

FinMin cuts minimum float norm for Gift City listing

KR Srivats

New Delhi

To attract Indian and foreign companies to list on the international stock exchanges at Gift City, Gandhinagar (Gujarat), the Finance Ministry has reduced the minimum public float requirement to 10 per cent from 25 per cent. The Ministry has amended the Securities Contracts (Regulation) Rules to facilitate this.

TO TAP CAPITAL POOL

The move has been undertaken to enable Indian startups and unicorns access a larger pool of foreign capital, experts said. Start-ups in the technology and emerging sectors can target direct listing on the bourses at Gift City, they said.

In January, the Finance Ministry had allowed do-



The minimum public float requirement has been cut to 10% for listing at Gift City

estic public companies to issue and list shares directly in global stock exchanges operating at Gift City.

Currently, only foreign investors and non-resident Indians can undertake share transactions on the IFSC exchanges.

On the latest relaxed public float norm, Mayank Arora, Director-Regulatory, Nangia Andersen India, said, "The amendment has been brought about to encourage

Indian and foreign companies list their securities on stock exchanges located in IFSC, mandating lower dilution of ownership."

It has set out special provisions for securities listed on recognised stock exchanges, he said.

TWIN OBJECTIVE

Companies exploring listing usually consider factors such as liquidity, regulatory environment, cost, and visibility.

Mohit Chaudhary, Managing Partner, Kings & Alliance LLP, said that by reducing the mandatory public offering to 10 per cent in a deemed foreign jurisdiction at IFSC bourses [Gift City], the Centre aims to accomplish two objectives. "One is to encourage more entities to list on the IFSC as it enables them to retain control of their company while attracting public capital. And

two, to incentivise foreign investors, thereby boosting foreign exchange inflows, while such investors can consolidate their positions," he said.

On the flip side, a reduction in public float would leave fewer shares for the public, which can have several implications for a stock, he noted.

Kartik Ganapathy, Founding Partner, INDUSLAW, said the amendments appeared to target higher fund raise from institutional investors by lowering the threshold of shareholding offered to the public.

Manmeet Kaur, Partner, Karanjawala & Co, said this should be a positive step towards enhancing the attractiveness and competitiveness of the financial market in India and also benefit smaller companies, including startups.

10% public float for GIFT listers

OUR SPECIAL CORRESPONDENT

New Delhi: The government has taken a significant step to attract more companies to list on the international exchanges within its International Financial Services Centres (IFSCs) by reducing the minimum public float requirement to 10 per cent.

This move is part of broader efforts to align Indian regulatory standards with global practices and facilitate cross-border capital flows.

The Department of Economic Affairs has amended the Securities Contracts Regulation Rules (SCRR), 1956, to lower the public float requirement from 25 per cent to 10 per



Office buildings at the GIFT City in Gandhinagar

cent. This reduction is expected to make it more attractive for Indian start-ups and technology companies to tap into international markets and raise capital.

The Gujarat International Finance Tec City (GIFT City) at Gandhinagar, India's

first IFSC, is expected to benefit significantly from these changes.

"This initiative underscores the government's commitment to providing an agile and world-class regulatory and business environment in the IFSCs, thereby strengthening India's position in the global financial system," a government statement said.

Nangia Andersen India director (regulatory) Mayank Arora said: "While companies consider multiple factors such as liquidity, cost of listing, regulatory environment, etc., this amendment would certainly nudge companies (both foreign and domestic) to explore the option of listing on stock exchanges located in Interna-

tional Financial Services Centres (IFSCs)," he said.

The continuous listing requirement has also been set at 10 per cent, as outlined under SCRR.

Green bonds

The Reserve Bank on Thursday introduced a scheme to permit foreign investors in the International Financial Services Centre (IFSC) to invest in sovereign green bonds to facilitate wider non-resident participation in such instruments.

The government issued sovereign green bonds (SGRBs) in January 2023.

SGRBs were also issued as part of the government borrowing calendar in 2023-24.

GIFT City public float norm eased

FE BUREAU
New Delhi, August 29

THE CENTRE HAS reduced the mandatory public float threshold from 25% to 10% for companies to be listed in the International Financial Service Centres (IFSCs) in order to facilitate easier access to global capital for Indian startups and firms in the sunrise and technology sectors. The immediate beneficiary would be the GIFT City in Gujarat.

"This will particularly benefit Indian companies going global and having ambitions to look at opportunities for expanding their presence in other markets," the finance ministry said in a statement.

While the lower threshold will encourage more entities to list themselves on the IFSCs, analysts said small floats could be prone to share price

THRESHOLD LOWERED

■ The mandatory public float threshold is now 10% for firms to be listed in International Financial Service Centres (IFSCs)

■ Lower threshold will encourage more entities to list themselves on the IFSCs



■ But the small floats could be prone to share price manipulations

■ A smaller float enables firms to retain control while attracting public foreign capital

manipulations. "While companies consider multiple factors such as liquidity, cost of listing, regulatory environment etc, this amendment would certainly nudge companies (both foreign and domestic) to explore the option of listing on stock exchanges located in IFSCs," said Mayank Arora, director-regulatory,

Nangia Andersen India.

A smaller float enables firms to retain control of their companies while attracting public foreign capital, said Mohit Chaudhary, managing partner Kings & Alliance LLP.

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Govt Allows Lower Public Float of 10% for Firms Listing on IFSC Bourses

Our Bureau

New Delhi: India on Wednesday allowed companies listing on an exchange in its GIFT city international financial services centre to have a lower public float of 10%. Companies listed on local exchanges are mandated to maintain a minimum public shareholding of 25%.

The government issued a notification stipulating a lower public shareholding requirement for companies listing on stock exchanges at the International Financial Services Centre (IFSC)—a deemed foreign jurisdiction—a move aimed at wooing firms to list there.

The finance ministry amended the Securities Contract (Regulation) Rules to state that companies listing their stock on an IFSC exchange have to maintain at least 10% public shareholding, according to a late evening notification.



Indian residents are not allowed to undertake share transactions on the IFSC exchanges

“The amendment has been brought about to encourage Indian and foreign companies to list their securities in stock exchanges located in IFSC,” said Mayank Arora, director, regulatory, Nangia Andersen India.

While companies consider several factors, including liquidity, cost of listing and regulatory environment, this amendment would “certainly nudge them to explore the option of listing” on IFSC exchanges, Arora said.

This amendment will also complement the government’s January decision to allow domestic public companies to issue and list their shares directly on a couple of global exchanges housed at the sole IFSC in Gujarat’s GIFT City.

It had notified the new regulatory framework, setting the stage for Indian startup unicorns and other entities, especially those in the sunrise and technology sectors, to have easier access to a larger pool of foreign capital, experts said.

Importantly, Indian residents are not allowed to undertake share transactions on the IFSC exchanges, which are meant for only foreign investors and non-resident Indians.