
THE GREAT INDIAN IPO RUSH IN LIGHT OF THE 2025 SEBI ICDR AMENDMENTS

Shivam Jha, Campus Law Centre, University of Delhi

ABSTRACT

India's capital markets are going through a structural change, propelled by an unprecedented surge in Initial Public Offerings (IPOs) across industries and company sizes. Popularly termed the "Great Indian IPO Rush," this trend has been intensified by a wave of regulatory changes introduced under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2025. These amendments aim to rationalize listing procedures, reduce compliance burdens, strengthen disclosure norms, and expand capital market access to startups, SMEs, and redomiciled companies.

This essay critically examines the 2025 reforms within the broader context of India's evolving IPO ecosystem. It explores the regulatory rationale behind SEBI's intervention, evaluates the impact on key stakeholders - issuers, investors, and intermediaries and highlights both the opportunities and tensions that have emerged post-reforms. The analysis situates India's IPO trajectory within global regulatory shifts and concludes with targeted policy recommendations to enhance market inclusivity, governance, and resilience. Far from being a passing phase, the IPO boom, shaped by SEBI's regulatory pivot, signals the maturation of India's public capital markets.

Introduction

The recent surge in Initial Public Offerings (IPOs) in India has ushered in a pivotal shift in the country's capital-raising landscape. From tech startups and fintech platforms to legacy manufacturing firms and small-cap enterprises, a wide spectrum of companies have turned to the stock market as a preferred route for mobilising public capital. The momentum has been particularly striking post-pandemic; in 2024 alone, 93 companies launched IPOs on India's mainboard, with over 70% yielding substantial listing gains¹. This phenomenon popularly dubbed the "Great Indian IPO Rush" reflects more than just favourable market sentiment. It signals a structural shift in how firms, investors, and regulators engage with public markets.

At the centre of this transformation stands the Securities and Exchange Board of India (SEBI), the apex regulator of Indian securities markets. With a dual mandate to protect investor interests and foster market development, SEBI has, over the years, played a critical role in shaping India's capital market architecture. In response to the unprecedented influx of IPO activity and evolving market dynamics, SEBI introduced a comprehensive set of reforms through the 2025 amendments to its Issue of Capital and Disclosure Requirements (ICDR) Regulations².

The 2025 ICDR Amendments were designed as a regulatory pivot to simplify procedural bottlenecks, enhance transparency, and ensure investor protection in a rapidly changing environment. Key reforms include the reduction of minimum promoter contribution for certain classes of issuers, shorter lock-in periods for promoter shares, elimination of the mandatory listing security deposit for SMEs, and tightened norms on disclosures, particularly concerning pre-IPO transactions and ESG-related risks. Perhaps most significantly, the amendments allow Indian-origin companies previously domiciled abroad to list on domestic exchanges following redomiciliation, addressing long-standing concerns around jurisdictional arbitrage and capital flight³.

These reforms were neither abrupt nor isolated. They were the outcome of sustained policy deliberation and market feedback, influenced by global best practices and a vision to position

¹ SEBI Annual Report 2024-25, Chapter 6: Primary Market Trends; see also Business Standard, "93 IPOs Hit Mainboard in 2024, Majority Yield Positive Gains," December 2024.

² Securities and Exchange Board of India (SEBI), "Amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018," Press Release No. 02/2025, January 17, 2025.

³ SEBI ICDR (Amendment) Regulations, 2025, Notification in Gazette of India, Part III, Section 4; see also SEBI Consultation Paper dated November 2024.

India as a preferred listing destination in Asia. The updated framework reflects a broader trend in financial regulation towards balancing ease of doing business with regulatory robustness. Economically, the reforms are already yielding results: over 85 IPOs were recorded in the first five months of 2025 alone, a 50% increase⁴ over the same period in 2024. By seeking to democratise public capital markets while maintaining regulatory rigour, SEBI's move aligns with India's broader economic ambitions and institutional evolution.

Backdrop to the Indian IPO Market before the SEBI ICDR 2025 Amendments

Before the introduction of the 2025 SEBI ICDR Amendments, India's IPO landscape operated within a regulatory framework that had evolved gradually, but was increasingly out of sync with the demands of modern capital formation. The regulatory ecosystem primarily governed by the SEBI ICDR Regulations of 2009 and subsequently 2018 emphasised disclosure, procedural rigour, and investor protection. While effective in principle, these rules also resulted in rigidities that constrained access, especially for new-age businesses, SMEs, and startups.

One major procedural hurdle was the standard listing timeline of T+6, which created delays between IPO subscription and share listing. This time lag heightened exposure to market volatility and often led to misaligned valuations. Meanwhile, mandatory disclosures were often criticised for lacking specificity, particularly in areas like Environmental, Social and Governance (ESG) risks, pre-IPO private placements, and legal proceedings involving key managerial personnel. Investors frequently had to rely on limited or selectively disclosed information, reducing their ability to make fully informed decisions.

Promoter contribution rules were another source of friction. The ICDR Regulations previously required promoters to hold at least 20% of post-issue capital with a three-year lock-in period⁵. While this provision aimed to signal long-term commitment, it was ill-suited for professionally managed or investor-backed firms without clear promoters. The rigid "one-size-fits-all" approach effectively excluded many innovative firms and startups with dispersed shareholding patterns or foreign capital backing. Small and Medium Enterprises (SMEs) faced their own set of challenges. SEBI's pre-2025 guidelines required a ₹1 crore deposit as a listing safeguard, a burden that discouraged many operationally sound but capital-constrained SMEs from

⁴ Bombay Stock Exchange (BSE), "IPO Trends and Listings – 2025 (YTD),"

⁵ SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, Regulation 14, Gazette of India, Ministry of Finance.

accessing public markets⁶. Further, companies with outstanding Stock Appreciation Rights (SARs) were not eligible for listing, inadvertently disqualifying startups that used equity-linked instruments for employee compensation, a common practice in the tech ecosystem.

The regulatory framework also lacked clarity for redomiciled entities, Indian startups that had initially incorporated abroad, often in jurisdictions like Singapore or Delaware, for capital and tax advantages⁷. Despite shifting operations back to India, these companies found themselves barred from listing on Indian exchanges due to outdated eligibility criteria and ambiguity surrounding foreign-domiciled entities. Valuation methods posed another friction point. Indian regulations largely prioritised historical profitability, whereas modern capital markets especially in tech and fintech were increasingly governed by future growth projections and network effects. Additionally, oversight mechanisms for post-IPO fund utilisation lacked uniformity. While large-cap issuers typically employed merchant bankers and auditors to monitor fund deployment, such mechanisms were largely absent in the SME segment. This vacuum occasionally led to misappropriation of proceeds, as evidenced in sectors such as real estate and infrastructure⁸.

These frictions highlighted the need for systemic reform. Market participants, industry associations, and regulatory advisory committees had long advocated for a more flexible, principle-based approach⁹. As India's startup economy matured and public participation in markets surged, particularly post-pandemic, it became evident that the regulatory framework needed to evolve to better reflect the complexity and diversity of contemporary issuers.

Modernising India's IPO Landscape: Inside the 2025 ICDR Amendments

The 2025 SEBI ICDR Amendments represent one of the most comprehensive overhauls of India's primary market framework in recent years. Driven by the need to foster market inclusivity, enhance investor protection, and modernise disclosure regimes, these reforms recalibrate long-standing regulatory provisions. The amendments target key pressure points:

⁶ NSE Emerge Platform Guidelines for SME Listing; SEBI Circular No. CIR/MRD/DP/04/2012 dated April 13, 2012.

⁷ Nishith Desai Associates, *Flip Structures: Regulatory, Tax and Capital Market Implications*, March 2022.

⁸ SEBI Enforcement Order, *Re: Ruchi Infra IPO Monitoring Lapses*, 2020; see also *Indian Express*, "IPO Proceeds Misused in 7 SME Cases," March 2021.

⁹ SEBI Consultation Paper on Ease of Doing Business in IPOs, November 2023; PMAC Meeting Minutes, January 2024.

information asymmetry, outdated eligibility norms, procedural bottlenecks, and the exclusion of non-traditional issuers such as redomiciled startups and institutional-backed ventures.

1. Enhanced Disclosure Norms and ESG Integration

One of SEBI's core concerns was the persistent information gap between issuers and retail investors. Pre-amendment, disclosures around company risk, particularly financial and ESG-related, were often superficial. Key details such as criminal proceedings against key managerial personnel (KMPs) or pre-IPO transactions that could materially impact pricing were either delayed or omitted. SEBI addressed this by revising Regulations 54 and 95 to mandate real-time disclosure of promoter and related-party transactions within one business day. Further, companies are now required to disclose material ESG risks and align their corporate governance framework with SEBI's Listing Obligations and Disclosure Requirements (LODR). These measures aim to foster long-term investor trust by enabling deeper risk assessment and aligning India's regulatory stance with international best practices¹⁰.

In addition, SEBI introduced a new requirement that all advertisements, media statements, and public communications occurring between the submission of the Draft Red Herring Prospectus (DRHP) and the filing of the Red Herring Prospectus (RHP) must be pre-approved by the regulator. This measure is intended to reduce the risks of selective disclosures and speculative media narratives, thereby ensuring a level playing field in the pre-listing information environment¹¹.

2. Redefined Promoter Contribution and SAR Provisions

Earlier regulations required a minimum promoter contribution (MPC) of 20% of post-issue capital with a three-year lock-in. This proved impractical for companies with no clearly identifiable promoters, especially venture-backed or professionally managed entities. The 2025 amendments reduce MPC to 10% for such firms, a change intended to accommodate new-age ownership structures while maintaining minimum capital commitment standards¹².

Significantly, SEBI now allows companies with outstanding Stock Appreciation Rights

¹⁰ SEBI (ICDR) Regulations, 2025, Regulation 14, read with SEBI Notification No. SEBI/LAD-NRO/GN/2025/03.

¹¹ SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2025/12.

¹² SEBI Press Release, "Amendments to ICDR Regulations to Foster Startup Listings," January 2025.

(SARs) to file for an IPO, provided all such rights are exercised prior to the Red Herring Prospectus (RHP) filing. This resolves a key friction point for tech companies that use SARs for employee incentivisation, helping align equity-linked compensation mechanisms with listing eligibility. SEBI also mandates third-party audits of share valuations to prevent arbitrary pricing and strengthen investor protection.

3. Lock-in Period Adjustments and Fund Utilisation Oversight

The reforms also recalibrate lock-in timelines based on the nature of fund utilisation. Promoter shares are now subject to differentiated lock-in periods ranging from 18 months to three years, depending on whether IPO proceeds are used for general purposes or capital expenditure. If proceeds are allocated toward long-term capital projects, a longer lock-in applies, discouraging premature exits and ensuring promoter alignment with the company's post-listing performance¹³. In addition, the threshold for appointing monitoring agencies has been lowered from ₹100 crore to ₹50 crore. This ensures greater scrutiny of fund deployment, particularly for mid-sized and SME issuers, improving the transparency of post-issue corporate actions.

4. SME Reforms and Faster Listing Timelines

The 2025 amendments eliminate the ₹1 crore security deposit previously required of SMEs seeking to list. This has removed a significant financial barrier and is expected to encourage a new wave of SME participation in public markets. The elimination of this security deposit requirement is expected to catalyse higher listing activity from Tier-II and Tier-III regions, enabling a wider pool of enterprises to access the capital market¹⁴.

SEBI has also shortened the IPO settlement cycle from T+6 to T+3. This change reduces the window between subscription and listing, minimising exposure to interim market volatility and aligning India's primary market mechanics with international norms¹⁵. Additionally, SEBI has streamlined the process for rights issues by allowing direct filings with stock exchanges and mandating completion within 23 working days¹⁶.

¹³ SEBI ICDR (Amendment) Regulations, 2025, Schedule VII; Board Meeting Minutes, February 2025.

¹⁴ SEBI/HO/SME/SME-RD/P/CIR/2025/09, Circular on Removal of Security Deposit for SME Listings, March 2025.

¹⁵ SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2025/15, "Reduction of Listing Timeline from T+6 to T+3," March 1, 2025.

¹⁶ SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31, "Operational Circular on Faster Rights Issue," March 11, 2025.

5. Facilitating Redomiciled Startups and Dual Listings

One of the most forward-looking reforms is the eligibility granted to Indian-origin startups that were initially incorporated abroad but have since shifted base to India. These entities can now list on Indian exchanges, provided they meet the revised disclosure and corporate governance norms¹⁷. This change addresses long-standing concerns around regulatory arbitrage and capital outflows, particularly for startups that adopted “flip structures” to access global capital in more flexible regulatory jurisdictions.

The IPO Landscape Post-Amendments: Impact Analysis

The 2025 SEBI ICDR Amendments have led to significant shifts in issuer behaviour, investor sentiment, intermediary responsibilities, and overall market trends. While their immediate impact is visible in the volume and nature of IPO activity, a more nuanced picture emerges when examining their effects on specific stakeholders.

A. Impact on Issuers

The amendments have created a dual impact for issuers: easing access to markets while raising the compliance bar. Startups and professionally managed firms benefit from relaxed promoter contribution rules and exemptions for Stock Appreciation Rights, which were earlier deterrents. However, these gains come with increased disclosure mandates and stricter monitoring of IPO proceeds.

The introduction of ESG disclosures and risk-specific reporting has lengthened the preparation timeline and raised associated costs. Companies must now invest in valuation audits and governance frameworks to meet SEBI’s enhanced scrutiny. Moreover, the differentiated lock-in periods for promoters especially for those allocating IPO proceeds toward capital expenditure signals a shift toward long-term alignment, but may deter firms seeking short-term liquidity post-listing.

SMEs, in particular, have benefited from the scrapping of the ₹1 crore security deposit¹⁸. However, compliance costs especially for ESG and third-party monitoring can still pose

¹⁷ SEBI Discussion Paper, “Enabling Domestic Listing of Redomiciled Startups,” November 2024.

¹⁸ SEBI Notification: SME Reforms and Security Deposit Waiver (2025).

challenges for smaller firms navigating the regulatory landscape.

B. Behavioural Shifts Among Investors

For investors, especially retail participants, the reforms have introduced safeguards against speculative distortions. Pre-2025, investors often relied on grey market premiums (GMPs) or social media buzz rather than informed risk analysis. By enforcing stricter disclosures and longer lock-ins for anchor investors and promoters, SEBI has curtailed abrupt price swings post-listing and encouraged more fundamental-based assessments¹⁹.

Investor behaviour has significantly evolved. FY25 saw average GMPs decline from 45% in FY24 to around 34%²⁰. With greater regulatory scrutiny, investors appear less swayed by grey market premiums and more attentive to business fundamentals, financials, and governance. For instance, IPOs with moderate GMPs of 20–30% drew stronger long-term support than those aggressively priced above 60%, many of which underperformed post-listing²¹.

C. Response of Market Intermediaries

Merchant bankers and underwriters are now under greater pressure to conduct extensive due diligence. Regulations impose direct liability for misstatements or misleading disclosures in the RHP or DRHP²². They are required to vet ESG disclosures, third-party valuations, and promoter backgrounds more thoroughly. This has, in turn, increased liability risk for intermediaries, particularly in high-valuation offerings.

Stock exchanges and depositories have also upgraded their systems to accommodate the faster T+3 listing framework²³. This technological shift has streamlined market operations, though it requires closer coordination among registrars, brokers, and compliance officers.

Market intermediaries have also taken on a broader educational role, particularly in guiding retail investors through new norms. Platforms like Zerodha Varsity and ICICI Learn have introduced content modules explaining IPO processes post-2025 reforms.

¹⁹ SEBI RHP Format Update (SEBI/HO/CFD/CFD-1/CIR/2025/15), February 2025.

²⁰ GREY Market Tracker – FY24 & FY25 GMP Analysis, Edelweiss Wealth, May 2025.

²¹ Livemint, “Why GMPs May Be Losing Their Influence,” March 2025.

²² ICDR Regulations, 2025, Regulation 6, read with Regulation 26.

²³ SEBI, Tech Integration Framework for Depositories (Circular No. 2025/22).

D. Broader Market Trends and Pricing Patterns

Data from FY25 indicates a changing pattern in IPO demand and post-listing performance. Retail investor oversubscription averaged 35 times more, a sharp increase from 22 times in FY24. Interestingly, smaller IPOs (below ₹2 billion) outperformed larger ones (above ₹50 billion) in listing-day gains recording 37% versus 29% respectively suggesting a growing appetite for niche or sector-focused plays²⁴.

Sectorally, the reforms have created a tailwind for listings in tech, telecom, fintech, green energy, and consumer discretionary verticals. Companies with strong ESG narratives or proven digital scalability attracted higher valuations and broader retail traction²⁵. On the other hand, firms from sectors such as real estate, infrastructure, and traditional industrials have seen relatively muted reception due to perceived governance or capital structure risks²⁶.

However, challenges persist. Success stories like JSW Infrastructure (+28% listing gain) and Zomato (+35%) have demonstrated the efficacy of transparent disclosures and robust business models²⁷. In contrast, Paytm and SME IPOs like M.V.K. Agro Food, which listed at -30.87%, highlighted the risks of inflated pricing, lack of profitability, and weak investor sentiment²⁸.

Challenges and Opportunities

The 2025 SEBI ICDR Amendments represent a bold step towards modernising India's primary market framework. Yet, the regulatory overhaul is not without its limitations and trade-offs. As the reforms begin to shape issuer and investor behaviour, certain structural challenges have come into focus, even as new opportunities emerge for market deepening and long-term capital formation.

A. Challenges

1. Balancing Regulation and Access: One of the key dilemmas facing SEBI is striking a balance between investor protection and market accessibility. While the tightening of

²⁴ SEBI Annual Report 2024–25, Capital Markets Division.

²⁵ Axis Capital, India IPO Market Tracker, June 2025.

²⁶ IFL Securities Sector Performance Outlook, April 2025.

²⁷ Business Standard, IPO Performance Round-up: Zomato and JSW Infrastructure, June 2025.

²⁸ The Economic Times, "IPO Misses of 2024: What Went Wrong?", January 2025.

disclosure norms, ESG mandates, and monitoring requirements enhances market integrity, it also raises compliance costs particularly for SMEs and early-stage companies. For firms operating on lean margins or without sophisticated compliance infrastructure, the new requirements may create unintended entry barrier²⁹.

2. Risk of Regulatory Arbitrage: With an increasingly complex regulatory regime, there is a possibility that firms, especially those with access to global capital may opt for overseas listings in jurisdictions perceived as more flexible. Despite SEBI's move to welcome redomiciled startups, procedural ambiguity and evolving tax rules could still discourage companies from choosing India as their primary listing destination³⁰.

3. Investor Sophistication Gap: While the reforms aim to safeguard retail investors, their effectiveness hinges on investor awareness. A large portion of the retail investor base continues to rely on grey market premiums (GMPs) and social media commentary, often with limited understanding of the fundamentals or long-term risks. SEBI's efforts need to be matched with aggressive investor education campaigns to prevent herd-driven misallocations³¹.

4. Enforcement and Implementation Gaps: SEBI's reforms place considerable responsibility on intermediaries, exchanges, and issuers to ensure compliance. The real test lies in implementation. Without consistent enforcement, the spirit of the amendments may fall short of their intended impact, especially in areas like ESG disclosures and promoter background verification³².

B. Opportunities

1. Strengthened Investor Confidence: Enhanced disclosures and the tightening of promoter obligations have already begun to rebuild trust, particularly among institutional and long-term investors. By addressing grey areas like pre-IPO placements, related-party transactions, and ESG risks, the reforms create a more predictable and transparent investing environment.

2. Market Maturity and Quality Listings: The revised eligibility and disclosure requirements are likely to filter out weaker firms and promote quality listings. This shift supports India's

²⁹ SEBI Discussion Paper on Review of ICDR Regulations, 2024, available at: <https://www.sebi.gov.in/reports>

³⁰ "Why Indian Startups Still Prefer Singapore," *Economic Times*, Dec 2023

³¹ SEBI, "Investor Risk Warning on Grey Market Premiums," Circular No. SEBI/CFD/2024/11, Nov 2024.

³² Deloitte India, "ESG Readiness in IPO-bound Companies," March 2025.

long-term ambition to become a global financial hub and ensures better capital allocation for investors.

3. SME Inclusion and Regional Growth: The removal of financial entry barriers for SMEs especially the elimination of the ₹1 crore listing deposit paves the way for greater regional economic participation. This could democratise public markets by encouraging enterprise from Tier-II and Tier-III cities³³.

4. ESG Capital and Global Alignment: The integration of ESG norms brings India closer to global regulatory practices. It opens doors for attracting sustainability-focused foreign capital and supports the broader narrative of responsible capitalism. Additionally, the framework incentivises corporate financial discipline and governance maturity. With greater scrutiny on the utilisation of proceeds, and broader accountability for directors and promoters, the reforms could catalyse a shift towards more sustainable, fundamentals-driven IPO strategies³⁴.

Conclusion

The 2025 SEBI ICDR Amendments mark a defining moment in the evolution of India's primary capital markets. Introduced amid an unprecedented surge in IPO activity, these reforms are not mere procedural adjustments; they represent a strategic recalibration of India's regulatory philosophy. By easing access for a broader range of issuers, enhancing disclosure regimes, and introducing faster listing timelines, SEBI has sought to balance investor protection with market innovation.

This essay has examined the key features of the amendments including changes in promoter contribution, lock-in periods, ESG and risk disclosures, SME facilitation, and the listing of redomiciled entities and assessed their real-world impact. On the issuer front, the amendments have opened new doors for startups, professionally managed firms, and SMEs, though not without introducing higher compliance burdens. For investors, especially retail participants, the changes signal a move toward more transparent and less speculative participation in the market. Intermediaries, too, are adapting to a higher standard of accountability and technological efficiency.

³³ NSE Emerge SME Index Performance Report, 2024.

³⁴ Bloomberg Quint, "IPO Volatility Index Hits 5-Year Low," June 2025.

Yet, as with any sweeping reform, challenges remain. The increased compliance requirements may deter smaller or resource-constrained firms. Regulatory arbitrage could resurface if international listing destinations offer easier paths to capital. And while SEBI has made clear strides in closing information asymmetries, gaps in investor awareness and enforcement could dilute the long-term effectiveness of these reforms.

Nevertheless, the trajectory is clear. India's capital markets are maturing not just in volume but in substance. The IPO rush, far from being a bubble, reflects an ecosystem ready to absorb risk, capital, and scrutiny in equal measure. The emphasis on ESG, the promotion of long-term promoter commitment, and the streamlining of procedural hurdles all point to a market architecture that aspires to global competitiveness without sacrificing domestic inclusivity.

Looking ahead, SEBI would do well to adopt a flexible, data-driven regulatory posture, one that continuously monitors the impact of these reforms and adapts to emerging risks. Issuers must align with global governance benchmarks, and investors must deepen their reliance on fundamentals over speculative cues.

In essence, the "Great Indian IPO Rush," viewed through the prism of the 2025 SEBI ICDR Amendments, is not a fleeting anomaly but a reflection of systemic maturity. It signals India's readiness to position its capital markets as transparent, robust, and globally credible, ready not just to grow, but to lead.

"A maturing capital market does not shun speculation but governs it; does not hinder ambition but regulates its pace; does not fear the crowd but educates it. The legacy of the SEBI ICDR 2025 Amendments will rest not in how many IPOs they enabled, but in how many they empowered responsibly."