Matters relating to regulation of intermediaries for ensuring investor protection in the primary market.

PMAC is constituted of 18 members from various market participants.

2014-15

A review of the pricing mechanism of the preferential issue, norms on corporate governance and notification of SEBI (Share Based Employee Benefits) Regulation, 2014 were some important developments that took place in 2014-15. This section discusses policy measures initiated by SEBI pertaining to the primary market during the financial year:

Revisiting the Norms on Minimum Offer to Public

In order to make regulatory requirements consistent across companies irrespective of post issue capitalisation and to facilitate mid-size issuers who may not be in need of large funds, the following norms were prescribed by

way of amendments to Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957 and Regulation 41 of the ICDR Regulations, 2009:

- a) Minimum dilution to public in an IPO shall be 25 percent or Rs.400 crore, whichever is lower for companies with post-issue capitalisation of less than or equal to Rs.4,000 crore. This will remove the anomaly that a company just short of Rs.4,000 crore market capitalisation was required to dilute about Rs.1,000 crore while another company with more than Rs.4,000 crore market capitalisation was required to dilute only Rs.400 crore.
- b) In case of dilution being less than 25 percent, a minimum public shareholding of 25 percent is required to be achieved within three years of listing.

Review of Minimum Public Shareholding Requirement in Public Sector Companies

Earlier, while listed private sector companies were required to have at least 25 percent public shareholding, listed public sector companies were required to maintain a minimum of only 10 percent public shareholding. This was inconsistent with the broader market design. Therefore, Rule 19A of the Securities Contracts (Regulations) Rules, 1957 was amended to align the norms by increasing the minimum public shareholding requirement in listed public sector companies to 25 percent. Listed public sector companies with existing public shareholding below this level are required to increase this to at least 25 percent within a period of three years i.e. by August 22, 2017.

Review of Corporate Governance Norms in India for Listed Companies

SEBI reviewed the extant regulatory framework for corporate governance in India. Towards this end, a discussion paper was put up on SEBI's website for public comments on January 4, 2013. The proposals were further discussed in several meetings of the PMAC. Final norms were approved by the SEBI board on February 13, 2014. Subsequently, Clause 49 of the Listing Agreement was revised by aligning the provisions with the Companies Act, 2013 and also prescribing additional conditions in this regard. The major changes are:

- a) Principles on corporate governance have been incorporated based on OECD principles.
- b) At least one woman director on the board of every listed company.
- c) Exclusion of nominee director from the definition of independent director.
- d) Prohibition of stock options to independent directors.
- e) Maximum tenure of independent directors restricted to two terms of up to five years each.
- f) Performance evaluation of independent directors by the entire board of directors.
- g) Limit on number of directorships for independent directors to seven.
- h) Definition of 'related party' extended to cover persons in control and having significant influence.
- i) Pre-approval of related party transactions by the audit committee.
- j) Approval of shareholders for material related party

transactions through special resolution with related parties abstaining from voting.

- k) Mandatory nomination and remuneration committees.
- l) Board responsible for framing, implementing and monitoring the risk management plan for the company.
- m) Disposal of shares in a material subsidiary which would reduce its shareholding to less than 50 percent or ceasing the exercise of control over the subsidiary through approval of shareholders by a special resolution in the general meeting.

Eligibility of Shares for Offer for Sale in an IPO with respect to Bonus Issues on Shares held for more than a year

Bonus shares issued on securities held for a period of at least one year prior to filing of the draft offer document, have been permitted to be offered for sale, provided that these bonus shares were issued out of the free reserves or share premium and not by utilizing revaluation reserves or unrealised profits of the issuer.

Increased Investment Bucket for Anchor Investors

In order to increase the participation of serious, committed investors in IPOs, the anchor investors' bucket has been increased to 60 percent of the overall qualified institutional buyers (QIB) bucket from 30 percent, which was the norm earlier.

2015-16

This section throws light on the policy measures initiated during the financial year:

Strengthening the Continuous Disclosure Requirements for Listed Entities

It was observed that the level of disclosures varied amongst listed entities, which many a time resulted in such disclosures adhering to the letter but not to the spirit of the disclosure requirements thus leading to asymmetric information with different types of investors. To address these concerns, provide guidance and improve the compliance culture, continuous disclosure requirements were amended.

The regulatory requirements now divide the events that need to be disclosed by listed entities broadly into two categories --- those that have to be necessarily disclosed without applying any test of materiality and those that should be disclosed if considered material by the listed entity. For providing guidance, the listing regulations now also include criteria for determining the materiality of the events/information. A listed entity is also required to frame a policy for the determination of the materiality, based on the criteria specified which has to be duly approved by its board of directors and publicly available by way of disclosure on its website. To ensure timely disclosures while not overburdening listed entities, the regulations provide that such disclosures should be made as reasonably soon as possible but within a timeframe of 24 hours of the occurrence of the event. However, disclosures of the outcome of board meetings have to be made within 30 minutes of the closure of such meetings. In order to provide continuity in information to investors

and to meet the essence of continuous disclosure requirements, Listing Regulations now provide that material developments with reference to an event should continue to be disclosed till such time that the event is resolved/closed.

The disclosure requirements specify the details that need to be provided while disclosing various events. In case the entity does not disclose any specified details, it has to state the reasons for not doing so in the disclosure. In case the securities of the listed entity are also listed abroad, parity in disclosures has to be followed and, accordingly, whatever is disclosed overseas has to be simultaneously disclosed to the Indian stock exchange(s). The listed entity has to disclose on its website all events/information which are material and such information has to be hosted for a minimum period of five years or more as per its archival policy as disclosed on its website. The listed entity also has to disclose all events or information with respect to its subsidiaries which are material for the listed entity

Introduction of System-Driven Disclosures

SEBI has taken a major initiative for easing the compliance burden of disclosures to be made by individuals and companies under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 with respect to acquisition/holding and disposal of shares. SEBI issued guidelines in 2015 regarding system-driven disclosures wherein the onus of disclosure shifted from individuals/companies to the securities market infrastructure through integration among depositories, exchanges and registrar and transfer agents (RTAs). Initially, the system has been made operational parallel to disclosures by individual entities in respect of certain disclosures under SAST and PIT regulations. Once it stabilises, it will replace manual disclosure obligations. Such a system would aid in eliminating the possibility of inadvertent violations by the entities and would help in providing information to investors on timely basis to take investment decisions and would thus lead to fairness in the markets.

Notification of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on September 2, 2015, after following the consultation process. A time period of 90 days has been given for implementing the Listing Regulations.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) consolidate and streamline the provisions of existing listing agreements for different segments of the capital market. The Listing Regulations have, thus, been structured to provide ease of reference while consolidating all the listing requirements for the various types of securities listed on the stock exchanges into one single document. The Listing Regulations are sub-divided into two parts: (a) substantive provisions incorporated in the main body of the Listing Regulations; and (b) procedural requirements provided in the schedules to the Listing Regulations.

Exit Opportunity to Shareholders in Case of Change in Objects by Issuers

The Companies Act, 2013 provides that a company which has raised money from the public through a prospectus and still has any unutilised money so raised, will not change its objects for which it raised the money through a prospectus or vary the terms of a contract referred to in the prospectus unless a special resolution is passed by the company. The Companies Act, 2013 also provides that the dissenting shareholders will be given an exit opportunity by the promoters and the shareholders having control over the company in such manner and with such conditions as may be specified by SEBI by making regulations in this behalf. Accordingly, SEBI has introduced an elaborate framework specifying conditions for the exit offer, the parameters for pricing, procedures, etc. The framework has been made applicable for issues which opened after April 01, 2014 and where the amount to be utilised for the objects for which the prospectus was issued is less than 75 per cent of the amount raised (including the amount earmarked for general corporate purposes as disclosed in the offer document), subject to the proposal for the change in the objects being dissented against by at least 10 per cent of the shareholders.

Streamlining of the Public Issue Process

Certain measures have been introduced for reducing the post-issue timeline for listing from existing T+12 days to T+6 days, increasing the reach of retail investors and reducing the costs involved in a public issue of equity shares and convertibles.

Effective Utilisation of the Funds Raised through Public Issues

Investigations into some of the past public issues revealed that the issue proceeds were utilised for objects other than those mentioned in the offer document, viz., inter-corporate deposits and diversions to other companies. In order to avoid the mis-utilisation of issue proceeds and to ensure that the issuers use the issue proceeds only in bank deposits that are not market linked, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been amended. As a result, the net issue proceeds, pending utilisation, have to be deposited by the issuers only in scheduled commercial banks.

Extension of the Applicability of Business Responsibility Reporting Requirements

SEBI had earlier mandated business responsibility reporting (BRR) requirements in its annual reports for the top 100 listed entities based on market capitalisation. The key principles which are required to be reported by the listed entities include areas such as environmental, social and economic responsibilities, governance and stakeholders' relationships. The applicability of BRR requirements has now been extended to the top 500 listed entities based on market capitalisation as on March 31st of every year. As a green initiative, business responsibility reports can be made available on the websites of the companies, while providing links to the websites in the annual reports.

Allocation to Anchor Investors in Public Issues Revised

The restriction of a maximum number of 25 anchor investors in a public issue has been revised. The requirement of the number of anchor investors for allocation of up to Rs.250 crore remains the same. In case of allocation beyond Rs.250 crore, there can be ten additional anchor investors for every additional allocation of Rs.250 crore subject to a minimum allotment of Rs.5 crore per anchor investor. This step will help issuers who intend to raise large amounts of funds.

Introduction of an Institutional Trading Platform

SEBI has introduced a rationalised framework for the listing of companies, including startups, on the 'Institutional Trading Platform'; vide amendments carried out to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Various consequential amendments to other SEBI regulations pertaining to takeovers, listing, delisting and AIFs have also been undertaken in this regard. A number of relaxations in regulatory requirements were introduced enabling companies, including start-ups, to raise funds from the public for their projects.

Rationalisation of the Abridged Prospectus

It was observed that the abridged prospectus had become voluminous thereby defeating the very purpose of having an abridged prospectus. With a view to addressing this issue, the disclosure requirements in the abridged prospectus have been rationalised in consultation with investor associations and market participants thus improving the readability of Abridged Prospectus.

The abridged prospectus has been reduced from 50-60 pages to just ten pages without compromising on important disclosures. Thus it improves readability and contains relevant information for investors to take well informed investment decisions.

Rationalisation of Disclosure Requirements for Issuers

In order to rationalise disclosure requirements for all issuers, whether intending to list on the main board or the institutional trading platform, it has been decided that the disclosures in the offer document with respect to group companies, litigations and creditors will be in accordance with the policy on materiality as defined by the issuer. However, all the relevant disclosures will be available on the issuer's website. Also, product advertisements of an issuer will not be required to give the details of the public/ rights issue.

Disclosure of Encumbrance on the Shareholding of the Promoter(s)

SEBI has issued guidelines for the disclosure of 'reasons for encumbrance' on the shareholding of the promoters. For example, the reason may be for the purpose of collateral for the loans taken by the company, personal borrowing and a third party pledge. Henceforth, the 'name of the entity in whose favour shares were encumbered' will also contain the disclosure of the names of both the lender and the trustee who may hold the shares directly or on behalf of the lender.

Streamlining the Process of Issuance of Observations on Offer Documents

During the year, the process of issuance of observations on draft offer documents filed by merchant bankers for raising funds by the companies or for takeover of other companies was streamlined. The total time taken in the entire process has been reduced considerably. There were studies and articles published in the media by independent analysts on this subject.

The status of processing each offer document, clearly indicating the reasons for pendency and also whether these were pending with SEBI or with the merchant banker or other regulatory agency, was displayed on the SEBI website on a weekly basis. The responses were sent to merchant bankers in a time bound manner, that is, within 30 days. With a view to ensuring a higher level of transparency and accountability within SEBI, the website also mentions that in case any application has remained unattended, the applicant should not hesitate to approach the senior officials - Chief General Manager or the Executive Director of the Corporation Finance Department. Their e-mail IDs are also provided on the website.

While the process of issuance of observations has been expedited, the level of disclosures had also been enhanced. As pricing of an issue is an important factor for investors to make investment decisions merchant bankers were advised to make additional disclosures on risks associated with a specific pricing of the issue in pre-issue advertisements on price bands. Examples of some of the risk factors which need to be disclosed in this respect, their applicability depending on each issue are:

1. The track record of merchant bankers in the past three years in terms of issues handled and issues closing below the issue price on the listing date.
2. Higher price earnings ratio of the issuer as compared to the average ratio of the industry peer group.
3. Negative weighted average return on net worth, negative book value, etc.
4. Losses incurred by the Issuer Company and negative earnings per share (EPS).
5. Average cost of acquisition of equity shares for promoters or other major shareholders if the issue price for public is higher.

These disclosures are required to be made prominently in the same font size as the price band in the advertisements and also on the website of the company and the stock exchanges.

This step by SEBI will help common investors assess specific risk factors attendant to the pricing of a public issue and take well informed investment decisions.

Monitoring of Compliance by Listed Entities

During the year, SEBI further strengthened its monitoring of compliance by listed entities. New listing regulations with better enforceability were notified during the year. As the number of companies listed on the stock exchanges is very large in India, the focus has remained on the introduction of a compliance culture among them. SEBI envisaged and implemented four levels of monitoring for listed entities by way of regulations and guidelines.

At the first level

Company secretaries and the respective boards of directors of the listed entities will monitor the compliance of various regulatory requirements. Compliance reports on corporate governance and the report of an independent company secretary on compliance related issues are now required to be placed before the boards of listed entities. The boards are required to review the compliance reports as well as corrective steps taken in case of any non-compliance.

At the second level

An independent practicing company secretary will review compliance and will certify the same as required under the provisions of the Companies Act, 2013. The certification in this regard is published in the annual report of the company which, inter-alia, includes the observations of the practicing company secretary. As mentioned earlier, SEBI has made it mandatory that such reports (along with the corrective steps taken) should be placed before their boards.

At the third level

The stock exchanges will monitor compliance or regulatory requirements of listed companies. Based on their monitoring they may levy fines, penalties, freeze the promoters' holdings in the company or suspend trading in the securities of the company depending on the level of non-compliance.

At the fourth level

SEBI will have overall regulatory oversight on the compliance standards of the corporate sector through various reports received from the stock exchanges. SEBI repealed as many as 128 circulars pertaining to listing issued over the years and the contents of these circulars have been incorporated in the newly notified Listing Regulations. SEBI also issued 11 circulars under the same regulations. With these circulars, SEBI has enhanced disclosure requirements for listed entities and helped the stock exchanges in monitoring compliance by the listed entities through various filings made by them.

Compliance of Board Composition

SEBI monitored the compliance of composition of boards of the listed entities to ensure that they had appointed the requisite number of independent directors and women directors.

With regard to women directors, steps were taken to ensure compliance with the requirement of appointing women directors on the boards of listed entities. Follow up was done with the listed entities and stock exchanges on a regular basis so that they appoint women directors before the stipulated time period. SEBI also advised the stock exchanges to impose fines depending on the duration of delay in compliance by listed entities.

In case of Public Sector Undertakings (PSUs), the matter of non-compliance (by some of them) was also taken up with the Government of India.

Conclusion

Today the Indian securities market is being recognised as

one of the best regulated markets in the world. The direct credit for this goes to its regulator, Securities and Exchange Board of India (SEBI). This is a matter of great pride, but at the same time, it places a huge responsibility on the shoulders of SEBI to continuously strive to improve the Indian markets as also the quality of its regulations.

The Indian securities markets have come a long way in the last two and a half decades in terms of both quantitative as well as qualitative transformations. They have also witnessed quite a few ups and downs including a global financial crisis. The relationship between the rate of economic growth and growth in the securities market is two-fold and symbiotic. Strong economic growth helps securities market to develop and developed securities market mobilizes capital to fuel economic growth. Since the establishment of SEBI, the securities market in India has developed significantly. Establishing SEBI led to successful transition from a highly controlled merit based regulatory regime to a market oriented disclosures based regulatory regime. Over the last two and a half decades, SEBI has at all times ensured that Indian securities market develops in terms of products, technology, participants, surveillance and enforcement in tandem with international standards. SEBI has incessantly strived for a well regulated modern securities market in India by adopting various global standards and international best practices. With the implementation of different regulations prescribed by SEBI, access to information has increased, risk of defaults has gone down and the overall governance has become conducive for the protection of investors' interests and overall development of the securities market in India.

In this ever changing global financial landscape, financial markets too are evolving, growing and getting more complex. To effectively regulate these dynamic markets, its regulators and policymakers also need to be proactive, keep themselves updated and upgraded. Over a period of time, SEBI has strengthened both its regulatory purview and internal capacity to ensure that the interests of the investors are well protected thereby earning the reputation of being one of the best regulated markets in the world for Indian Securities market.

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