
THE DEMAT DANCE TO REGULATORY RHYMES: INDIA'S IPO BOOM OF 2025

Hardik Kumar & Akshat Singh, National Law University and Judicial Academy Assam

A cloud of ambition has begun to burst in the Indian markets. New dreams have grown new wings are now ready to soar high. Entrepreneurs will lead the new fiscal era and not just the big ones will shy, even the smaller ones will get an equal chance and equal benefit. This is the era of capital rush; it can be called a capital bloom. It is a new economic dawn. Once quiet like a gentle stream, the Indian stock market now roars in fury like a monsoon-fed river Brahmaputra, carrying with it the dreams of many investors alike. IPOs, once as rare as the Black Opal now fall like monsoon rain- abundant sprinkling with enough to quench the thirst of this capital hungry land. The economy has found a new boom, and this boom will be led by IPOs. Not only the big ones will capture the spotlight, but in the light of the new SEBI regulations, it is time for the SMEs (Small and Medium Enterprises) to shine too. The Securities and Exchange Board of India (SEBI) with its new ICDR (Issue of Capital and Requirements) Amendments is allowing young ventures to etch their names on the monolith of the Dalal Street. Startups once crawling in the shadows now soar high draped in the dazzling fabric of vision and valuation. The idea of capital availability is no longer a pie in the sky as there is an abundancy of capital available through investors both domestic and foreign. The IPO boom is the new symphony of India's. economy.

The capital markets of India are experiencing an unprecedented rise in initial public offerings (IPO) with 2025 marking a record-breaking year for capital raised and company listings. SEBI's 2025 ICDR amendments serves as a catalyst in the capital market of India. These amendments are effective since March 2025. The amendment was drafted to streamline IPO processes, enhance transparency, and reduce compliance costs. Spanning startups to state-owned enterprises and investors to merchant bankers, these reforms aim to modernise the market ecosystem, promote transparency, and significantly enhance the ease of doing business. Founders now benefit from relaxed norms on SARs (Stock Appreciation Rights) as a share-based employee benefit, and there is a push for mandatory dematerialisation of shares to improve market integrity. These reforms strengthen the investors' confidence in the capital

market. Indian companies raised a record ₹45,375 crore through mainboard initial public offerings (IPOs) in the first half of calendar year 2025 (H1 CY25), marking the highest-ever capital mobilised in the first six months of any year since the platform's inception. SEBI's 2025 amendments have not only accelerated capital formation but also set higher standards for governance and transparency, ensuring that India's IPO surge is underpinned by sustainable growth and global investor trust.

The initial public offering of the Indian market is telling us a new story, IPO isn't just stirring, it is evolving. The IPO valuation of Rs. 1 trillion plus is keeping its way for 2025, which is going to be the turning point. The 1st quarter alone saw record capital influx, sector diversification and historic investor participation. The Quarter One of 2025 generated \$2.8 billion across 62 offerings, capturing 22% of global IPO activity. As of July 2025, 26 mainboard IPOs have hit the Indian stock exchanges, painting a mixed yet promising picture of the primary market. Among these 26 IPOs, approximately 18 (nearly 70%) are trading above their issue prices, highlighting solid post-listing momentum. Quality power electrical Equipment emerged as a standout performer. With the issue size of Rs. 858 crores, this stock delivered a massive 75% gain.

Also, this year saw Diversity of sectors in the numbers, The automotive, consumer discretionary and industrials sectors led in total funds raised, the information technology sector topped listing-day gains at 43 per cent, followed by telecommunication and financial services. Interestingly, smaller IPOs (issue size < INR 2 billion) outperformed larger ones (> INR 50 billion) in listing-day gains, averaging 37 per cent versus 29 per cent. The green energy segment, a subset of industrials, also performed well, with four IPOs averaging 35.7 per cent gains. Beyond traditional industries, quick-commerce platforms, EV manufacturers, and industrial e-commerce ventures dominate the pipeline. JSW One Platforms and Pine Labs lead imminent listings, while NBFCs exhibit unprecedented IPO urgency.

A huge storm is brewing in the Indian IPO niche. The canvas of Indian money market is being painted with bold strokes of capital ambition in 2025. According to Indian brokerage and asset management group Motilal Oswal, the total equity fundraising through public flotations could surpass \$23 billion which is even greater than last year's \$19.6 billion raised in 336 IPOs.

SEBI's pen dance wise and bold, these new ICDR reforms are to behold. Where the path in the Indian money market was once steep and slow, now the same path runs smooth. IPOs are

blooming like the petals of lotus, thousands of them bloom at once and the retail hearts sing to this tune of new hope. And this has been possible all due to the new ICDR amendments. The wheels of the market machinery once rusted and slow have been renewed and greased with these reforms which are firm and fair.

There are various key changes made through the ICDR Amendments of 2025. The changes that have positively impacted the issuance of IPOs like the Waiver of 1% security deposit is prominent. This enables the issuers to no longer deposit a refundable 1% of issue size with exchanges, this has simplified the process and have reduced the upfront compliance costs for IPO. Another key change is the recognition of SARs (Stock Appreciation Rights) like ESOPs (Employee Stock Option Plans). SARs granted to employees can remain outstanding until DRHP (Draft Red Herring Prospectus) filing, provided fully exercised by then; resulting shares are treated like ESOPs and exempt from lock-in. This has provided regulatory clarity, transparent accounting and overall ensures smoother equity incentive planning pre-IPO. Now, there is faster bidding closure in exigencies where the minimum extension during force majeure during IPO bidding has been now reduced to 1 working day down from 3. This helps to reduce delays and smooth up completion. In its new regulations, flexible lock-in related to fund use have been introduced. If the proceeds from IPO fund capex or repay related loan, then the promoter contribution lock-in extends to 3 years; if there is excess holding then lock -in period is for 1 year instead of prior six months- this has been done to protect the interest of the investors and have also provided clarity on timelines.

The new ICDR Amendments of 2025 have been designed to mark a sea of change in India's capital market infrastructure., with extensive changes designed to enhance transparency, modernise the issuance process, reduce compliance burdens and ultimately catalyse IPO growth. These reforms carry remarkable implications for investors, issuers, merchant bankers and market dynamics alike. These amendments combine investor protection as well as liberalisation. They represent a mature, calibrated transition—optimizing capital access, advancing appropriate disclosure, leveraging misuse risks, and creating more structured opportunity for more issuers. These will ultimately lead to a faster, fairer, more inclusive Indian securities ecosystem—benefiting all types of market participants. During the composition of the ICDR/LODR amendments, SEBI received 1028 public comments from 35 stakeholders. Among them 362 “strongly agree”, 442 “agree”, 154 “partially agree”, and only 70 dissenting. This vigorous and highly supportive feedback shows us that letting public commentary into the

process of rulemaking reinforces good governance and transparency.

These policies have influenced the market in a significant way and they will continue to do so. One of the biggest achievements of these changes is investor confidence and accountability. Markets have gone through the process of metamorphosis, and they will continue to do so, but a key element that is required for a stable growth is investor confidence and this has been boosted through policies like fund usage caps and tighter lock-ins. Promoter lock-ins of 3 years if funds used for capital expenditure/debt, 18 months for other uses and 1 year lock-in on excess promoter shares have safeguarded investor interests which is inordinately critical in India's retail-dominated market. Another significant change is issuers' flexibility and cost savings. SMEs and mid-size firms benefit from streamlined norms, clearer documentation, lower costs and monitoring flexibility. These changes have made public market highly accessible. Now, SMEs and mid-size companies can execute rights issues without hiring expensive merchant bankers historically charges 0.5-1% of issue size. The change of streamlining the process like leaner issuance pipeline have accelerated capital-raising cycles. SEBI has reduced the rights-issue process from 126-317 working days down to just 23 working days, effective April 7, 2025. This significant acceleration makes rights issues faster than preferential allotments and enables the issuers to raise capital at a much faster pace. This has also led to capital efficiency.

Like a coin has two sides, there are various challenges regarding the SEBI ICDR Amendments 2025. The regulatory changes aim to balance rapid capital market growth with robust oversight, but they also bring several new challenges for the issuers, regulators and the investors. One major issue that arises is balancing speed and listings quality. As FY25 saw a record 211 IPO filings and over 65 awaiting SEBI nod at mid-point, there is so much pressure on regulators as well as companies to clear and check documents in haste. Precipitate clearances can compromise the depth of due diligence, with a question mark against quality and preparedness of IPO candidates. This puts the investors at a risk if disclosure quality deteriorates in a hurry, possibly eroding market trust in new listings. The change related to promoter lock-in and capital use may turn into a double edged sword, on one hand it act as an extra line of protection for the investors but on the other the new, more extensive lock-in terms associated with capital expenditure can discourage some promoters, particularly startups and capital-light firms, from ambitious fundraising plans. There can be tensions where companies need quick access to liquidity or have multi-pronged capital deployment strategies. Certain issuers may revisit the timing or structure of an IPO, perhaps slowing the timing of some listings. Another change that

can be a problem is more and greater disclosure requirements. Tighter disclosure standards, such as proforma accounts for sub-material transactions and expedited reporting of all pre-IPO arrangements, load more compliance on developing companies that are not accustomed to public scrutiny. This will extend IPO durations for first-time issuer and cause strains on resources, especially for mid-cap firms dealing with multiple investor relations and regulatory submissions. A major issue can be regarding the SME IPO Eligibility and Cooling-off regulations. A stringent eligibility and the imposition of new financial and operating requirements risk preventing rapidly growing SMEs—a driving force for the 2025 IPO surge—early access to capital markets until they become firmly profitable or finish cooling-off following promoter changes. Although this action enhances market integrity, it threatens to inhibit legitimate fundraising for innovative, early-stage businesses.

The 2025 SEBI ICDR Amendments have certainly initiated a revolutionary period in India's capital markets, bringing about what can be truly described as The Great Indian IPO Rush. The IPO boom is not just a numerical fact; it is evidence of an emerging economy learning to mix opportunity with supervision, growth with regulation, and aspiration with responsibility. By simplifying processes, reducing compliance expenses, and ushering in flexible yet stringent regulatory regimes, SEBI has enabled a wider base of firms—SMEs and startups included—to raise capital from markets with confidence. Investor confidence, a key support of any prosperous market, has been reinforced through strict disclosure requirements, sharper lock-in regulations, and quicker, more effective capital-raising vehicles. But with any major regulatory change comes challenges. Finding the balance between the rate of expansion and the calibre of listings, working through the nuance of new compliance requirements, and preserving that innovation is not suffocated by excessively cautious eligibility standards will be imperative. The balance between speed and scrutiny, between access and accountability, will remain to challenge market participants and regulators both. However, the path is evident. India's IPO market is no longer a small, elitist corridor for select corporates—it is a broad, open highway propelling the nation's economic rise. With thoughtful calibration, consistent investor faith, and incremental policy refinement, the 2025 ICDR amendments can be the basis of a more dynamic, inclusive, and competitive Indian capital market. The idea of IPO monsoon is no longer a pie in the sky but a reality and this monsoon will replenish the market with ample capital rain.

References:

1. Hritam Mukherjee, Kashish Tandon & Hritam Mukherjee, *India's HDB Financial Shines in Trading Debut, Valuing Non-Bank Lender at over \$8 Billion*, Reuters, Jul. 2, 2025, <https://www.reuters.com/world/india/indian-lender-hdb-financial-jumps-nearly-13-trading-debut-2025-07-02/>.
2. Ritesh Presswala, *IPO Tracker: 70% Issues Make Money in 2025. Check Top Winners and Losers*, The Economic Times, Jul. 5, 2025, <https://economictimes.indiatimes.com/markets/ipos/fpos/ipo-tracker-70-issues-make-money-in-2025-check-top-winners-and-losers/articleshow/122262376.cms>.
3. *SEBI ICDR Regulations 2025: A Deep Dive into the Latest Amendments*, Fintrac Advisors, <https://fintracadvisors.com/sebi-icdr-regulations-2025-a-deep-dive-into-the-latest-amendments/> (last visited Jul. 19, 2025).
4. taxguru_in & editor2, *SEBI Proposes Amendments to SEBI LODR and ICDR Regulations*, TaxGuru (Oct. 19, 2024), <https://taxguru.in/sebi/sebi-proposes-amendments-sebi-lodr-icdr-regulations.html>.
5. Cyril Amarchand Mangaldas, *IPOs Post the SEBI ICDR Amendments 2025*, (2025), <https://www.cyrilshroff.com/wp-content/uploads/2025/03/Client-Alert-SEBI-ICDR-Amendments.pdf>.
6. Shardul Amarchand Mangaldas, *25 SEBI ICDR Amendments, 2025 Key Takeaways from an IPO Perspective*, (2025), <https://www.amsshardul.com/wp-content/uploads/2025/03/Alert-CM-SEBI-ICDR-Amendment-Regulations-March-2025.pdf>.
7. Shardul Amarchand Mangaldas et al., *SEBI ICDR Amendments, 2025 Key Takeaways from an IPO Perspective*, Lexology (Mar. 10, 2025), <https://www.lexology.com/library/detail.aspx?g=fddb6b50-053f-49a9-817d-faa881708378>.