THE FINANCIAL EXPRESS

More info sought from VC funds

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Posted online: Jan 12, 2010 at 2310 hrs

Mumbai The Securities & Exchange Board of India (Sebi) has modified the quarterly reporting format for venture capital funds (VCFs), and would require them to furnish more details and in-depth information about their investment activities. Market participants feel that the latest move will help the regulator in tracking the venture capital investment more closely and ensure compliance of Sebi regulations.

According to the modified criteria, a Sebi registered venture capital fund is required to submit specific quarterly details about the total amount of funds raised during the period. Earlier VCFs would be required to provide cumulative details. Also now, these funds will be required to specify their investment details in listed and unlisted firms and special purpose vehicles separately. Earlier a VCF was required to provide their investment details only under two different heads equity and debt, without any segregation.

‘‘The new quarterly report requires the VCF to disclose more information to Sebi,’’ said Vikram Shroff, funds practice group, Nishith Desai Associates. ‘‘Besides tracking the VCF investment activity closely, it would allow the market regulator better monitoring of VCF’s compliance with the regulations.’’

The modified format also requires VCF to provide their investment details on additional 29 sectors compared to just eight sectors specified earlier. The new sector include banking and financial services, NBFC's, healthcare, railways, shipping and ports, mining exploration and refining, industrial parks, logistics, textile, education, dairy industry and poultry among others.