

Sebi extends IPO timelines, eases public float rules

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Mumbai, 7 April

Amid heightened market volatility and muted investor sentiment, the Securities and Exchange Board of India (Sebi) on Tuesday announced a set of one-time relaxations covering initial public offering (IPO) timelines and minimum public shareholding requirements

For companies preparing to go public, the markets regulator has extended the validity of

FOR COMPANIES PREPARING TO GO PUBLIC, SEBI HAS EXTENDED THE VALIDITY OF OBSERVATION LETTERS EXPIRING BETWEEN NOW AND SEP 30, 2026

observation letters expiring between now and September 30, 2026, providing relief to over two dozen firms.

Under existing rules, observation letters remain valid for 12 months, after which firms must refile draft documents. In cases involving confidential fil-

ings, issuers are granted an 18-month window to launch their IPOs.

Considering representations from industry bodies and prevailing uncertain market conditions, Sebi has decided to grant a one-time relaxation by extending the validity of observation letters till September 2026, the regulator said in a circular.

Companies availing themselves of the extension must submit updated offer documents along with an undertaking from their lead managers confirming compliance with ICDR (Issue of Capital and Disclosure Requirements) regulations.

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Sebi noted that issuers have faced challenges in accessing capital markets amid the ongoing war in West Asia, forcing many to defer, recalibrate or withdraw issuance plans -- raising the risk of lapsed regulatory approvals and duplication of processes.

In a separate circular, the regulator also introduced a one-time relaxation from penal provisions for listed companies that have fallen short of meeting MPS norms. The relief applies to firms with compliance deadlines between April 1 and September 30, 2026.

Stock exchanges and depositories have been instructed not to initiate penal action during this period, and any enforcement measures taken since April 1 will be withdrawn.

"The one-time relaxation will support IPO-bound companies with approvals nearing expiry by providing additional flexibility. It allows issuers to better assess market conditions and strategically time their IPO

launches amid heightened volatility," said Mahavir Lunawat, chairman of the Association of Investment Bankers of India.

Failure to meet MPS norms typically triggers penalties including fines, freezing of promoter shareholding and other restrictions.

The latest measures echo similar relaxations granted during the Covid-19 pandemic.

Industry associations had recently flagged concerns over fundraising challenges and the difficulty of meeting the mandated 25 per cent public float within prescribed timelines.

Despite headwinds, FY26 saw a record ₹1.78 trillion raised through 112 mainboard IPOs, surpassing the previous high of ₹1.62 trillion raised via 78 issues, according to Prime Database.

At present, about 144 companies seeking to raise ₹1.75 trillion have secured Sebi approval and are awaiting market launch, while another 63 firms aiming to raise ₹1.37 trillion remain in the approval pipeline.