Lock-in and monitoring: what happens after the IPO?

Lock-in and monitoring is a free 40-minute lesson for Class 11–12 Commerce on SEBI's rules after an IPO. Students read who must keep their shares for a time, and who reports on how the money is used, in three real offers.

5-minute prep

- Print one worksheet per student and one set of IPO cards per group of three (end of this guide).
- Decide how students see the facts: the worksheet, the projector or the student page (cityfort.in/class/ipo-lock-in).
- Copy the lock-in table onto the board, or project slide 2.
- Read the answer key's notes on Zepto and PhonePe: both are drafts, and the lesson states only what SEBI's rules say.

Class	Senior secondary, Class 11–12 (Commerce)
Time	One 40-minute period. A 10-minute version for a revision class is in the teacher guide.
Edition	2026–27 first edition v1.0
Lesson page	cityfort.in/teachers/where-does-ipo-money-go/lock-in-and-monitoring

Objective

Students can explain promoter lock-in and the monitoring agency's report from SEBI's ICDR Regulations, and say which rule applies to each of three real IPOs.

CBSE units the lesson supports

- Financial Markets Management (805), Class XI, Unit 2 (CBSE Financial Markets Management (805)), in part
- Business Studies (054), Class XII, Unit 10 (CBSE Business Studies (054)), in part

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Timing

Minutes	Step	What happens
0–4	**Hook**	Ask: "If a company's founders could sell all their shares on the first day of trading, what might worry the new shareholders?" Take three or four answers.
4–14	**Who must wait to sell**	Read the lock-in table in Part A. Promoters must own at least 20% of the company after the issue, and that part is locked in for 18 months.
14–24	**Three offers, three cases**	Groups of three take one IPO card each: Bombay Coated, Zepto or PhonePe. Each group answers the Part B questions for its offer and reports back.
24–34	**Who checks the money**	Read the monitoring rule in Part C: above ₹100 crore of fresh-issue money, a SEBI-registered credit rating agency reports every quarter. Ask which of the three offers this rule covers.
34–37	**What if the plan changes?**	A change to the Objects of the Issue goes to a shareholders' vote. Suppose at least 10% of the shareholders who voted dissent. If less than 75% of the money went to the stated objects, promoters must offer to buy out the dissenters.
37–40	**Exit ticket**	Students answer the three exit-ticket questions on the worksheet.

Materials

- The student worksheet (one per student), or the student page on phones or the class projector
- The three IPO cards from the end of the teacher guide (one set per group of three)
- The answer key (teacher only)
- Optional: the slides, projected

Discussion questions

1. SEBI locks in the promoters' minimum contribution for 18 months, but for 3 years when most of the fresh-issue money is for capital expenditure. Why might a longer wait suit a plan to build plants?
2. Bombay Coated's promoters owned 97.78% before the IPO and sell nothing. Which lock-in rules cover their shares after listing?
3. PhonePe's IPO brings PhonePe no new money. Does SEBI's monitoring rule, which starts above ₹100 crore of fresh-issue money, have anything to check?
4. The monitoring agency's report must be public within 45 days of each quarter's end. Who reads it, and why does it go to the stock exchanges too?
5. Why might SEBI want shareholders to vote before a company spends IPO money on something the offer document did not list?

Adapting the lesson

Students still building their English: Pre-teach five words with the word bank: lock-in, allotment, promoter, monitoring agency and deviation. Let students answer Part B with the table's own words before writing full sentences.

Students who need more support: Give the lock-in table with the three rows already matched to the three kinds of shareholder. Students answer only the first question on each IPO card.

Students ready for more: Zepto's promoters and promoter group held 19.56% before the IPO, and a fresh issue adds shares. Read Regulation 14(1): who else may make up a shortfall below 20%, and up to what limit?

Extension: Students open Zepto's or PhonePe's UDRHP-I on the SEBI website and find the section on promoters' contribution and lock-in. They copy one lock-in detail, with the page number, and explain it in two sentences.

Teacher background

What is lock-in?

Lock-in means shares cannot be transferred for a set time after allotment in the IPO. Regulation 16 of SEBI's ICDR Regulations covers promoters' shares; Regulation 17 covers everyone else's pre-issue shares.

What is the promoters' minimum contribution?

Regulation 14(1) says promoters must own at least 20% of the post-issue capital. If they hold less, some investors may make up the shortfall, up to 10% of the post-issue capital, without being named promoters.

When is the lock-in longer?

If most of the fresh-issue money is for capital expenditure, the minimum contribution is locked in for 3 years and the rest for 1 year. SEBI counts plant, land, buildings and repaying loans taken for such spending as capital expenditure.

What does the monitoring agency do?

Regulation 41 requires a SEBI-registered credit rating agency to monitor the use of the money when the fresh issue exceeds ₹100 crore. It reports every quarter, in the Schedule XI format, until all the money is used; the board adds its comments.

What counts as a deviation?

Schedule XI asks whether money was used as the offer document said. A material deviation means a change of purpose, or a gap of more than 10% from the amount projected. Regulation 59 and Schedule XX set when shareholders who vote against a change of objects get an exit offer.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.

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Teaching notes

- Keep the talk on rules, not prices: the lesson never discusses what a lock-in ending might do to a share price.
- If a student asks whether to take part in any of these IPOs, say the lesson is about SEBI's rules, and that Cityfort gives no advice.
- For Bombay Coated, do not decide which lock-in period applies. The RHP states it, and it depends on whether most of the money counts as capital expenditure.
- Lock-in periods count from the date of allotment in the IPO, not from the day trading starts.

CBSE units this lesson supports

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- Financial Markets Management (805), Class XI, Unit 2, Primary and Secondary Market (lock-in, the prospectus, SEBI's role in an issue): partial.
- Business Studies (054), Class XII, Unit 10, Financial Markets (SEBI, objectives and functions): partial.

10-minute version

Use only the lock-in table and Bombay Coated: hook (2 minutes), the table (3), Bombay Coated's monitoring agency (3), one-sentence exit (2).

student page

Scan the code or type: **cityfort.in/class/ipo-lock-in**

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Cards to print and cut out

Card 1: Bombay Coated, red herring prospectus (RHP), 21 Oct 2026

- Does it have a fresh issue? Is it above the monitoring rule's limit?
- Who is its monitoring agency?
- Which lock-in rows cover its promoters' shares?
- What would you look for in the RHP to know if the longer lock-in applies?

Card 2: Zepto, updated draft red herring prospectus (UDRHP-I), 8 Jun 2026

- Does it have a fresh issue? Is it above the monitoring rule's limit?
- How much did its promoters hold before the IPO? How does that compare with SEBI's minimum?
- What happens to that share when new shares are added?
- Who may make up a shortfall under Regulation 14(1)?

Card 3: PhonePe, updated draft red herring prospectus (UDRHP-I), 21 Jan 2026

- Does it have a fresh issue?
- Is there any IPO money for a monitoring agency to check?
- Who is its promoter, and which lock-in rows cover that holding?
- Can the longer lock-in for capital expenditure arise here? Why?

Sources

1. S1: Bombay Coated and Special Steels Limited Red Herring Prospectus, dated 21 Oct 2026, Bombay Coated and Special Steels Limited (offer document filed with RoC; company IPO-documents page), 21 Oct 2026. https://cdn.prod.website-files.com/66dae2d0a835d8d76717f6ea/6ad9ce8b73ad22c98ba71e48_RHP.pdf
2. S2: Zepto Limited - Updated Draft Red Herring Prospectus I (UDRHP-I), dated 8 Jun 2026, SEBI (filed by Zepto Limited), 9 Jun 2026. https://www.sebi.gov.in/sebi_data/attachdocs/jun-2026/1780983427091.pdf
3. S3: PhonePe Limited Updated Draft Red Herring Prospectus - I (UDRHP-I), dated 21 Jan 2026, SEBI (offer document filed by PhonePe Limited), 23 Jan 2026. https://www.sebi.gov.in/sebi_data/attachdocs/jan-2026/1769161833282.pdf
4. S4: Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, amended up to 21 Mar 2026, Securities and Exchange Board of India (sebi.gov.in), 21 Mar 2026. https://www.sebi.gov.in/legal/regulations/mar-2026/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-march-21-2026-_100581.html

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red herring prospectus (RHP), filed with the Registrar of Companies on 21 Oct 2026; Zepto's IPO updated draft red herring prospectus (UDRHP-I), filed with SEBI on 8 Jun 2026; and PhonePe's IPO updated draft red herring prospectus (UDRHP-I), filed with SEBI on 21 Jan 2026.

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