



# SEBI Board Meeting – September 12, 2025

## Key Takeaways From an IPO Perspective

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SEBI in its board meeting on September 12, 2025 has approved a number of changes to the requirements under the Securities Contracts (Regulations) Rules, 1957 (“**SCRR**”), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**SEBI ICDR Regulations**”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other SEBI regulations governing, *inter alia*, foreign portfolio investors, alternative investment funds, mutual funds, infrastructure investment trusts, real estate investment trusts, registrars and market infrastructure institutions. The key amendments, including in relating to IPOs, such as revisions to the minimum public shareholding requirements, participation of institutional investors, related party transactions framework etc. have been discussed below in detail. Do note that all such amendments discussed below are yet to be notified in the Official Gazette.

### Relaxation in compliance with minimum public shareholding norms for companies with market capitalization above ₹ 500,000 million and extension of timelines for achieving minimum public shareholding

The existing Regulation 19(2)(b) of the SCRR, prescribes scale-based thresholds for the minimum offer of equity shares or securities convertible into equity shares to be made to the public by IPO bound companies (“**Minimum Public Offer**”).

In order to facilitate the IPOs of companies with large equity bases while retaining sufficient liquidity for retail investor participation, the Board has recommended to the Ministry of Finance the following amendments to the SCRR for reduction in the Minimum Public Offer size for companies with a post-offer market capitalization (“**Market Cap**”) above ₹ 500,000 million and extension of timelines for compliance with the requirement to have a minimum public shareholding of at least 25%, in terms of Regulation 19(2)(b) read with Regulation 19A of the SCRR:

Post Offer Market Capitalization	Existing Provisions	Proposed Provisions
Market Cap ≤ ₹ 16,000 million	Minimum Public Offer of 25%	Same as existing provision
₹ 16,000 million < Market Cap ≤ ₹ 40,000 million	Minimum Public Offer of ₹ 4,000 million  MPS of 25% to be achieved within 3 years from the date of listing	Same as existing provision
₹ 40,000 million < Market Cap ≤ ₹ 500,000 million	Minimum Public Offer of 10%	Same as existing provision
₹ 500,000 million < Market Cap ≤ ₹ 1,000,000 million	MPS of 25% to be achieved within 3 years from the date of listing	Minimum Public Offer of ₹ 10,000 million and at least 8% of the post-offer Market Cap  MPS of 25% to be achieved within 5 years from the date of listing
₹ 1,000,000 million < Market Cap ≤ ₹ 5,000,000 million	Minimum Public Offer of ₹ 50,000 million and at least 5% of the post-offer Market Cap  MPS of 10% to be achieved within 2 years from the date of listing and 25% to be achieved within 5 years from the date of listing	Minimum Public Offer of ₹ 62,500 million and at least 2.75% of the post-offer Market Cap  In case public shareholding is less than 15% on the date of listing, MPS of 15% should be achieved within 5 years and 25% to be achieved within 10 years from the date of listing



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Post Offer Market Capitalization	Existing Provisions	Proposed Provisions
		In case public shareholding is equal to or more than 15% on the date of listing, MPS of 25% should be achieved within 5 years from the date of listing
Market Cap > ₹ 5,000,000 million		<p>Minimum Public Offer of ₹ 150,000 million and at least 1% of the post-offer Market Cap subject to a minimum dilution of 2.5%</p> <p>In case public shareholding is less than 15% on the date of listing, MPS of 15% should be achieved within 5 years and 25% to be achieved within 10 years from the date of listing</p> <p>In case public shareholding is equal to or more than 15% on the date of listing, MPS of 25% should be achieved within 5 years from the date of listing</p>

The Board has recommended that the proposed extended timelines be made applicable not just to the 'to be listed' companies but also to the listed companies that are still not compliant with existing MPS requirements, subject to payment of fines/penalties for the period from the date of non-compliance till the date of notification of proposed timelines.

## Facilitative provisions introduced for greater participation of institutional investors in IPOs

In terms of the current Schedule XIII of the SEBI ICDR Regulations, allocations to anchor investors in case of IPOs on the main board carried out through the book building process are as follows:

Allocation to Anchor Investors	Number of Anchor Investors
Up to ₹ 100 million	Maximum of 2 anchor investors
Above ₹ 100 million and up to ₹ 2,500 million	Minimum of 2 such investors and maximum of 15 such investors, subject to a minimum allotment of ₹ 50 million per such investor
Up to ₹ 2,500 million	Minimum of 2 such investors and maximum of 15 such investors for allocation of up to ₹ 2,500 million and an additional 10 such investors for every additional ₹ 2,500 million allocated, subject to a minimum allotment of ₹ 50 million per such investor

To facilitate broader participation of large foreign portfolio investors operating multiple funds and to rationalize the existing anchor investor participation framework with the increasing size of main board IPOs, Board has proposed - (i) merging the first two categories of allocations made to anchor investors; and (ii) increasing the number of anchor investors allowed to participate in large IPOs with allocations exceeding ₹ 2,500 million:

Allocation to Anchor Investors	Number of Anchor Investors
Up to ₹ 2,500 million	Minimum of 2 such investors and maximum of 15 such investors, subject to a minimum allotment of ₹ 50 million per such investor
Above ₹ 2,500 million	Minimum of 2 such investors and maximum of 15 such investors for allocation of up to ₹ 2,500 million and an additional 15 (from 10 as per the existing provisions) such investors for every additional ₹ 2,500 million, subject to a minimum allotment of ₹ 50 million per such investor



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**Participation of insurance companies and pension funds as anchor investors:** The Board has approved amendments to the SEBI ICDR Regulations to allow life insurance companies registered with the Insurance Regulatory and Development Authority of India and pension funds registered with the Pension Fund Regulatory and Development Authority to participate as anchor investors in the portion available for allocation to qualified institutional buyers in an IPO. Further, the overall quantum of reservation for the anchor investor portion has increased from one-third available for domestic mutual funds to 40% per cent available for domestic mutual funds, insurance companies and pension funds. Of this, one-third will continue to be reserved for mutual funds while the remaining portion shall be reserved for life insurance companies and pension funds. In the event of undersubscription of the portion reserved for life insurance companies and pension funds, the unsubscribed portion shall be available for allocation to domestic mutual funds.

## Amendments to the related party transactions framework

**Introduction of scale-based thresholds for material RPTs:** The Board has proposed the following scale-based thresholds for determining “material” related party transactions of listed companies which require prior approval of the shareholders in terms of Regulation 23(4) of the SEBI Listing Regulations:

Existing RPT Threshold	Proposed RPT Thresholds	
	Annual Consolidated Turnover	Threshold
₹ 10,000 million or 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower	Up to ₹ 200,000 million	10% of the annual consolidated turnover of the listed entity
	₹ 200,001 million < Turnover ≤ ₹ 400,000 million	₹ 20,000 million + 5% of the annual consolidated turnover of the listed entity above ₹ 200,000 million
	More than ₹ 400,000 million	₹ 30,000 million + 2.5% of the annual consolidated turnover of the listed entity above ₹ 400,000 million or ₹ 50,000 million, whichever is lower

**Revision in thresholds for subsidiary RPTs:** In order to clarify that RPTs (above ₹ 10 million) undertaken by subsidiaries of listed companies require prior approvals from both the shareholders and the audit committee of the listed entity, respectively, the Board has proposed the following revisions in the thresholds for prior approval of the audit committee of the listed entity as specified under Regulation 23(2)(c) of the SEBI Listing Regulations:

Existing RPT Threshold	Proposed RPT Thresholds	
		Threshold
RPT transactions, where the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, whether entered individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary of the listed company	Subsidiaries having audited financial statements	10% of the <u>annual standalone turnover</u> of the subsidiary as per the last audited financial statements of the subsidiary; or the scale-based material RPT threshold of the listed company, whichever is lower.
	Subsidiaries <u>not</u> having audited financial statements having at least one year	10% of the <u>aggregate value of paid-up share capital and securities premium account</u> of the subsidiary; or the scale-based material RPT threshold of the listed company, whichever is lower.

**Streamlining omnibus RPT approval requirements:** Regulation 23(3)(e) of the SEBI Listing Regulations specifies that omnibus approvals for RPTs granted by the audit committee of a listed company shall be valid for a period not exceeding one year



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and shall require fresh approvals after expiry of one year. Section 96(1) of the Companies Act, 2013 specifies that the time gap between two Annual General Meetings (“**AGM(s)**”) cannot be more than fifteen months. In order to streamline the timelines for listed entities for obtaining omnibus shareholders’ approval for material RPTs at AGMs, the Board by way of its master circular dated November 11, 2024 (“**SEBI Master Circular**”) clarified that shareholders’ approval of omnibus RPTs granted in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year. The Board has now proposed to include necessary amendments to Regulation 23(4) of the SEBI Listing Regulations to exhaustively include all requirements related to omnibus approvals, including the SEBI Master Circular, under the SEBI Listing Regulations.

The Board, by way of its circular dated June 26, 2025, requires listed entities to provide information specified in the Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction” (“**Industry Standards**”) to the audit committee and the shareholders for approval of any RPT. SEBI has now proposed to restrict the applicability of this circular to only those RPTs which exceed 1% of the annual consolidated turnover of the listed company or ₹ 100 million, which is lower, entered individually or taken together with previous transactions during a financial year (including transaction(s) which are approved by way of ratification).

Proviso (e) of Regulation 2(1)(zc) of the SEBI Regulations stipulates that retail purchases from any listed entity or its subsidiary by its directors or employees, without establishing a business relationship, at the terms which are uniformly applicable/offered to all directors and employees are exempt from being classified as RPTs. It has been proposed to expand the scope of this exemption to key managerial personnel and the relatives of directors and key managerial personnel.

The Board has proposed that an explanation be added to Regulation 23(5)(b) of the SEBI Listing Regulations that the term “holding company” refers to and shall be deemed to have always refers to a listed holding company.

## Facilitative measures for entities with listed non-convertible securities

To rationalize costs and align compliance requirements applicable to entities with listed non-convertible securities with the provisions of the Companies Act, 2013 and compliance requirements applicable to entities with listed specified securities, the Board has approved amendments to the SEBI Listing Regulations for (i) specifying timelines for the dissemination of annual reports to the holders of non-convertible securities, stock exchanges and debenture trustees and (ii) including a QR code in the offer letters for accessing the annual reports especially for those holders of non-convertible securities who have not registered their email addresses in the records of such entities.

Please feel free to address any further questions or request for advice to:

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