

Review of the requirement of Minimum Public Offer and timelines to comply with Minimum Public Shareholding for issuers in terms of Securities Contracts (Regulation) Rules, 1957 ('SCRR') with the objective to enhance ease of doing business

1. Objective

1.1. This memorandum seeks approval of the Board to consider and recommend changes in Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 ('**SCRR**') to the Department of Economic Affairs, Ministry of Finance for making necessary amendments to SCRR, for enhancing ease of doing business relating to the following provisions:

1.1.1. Review the requirement of Minimum Public Offer ('**MPO**') for issuers.

1.1.2. Review the timelines prescribed to comply with Minimum Public Shareholding ('**MPS**').

2. Background

2.1. With a view to promote capital formation and enhance ease of doing business, SEBI has undertaken several initiatives aimed at simplifying fund-raising by issuers in India, while ensuring investor protection. These measures have led to increase in the availability of new securities for investment by investors including retail investors and mutual funds.

2.2. In line with the above, proposals on the aforesaid item were deliberated in Primary Markets Advisory Committee ('**PMAC**') of SEBI. PMAC recommended the proposals and suggested seeking public comments through consultation.

2.3. The recommendations of PMAC were deliberated internally, pursuant to which revised proposals were incorporated in the consultation paper, which was issued on August 18, 2025 ('**Consultation Paper**'), seeking public comments on proposals made therein. The Consultation Paper is placed at **Annexure - I**.

2.4. The existing provisions under SCRR, need for review, proposals along with rationale for amendment to existing provisions are discussed in the ensuing paragraphs. Since, the 21-day period for receipt of public comments on the proposals will conclude on September 8, 2025, the analysis of comments received will be submitted separately, as an addendum to this Memorandum.

3. Existing Provisions in SCRR

3.1. The issuers with a post issue market capitalization at offer price (hereinafter referred to as '**post issue market cap**' or '**Mcap**') of above ₹1,00,000 crores, are required to offer ₹5,000 Cr and at least 5% of the post issue market cap to public. Further, as per the proviso to Rule 19(2)(b) of SCRR, in case the issuer, at the time of listing, does not have at least 25% of its post issue market cap with public shareholders, then it is required to bring public shareholding to at least 10% within two years from the date of listing and to at least 25% within five years from the date of listing.

3.2. The table below outlines the current requirements of minimum public offer, along with the applicable timelines for issuers to achieve MPS.

Post issue market cap	Minimum Public Offer	Timelines to achieve MPS
MCap ≤ ₹1,600 Cr	25%	Not Applicable
₹1,600 Cr < MCap ≤ ₹4,000 Cr	₹400 Cr;	MPS of 25% to be achieved within 3 years from date of listing
₹4,000 Cr < MCap ≤ ₹1,00,000 Cr	10%	
MCap > ₹1,00,000 Cr	₹5,000 Cr and at least 5% of the post issue market cap	MPS of 10% to be achieved within 2 years and 25% within 5 years from the date of listing

4. Need for review

4.1. An analysis of public issuances during the period from financial year 2019-20 to financial year 2024-25 indicates a rising trend in the average issue size of main board IPOs in recent years. This upward trend is expected to continue. The number of IPOs, amount raised and average issue size during this period is given in the table below:

Financial Year ('FY')	No. of IPOs on main board	Amount raised (₹ Cr)	Average issue size (₹ Cr)	Largest issue during the FY (₹ Cr)	Name of the issuer with the largest public issue during the FY
2019-20	14	20,827	1,488	10,341	SBI Cards and Payment Services
2020-21	29	30,814	1,063	6,480	Gland Pharma Limited
2021-22	51	1,11,609	2,188	18,300	One 97 Communications
2022-23	39	52,440	1,345	20,557	Life Insurance Corporation of India
2023-24	76	61,860	814	4,326	Mankind Pharma Limited
2024-25	79	1,62,517	2,057	27,859	Hyundai Motor India Limited

4.2. Feedback from stakeholders suggests that large issuers face challenges in undertaking substantial dilution of equity shares through IPOs, as such large offerings may be difficult for the market to absorb. These constraints can act as a deterrent for large issuers from considering listing in India, thereby limiting the investment opportunities for the Indian investors.

4.3. Further, such large issuers also face challenges in meeting the MPS requirements within the prescribed timelines. Issuers, that dilute only 5-10% of their share capital at the time of the IPO are required to dilute an additional 15-20% of their share capital within 5 years of listing.

4.4. This challenge is especially pronounced for issuers that are profitable, have substantial cash reserves, or are not in a high-growth phase, thereby lacking the need to raise significant capital at regular intervals. Similarly, Public Sector Undertakings also face difficulties in adhering to the MPS timelines. Large public offering every year may also not lead to fair price discovery impacting existing retail shareholders.

5. Proposals for amendment in SCRR

It is proposed that the Board may make the following recommendations to the Ministry of Finance for amendments in SCRR.

PART A- Review of requirement of MPO

5.1. **Proposal 1:** It is proposed to bifurcate the post issue market cap thresholds as under:

Existing thresholds	Proposed thresholds
₹4,000 Cr < MCap ≤ ₹1,00,000 Cr	₹4,000 Cr < MCap ≤ ₹50,000 Cr
	₹50,000 Cr < MCap ≤ ₹1,00,000 Cr
MCap > ₹1,00,000 Cr	₹1,00,000 Cr < MCap ≤ ₹5,00,000 Cr
	MCap > ₹5,00,000 Cr

5.2. **Proposal 2:** For issuers with a post issue market cap above ₹50,000 Cr but less than or equal to ₹1,00,000 Cr, it is proposed to revise the MPO from the current requirement of 10% of the post issue market cap to ₹1,000 Cr and at least 8% of post issue market cap.

5.3. **Proposal 3:** For issuers with a post issue market cap above ₹1,00,000 Cr, it is proposed to revise the MPO from the current requirement of ₹5,000 Cr and at least 5% of the post issue market cap to:

5.3.1. ₹6,250 Cr and at least 2.75% of post issue market cap for issuers with a post issue market cap above ₹1,00,000 Cr but less than or equal to ₹5,00,000 Cr.

5.3.2. ₹15,000 Cr and at least 1% of post issue market cap for issuers with a post issue market cap above ₹5,00,000 Cr, subject to minimum dilution of 2.5% of post issue market cap.

5.4. Rationale

5.4.1. Several Indian companies have achieved significant scale and over a period of time with infusion of funds by private equity investors / strategic investors, these companies have grown large in size and such companies may explore the possibility of listing on Indian Stock Exchanges.

5.4.2. The average size of IPOs is increasing year on year. In recent years, entities such as Life Insurance Corporation of India and Hyundai Motor India Limited have undertaken large IPOs. For large issuers, diluting substantial stake through an IPO can pose challenges, as the market may not be able to absorb such a large supply of shares, which in turn may discourage such issuers from pursuing listing in India.

5.4.3. For instance, in terms of the existing provisions an issuer with a post issue market cap of ₹5,00,000 Cr is required to ensure a minimum public offer of ₹30,000 Cr (5,000 Cr plus 5% of 5,00,000). For an issuer with a post issue market cap of ₹10,00,000 Cr, the requirement would rise to ₹55,000 Cr (5,000 Cr plus 5% of 10,00,000). Executing such large public issues may be challenging, especially in volatile market conditions, as investor demand is influenced by several factors, including market sentiments.

5.4.4. Data for the top 15 largest issuers by market capitalization that were listed after January 1, 2020, and offered less than 25% of their share capital to the public at the time of their IPO (hereinafter referred to as '**select large issuers**') was analyzed. The shareholding pattern and liquidity of select large issuers for the quarter ended June, 2025 has been compared with companies forming part of Nifty 100 index. The analysis indicates that the median number of public shareholders in the select large issuers is approximately 7.74 lakhs, which is comparable

to median value of 7.07 lakhs for Nifty 100 companies. Similarly, the median annualized trading turnover as a percentage of market cap for select large issuers is 57.7%, which is comparable to median value of 37.6% for Nifty 100 companies. This suggests that a lower MPO in case of large issues has not adversely impacted market liquidity for these issuers. The shareholding pattern and liquidity of select large issuers is compared with Nifty 100 companies in the table provided at **Annexure - II**.

5.4.5. While considering the above mentioned review of MPO requirements and the timelines to achieve MPS for large issuers, availability of adequate liquidity in the equity shares of such issuers has also been considered. By way of illustration, the availability of shares with the public, post listing, to ensure liquidity under the proposed provisions, is explained below:

5.4.5.1. For an issuer with post issue market cap of ₹10,00,000 Cr, with proposed dilution of 2.5%, minimum public offer will be ₹25,000 Cr. At various issue prices, the number of shares which will be available for trading on the date of listing are given in the table below:

Issue price per share price	₹500	₹1,000	₹1,500
Number of shares available for trading on the date of listing	50 Cr	25 Cr	16.7 Cr

5.4.5.2. For comparison, the minimum number of shares available as free float for companies forming part of Nifty 50 and Nifty 100 indices is approximately 5 Cr and 1 Cr, respectively.

5.4.5.3. Further, the above illustration assumes 100% promoter holding prior to the IPO. However, for issuers already having existing non-promoter holding, such as institutional, strategic investors prior to the IPO, the number of shares available for trading post listing would be even higher.

5.4.6. Post listing, the Stock Exchanges shall continue to monitor these issuers through their surveillance mechanism and related measures to ensure orderly functioning of trading in shares of such issuers.

PART B - Review of timeline to achieve MPS

5.5. **Proposal 4:** For issuers with a post issue market cap above ₹50,000 Cr but less than or equal to ₹1,00,000 Cr, it is proposed that the timeline for compliance with the MPS requirement of 25% may be extended from the existing 3 years to 5 years from date of listing.

5.6. **Proposal 5:** For issuers with a post issue market cap above ₹1,00,000 Cr, it is proposed that the timelines to comply with MPS may be as under:

5.6.1. In case, public shareholding is less than 15% as on the date of listing, MPS of 15% to be achieved within 5 years; and 25% within 10 years from date of listing.

5.6.2. In case, public shareholding is 15% or above as on the date of listing, MPS of 25% to be achieved within 5 years from date of listing.

5.7. Rationale

5.7.1. The proposal for review of MPO requirements for large issuers is based on the recognition that executing large public issue at the time of listing may be difficult for the market to absorb. Under the existing provisions, such issuers are required to achieve MPS of 10% within 2 years, and 25% within 5 years. This often creates an overhang on the share price, adversely impacting issuers until MPS requirements are complied with. In effect, this would practically amount to undertaking an IPO almost every year, which may lead to price overhang due to the impending equity dilution. This may also adversely impact price discovery and the offer price at the time of IPO. Accordingly, it would be appropriate that the timelines for compliance with MPS are also extended, so as to provide adequate time to issuers to undertake equity dilution in a phased manner. Further, under the proposed MPO requirements, issuers are permitted to list with a lower initial public float, hence, an

extended period may be provided to allow them to achieve the 25% MPS threshold in a gradual manner.

5.7.2. The extended MPS timelines will allow issuers to dilute their holdings in a phased manner, aligned with their capital requirements and prevailing market conditions. Such an approach avoids the risk of oversupply of shares immediately post-listing, which could otherwise depress valuations. Further, the anticipation of regular dilution post listing may impact the share price, despite the company having strong fundamentals, and may adversely affect the interest of existing public shareholders.

5.7.3. This proposal is also not expected to dilute the objective of mandating MPS since the extended time line is for large market cap companies, where large IPO itself will create sufficient liquidity in the market.

PART C - Applicability of the proposed extended timelines to listed entities that are yet to achieve MPS

5.8. **Proposal 6:** The proposed extended timelines may also be made applicable to the listed entities that are yet to achieve MPS, in the following manner:

5.8.1. Issuers, that are yet to comply with the MPS, as per the existing timelines applicable to them, the proposed extended timelines may be made available to such issuers.

5.8.2. Issuers, that are non-compliant with the existing MPS requirements, and which are likely to get more time to achieve MPS upon notification of extended timelines, may be permitted to avail the proposed extended timelines. However, any fines / penalties levied or to be levied by the Stock Exchanges, shall be continued to be paid by the listed entity for the period from the date of non-compliance till the date of notification of the proposed timelines.

5.8.3. The proposed extended timelines for the listed entity shall be calculated from the date of their listing.

5.9. Rationale

5.9.1. The challenges in undertaking substantial equity dilution within a short timeframe, as faced by new issuers, are equally applicable to listed entities, which are yet to comply with MPS. Accordingly, extending the proposed timelines to listed entities will ensure consistency and parity in regulatory treatment. This will provide the listed entities adequate flexibility to plan their equity dilution in a calibrated and phased manner.

5.10. The existing and the proposed provisions under the SCRR, pertaining to MPO and timelines to comply with MPS, are compared in the table below:

Post issue market cap	Existing Provision	Proposed Provision
MCap \leq ₹1,600 Cr	Minimum public offer of 25%	Same as existing provision
₹1,600 Cr < MCap \leq ₹4,000 Cr	Minimum public offer of ₹400 Cr; MPS of 25% to be achieved within 3 years from date of listing	Same as existing provision
₹4,000 Cr < MCap \leq ₹50,000 Cr	Minimum public offer of 10%;	Same as existing provision
₹50,000 Cr < MCap \leq ₹100,000 Cr	MPS of 25% to be achieved within 3 years from date of listing	Minimum public offer of ₹1,000 Cr and at least 8% of the post issue market cap. MPS of 25% to be achieved within 5 years from date of listing
₹1,00,000 Cr < MCap \leq ₹5,00,000 Cr	Minimum public offer of ₹5,000 Cr and at least 5% of the post issue market cap; MPS of 10% to be achieved within 2 years and 25% within 5 years from date of listing	Minimum public offer of ₹6,250 Cr and at least 2.75% of the post issue market cap. In case public shareholding is less than 15% as on the date of listing, MPS of 15% to be achieved within 5 years and 25% within 10 years from date of listing. In case public shareholding is 15% or above as on the date of

		listing, MPS of 25% to be achieved within 5 years from date of listing.
MCap > ₹5,00,000 Cr		<p>Minimum public offer of ₹15,000 Cr and at least 1% of the post issue market cap, subject to a minimum dilution of 2.5%.</p> <p>In case public shareholding is less than 15% as on the date of listing, MPS of 15% to be achieved within 5 years and 25% within 10 years from date of listing.</p> <p>In case public shareholding is 15% or above as on the date of listing, MPS of 25% to be achieved within 5 years from date of listing.</p>

5.11. A comparative illustration of the minimum public offer and the public offer expressed as a percentage of post issue market cap, under the existing and the proposed provisions of SCRR, is provided in the table below:

Post issue market cap (In ₹ Cr)	As per the Existing Provisions		As per the Proposed Provisions	
	Minimum public offer (In ₹ Cr)	Public offer as a percentage of post issue market cap	Minimum public offer (In ₹ Cr)	Public offer as a percentage of post issue market cap
1,000	250	25.0%	250	25.0%
1,600	400	25.0%	400	25.0%
3,000	400	13.3%	400	13.3%
4,000	400	10.0%	400	10.0%
10,000	1,000	10.0%	1,000	10.0%
25,000	2,500	10.0%	2,500	10.0%
50,000	5,000	10.0%	5,000	10.0%
75,000	7,500	10.0%	7,000	9.3%
1,00,000	10,000	10.0%	9,000	9.0%
2,00,000	15,000	7.5%	11,750	5.9%

3,00,000	20,000	6.7%	14,500	4.8%
4,00,000	25,000	6.3%	17,250	4.3%
5,00,000	30,000	6.0%	20,000	4.0%
6,00,000	35,000	5.8%	21,000	3.5%
7,00,000	40,000	5.7%	22,000	3.1%
8,00,000	45,000	5.6%	23,000	2.9%
9,00,000	50,000	5.6%	24,000	2.7%
10,00,000	55,000	5.5%	25,000	2.5%
12,50,000	67,500	5.4%	31,250	2.5%
15,00,000	80,000	5.3%	37,500	2.5%

6. Proposal relating to ICDR

6.1. **Proposal 7:** The reservation for retail individual investors in IPO allocations be retained at 35% of the net offer, in line with Regulation 32 of (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR'), in modification of the proposal given in the earlier consultation paper to reduce the quota to 25% for IPOs exceeding ₹5,000 Cr.

6.2. Rationale

6.2.1. The earlier proposal to reduce the retail quota as proposed vide our consultation paper dated July 31, 2025 was based on challenges faced by issuers in executing large IPOs. Since, the proposals as discussed in this Board Memorandum address these concerns by providing reduction in the MPO requirements for large issuers, the proposal to reduce retail quota from 35% to 25% need not be pursued. It may be seen that, with respect to the proposal to reduce the retail quota, 18 comments have been received from public. 11 have agreed, whereas 7 have disagreed with the proposal. Hence, in due deference to the public comments received, we may not proceed with the earlier proposal to reduce retail quota in IPO allocations. Further, retaining the retail quota at 35% also aligns with the objective of broad based public shareholding mandated under the MPS norms.

7. Proposed amendments to the SCRR

7.1. The proposals mentioned at paragraph 5.1, 5.2, 5.3, 5.5, 5.6 and 5.8 above require amendments to the SCRR. The proposed amendments to the SCRR that may be recommended to the Ministry of Finance are given at **Annexure - III**.

8. Proposal to the Board

8.1. The Board is requested to consider and recommend changes in Rule 19(2)(b) of the SCRR to the Department of Economic Affairs, Ministry of Finance, as mentioned at paragraphs 5.1, 5.2, 5.3, 5.5, 5.6 and 5.8 above.

8.2. The proposal mentioned at paragraph 6.1 above is for the information of the Board.

8.3. The Board is also requested to authorize the Chairman to take consequential and incidental steps to give effect to the decisions of the Board.

Encl.:

1. Annexure I - Consultation paper (Pages 1 to 20)
2. Annexure II - Data for select large issuers (Pages 1)
3. Annexure III - Draft amendments to the SCRR (Pages 1 to 5)

Addendum to Board Memorandum

Background

1. The recommendations of PMAC were deliberated internally, pursuant to which revised proposals were incorporated in the consultation paper, which was issued on August 18, 2025 ('Consultation Paper'), seeking public comments on proposals made therein. The Consultation Paper is placed at **Annexure - I**.
2. In response to the aforesaid consultation paper, comments have been received from 27 entities including from Merchant Bankers, Mutual Funds, Associations, Legal firms, financial advisory firms, private / public companies and individuals. The public comments so received and relevant to the consultation paper have been compiled and tabulated at **Annexure - IV**.

Analysis of Public Comments

3. Proposals relating to the review of MPO requirement

- 3.1. **Proposal 1:** It is proposed to bifurcate the post issue market cap thresholds as under:

Existing thresholds	Proposed thresholds
₹4,000 Cr < MCap ≤ ₹1,00,000 Cr	₹4,000 Cr < MCap ≤ ₹50,000 Cr
	₹50,000 Cr < MCap ≤ ₹1,00,000 Cr
MCap > ₹1,00,000 Cr	₹1,00,000 Cr < MCap ≤ ₹5,00,000 Cr
	MCap > ₹5,00,000 Cr

- 3.2. **Proposal 2:** For issuers with a post issue market cap above ₹50,000 Cr but less than or equal to ₹1,00,000 Cr, it is proposed to revise the MPO from the current requirement of 10% of the post issue market cap to ₹1,000 Cr and at least 8% of post issue market cap.
- 3.3. **Proposal 3:** For issuers with a post issue market cap above ₹1,00,000 Cr, it is proposed to revise the MPO from the current requirement of ₹5,000 Cr and at least 5% of the post issue market cap to:

3.3.1. ₹6,250 Cr and at least 2.75% of post issue market cap for issuers with a post issue market cap above ₹1,00,000 Cr but less than or equal to ₹5,00,000 Cr.

3.3.2. ₹15,000 Cr and at least 1% of post issue market cap for issuers with a post issue market cap above ₹5,00,000 Cr, subject to minimum dilution of 2.5% of post issue market cap.

3.4. Public comments:

3.4.1. The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
69	8	29	28	4	0

3.4.2. In respect of the aforementioned proposals contained in the consultation paper, 69 specific comments have been received, 8 have strongly agreed, 29 have agreed, 28 have partially agreed and 4 have disagreed with the proposals.

3.4.3. While majority of the commentators have agreed with the proposals, a few commentators have partially agreed or disagreed. Further, a few commentators have provided additional suggestion on the proposals. The same are summarized as under:

3.4.3.1. A few commentators who have disagreed with the proposal have stated that, companies with large public shareholding ($\geq 15\%$) at listing stage already provide adequate market float. Mandating further dilution where shareholders are unwilling to sell is economically inefficient and may deter listings. Hence, Companies with significant public shareholding prior to listing should be treated differently from the companies which have 100% promoter shareholding. Accordingly, it has been recommended to further rationalize the MPO requirements to below 2.5% and even below 1%, in case large public shareholding $\geq 15\%$ is there in the company prior to listing.

3.4.3.2. A few commentators have suggested that more market cap thresholds between ₹4,000 Cr and ₹1,00,000 Cr may be prescribed. Whereas other commentators, in disagreement to the proposal have suggested that the threshold of ₹50,000 Cr < MCap ≤ ₹1,00,000 Cr is unnecessary, as the proposed reduction in MPO requirements are minimal.

3.4.3.3. A few commentators have recommended that pre-IPO public shareholders, if held for 1-3 years before DRHP, may be included in the MPO / MPS compliance.

3.4.3.4. Further, a few commentators have highlighted the risks relating to reduced free float such as lower liquidity, weaker minority rights and concentration of control. They have suggested certain measures to mitigate these risks such as higher number of Independent Directors on the Board, Independent Audit Committee and Board Chairman till the listed entity achieves MPS of 25%.

3.5. Analysis of public comments:

3.5.1. In respect of further dilution of MPO requirements to 1% or below for very large issuers with significant public shareholding prior to IPO, it is felt that availability of certain minimum number of shares for trading is necessary for efficient price discovery, market stability and to prevent price manipulation. Pre-IPO public shareholding, if any, is often held by few large investors, who may not actively trade and hence may not increase the availability of shares for trading post listing.

3.5.2. In respect of comments received on the aspect of creating more market cap thresholds, it is submitted that creating too many thresholds will create complexity in the Rules, without providing any benefit to the issuers, as the proposed thresholds already provide reduction in MPO requirement for the corresponding increase in post issue market, with a minimum dilution of 2.5%. Reduction of MPO below 2.5% may create liquidity issues in the shares of such companies. Further, with respect

to comments received on the threshold of ₹50,000 Cr < MCap ≤ ₹1,00,000 Cr, it is submitted that the objective of the proposal is to provide gradual decline of MPO requirements.

3.5.3. In respect of comments received suggesting inclusion of pre-IPO public shareholders, if held for 1-3 years before DRHP, in the MPO / MPS compliance, it is submitted that pre-IPO public shareholders are already included in MPS. Further, the existence of pre-IPO public shareholding in many companies has already been considered while proposing reduction in the size of MPO in the current proposal.

3.5.4. In respect of comments received recommending higher number of Independent Directors on the Board, Independent Audit Committee and Board Chairman till the listed entity achieved MPS of 25%, it is submitted that the chairperson of the audit committee is Independent Director; and two thirds of the members of audit committee are Independent Directors. Further, the audit committee oversees all the related party transactions. Thus, there are enough safeguards already to ensure investor's protection.

4. Proposals relating to review of MPS timelines

4.1. **Proposal 4:** For issuers with a post issue market cap above ₹50,000 Cr but less than or equal to ₹1,00,000 Cr, it is proposed that the timeline for compliance with the MPS requirement of 25% may be extended from the existing 3 years to 5 years from date of listing.

4.2. **Proposal 5:** For issuers with a post issue market cap above ₹1,00,000 Cr, it is proposed that the timelines to comply with MPS may be as under:

4.2.1. In case, public shareholding is less than 15% as on the date of listing, MPS of 15% to be achieved within 5 years; and 25% within 10 years from date of listing.

4.2.2. In case, public shareholding is 15% or above as on the date of listing, MPS of 25% to be achieved within 5 years from date of listing.

4.3. Public comments:

4.3.1. The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
40	8	23	6	3	0

4.3.2. In respect of the aforementioned proposal contained in the consultation paper, 40 specific comments have been received, 8 have strongly agreed, 23 have agreed, 6 have partially agreed and 3 have disagreed with the proposals.

4.3.3. While majority of the commentators have agreed with the proposals, a few commentators have partially agreed or disagreed. Further, a few commentators have provided additional suggestion on the proposals. The same are summarized as under:

4.3.3.1. A few commentators which have disagreed have suggested that 10 years to achieve MPS is too long and that the same may be reduced to 7 years or 5 years, as the same is reasonable and aligns with international norms and will mitigate governance risks and ensure liquidity. The issuers should also disclose a clear time-bound roadmap for dilution within the prescribed period.

4.3.3.2. A few commentators have suggested that MPS requirements be linked with trading volume. As lower trading volume affects the ability of the company to achieve MPS. In such cases time to achieve MPS may be extended.

4.4. Analysis of public comments

4.4.1. In respect of comments received on retaining the maximum time to achieve MPS at 5 years, it is submitted that in terms of the existing requirements for an issuer with a post issue market cap above ₹1,00,000 Cr, MPS of 25% is to be achieved within 5 years. This would practically amount to undertaking an IPO almost every year, which may

lead to price overhang due to the impending equity dilution. Further, under the proposed MPO requirements, issuers are permitted to list with a lower initial public float, hence, an extended period may be appropriate to allow them to achieve the 25% MPS threshold in a gradual manner. Further, disclosure of roadmap for achieving MPS without any compliance requirements on the issuers may not serve any purpose.

4.4.2. It is further submitted that MPS requirements in Indian market are stricter as compared to other jurisdictions. Therefore, a longer timeline of 10 years to achieve the prescribed MPS of 25% may be appropriate.

4.4.3. It may also be noted that extended time line is recommended only for those large issuer where initial MPO itself would generate sufficient liquidity for efficient price discovery.

4.4.4. In respect of comments received on linking the MPS requirements with trading volume, it is submitted that prescribing regulatory requirements on trading volumes, which is very volatile and depends on many variables may not be appropriate.

5. **Proposal 6:** The proposed extended timelines may also be made applicable to the listed entities that are yet to achieve MPS, in the following manner:

5.1.1. Issuers, that are yet to comply with the MPS, as per the existing timelines applicable to them, the proposed extended timelines may be made available to such issuers.

5.1.2. Issuers, that are non-compliant with the existing MPS requirements, and which are likely to get more time to achieve MPS upon notification of extended timelines, may be permitted to avail the proposed extended timelines. However, any fines / penalties levied or to be levied by the Stock Exchanges, shall be continued to be paid by the listed entity for the period from the date of non-compliance till the date of notification of the proposed timelines.

5.1.3. The proposed extended timelines for the listed entity shall be calculated from the date of their listing.

5.2. Public comments:

5.2.1. The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
19	5	14	0	0	0

5.2.2. All the commentators have agreed with the proposals.

Encl.:

4. Annexure IV - Analysis of Public Comments (Pages 1 to 52)

The consultation Paper is available at the following link:

https://www.sebi.gov.in/reports-and-statistics/reports/aug-2025/consultation-paper-on-review-of-requirement-of-minimum-public-offer-and-timelines-to-comply-with-minimum-public-shareholding-for-issuers-in-terms-of-securities-contracts-regulation-rules-1957_96128.html

Annexure II

**Public Shareholding and Liquidity of select large issuer and Nifty 100
Companies for the quarter ended June, 2025**

Sr. No.	Name of the Issuer Company	No. of Public Shareholders	Public Shareholding (In %)	Annualized Trading Turnover as a % of Mcap
1	Life Insurance Corporation of India	22,77,179	3.5%	4.5%
2	Hyundai Motor India Limited	9,26,593	17.5%	32.4%
3	Bajaj Housing Finance Limited	25,10,338	11.3%	31.8%
4	FSN E-Commerce Ventures Limited	4,36,350	47.9%	70.8%
5	NTPC Green Energy	13,86,016	11.0%	36.3%
6	Swiggy Limited	5,13,631	92.3%	132.3%
7	One 97 Communications	9,15,364	100.0%	212.7%
8	Zomato Limited	24,99,812	94.1%	56.4%
9	SBI Cards and Payment Services Limited	7,74,640	31.5%	37.0%
10	PB Fintech Limited	1,64,550	99.7%	88.1%
11	Star Health and Allied Insurance Company Limited	2,03,556	42.0%	57.7%
12	Vishal Mega Mart Limited	6,62,905	45.8%	153.6%
13	Hexaware Technologies Limited	1,09,851	25.3%	38.4%
14	Ola Electric Mobility Limited	16,72,487	58.0%	271.8%
15	Delhivery Limited	1,77,546	100.0%	99.5%
Maximum		25,10,338	100.0%	271.8%
Median		7,74,640	45.8%	57.7%
Minimum		1,09,851	3.5%	4.5%
Comparable data for Nifty 100 Companies				
		No. of Public Shareholders	Public Shareholding (In %)	Annualized Trading Turnover as a % of Mcap
Maximum		67,52,765	100.0%	304.1%
Median		7,07,193	46.2%	37.6%
Minimum		25,576	3.5%	4.5%

Annexure III

Amendment to Securities Contracts (Regulation) Rules, 1957 ('SCRR'), if any, would be notified by the Ministry of Finance.

This has been excised for reasons of confidentiality.