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

Name: Class: Date:

SEBI's rules do not stop when an IPO ends. Some shareholders must wait before they can sell, and someone must report how the company spends the money.

Ground rule: In this lesson there is no winner. We explain differences; we don't rank companies or say which is better to own.

What to do

1. Read the lock-in table: who must wait, and for how long.
2. Read the facts about your group's IPO and answer Part B.
3. Read the monitoring rule and answer Part C.
4. Answer the questions. Every number you need is on this page.

Part A. Who must wait before selling?

SEBI's ICDR Regulations: promoters must own at least 20% of the company after the IPO. That minimum contribution is locked in for 18 months, their other shares for 6 months, and everyone else's pre-issue shares for 6 months.

1. Whose shares are locked in for the longest time? Why might SEBI choose them?

2. When does the promoters' lock-in become 3 years instead of 18 months?

Groups: take one IPO each. Every group reports back to the class.

Name: _____ Class: _____ Date: _____

Part B, group 1. Bombay Coated

Bombay Coated's RHP (21 Oct 2026): new shares worth up to ₹183.06 crore, no shares for sale. Its three promoters owned 97.78% before the IPO. Its monitoring agency is Care Ratings Ltd.

1. Which rows of the lock-in table cover the promoters' shares?

2. Does SEBI's monitoring rule cover this IPO? Use the limit in Part C.

Part B, group 2. Zepto

Zepto's UDRHP-I (8 Jun 2026): new shares worth up to ₹8,010 crore. Its promoters and promoter group held 19.56% before the IPO, fully diluted. On 4 Apr 2025 SEBI declined Zepto's request for an exemption from lock-in and promoter-contribution rules for some preference shares.

1. How does the promoters' holding compare with SEBI's 20% minimum? What will a fresh issue do to it?

2. Does SEBI's monitoring rule cover this IPO?

Part B, group 3. PhonePe

PhonePe's UDRHP-I (21 Jan 2026): no new shares; existing shareholders sell. Its promoters are Walmart companies; WM Digital Commerce Holdings holds the shares: 73.33% of the shares in issue before the IPO, and 64.27% if every offered share is sold (both basic).

1. Does SEBI's monitoring rule have anything to check here? Why?

2. Which rows of the lock-in table cover the promoter's remaining shares?

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Part C. Who checks the money?

Above ₹100 crore of fresh-issue money, a SEBI-registered credit rating agency reports every quarter. The report must be public within 45 days of the quarter's end.

1. Name two places where the public can read the monitoring agency's report.

2. SEBI's report format calls two things a material deviation: a change of purpose, or a gap of more than 10% from the projected amount. Why set a limit?

Exit ticket

1. In your own words, what is lock-in?

2. What does a monitoring agency report on, and how often?

3. Why does PhonePe's IPO give a monitoring agency nothing to check?

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Word bank

Lock-in	A period after the IPO when certain shares cannot be sold or transferred.
Allotment	The day the IPO shares are given to the people who applied. Lock-in periods count from this date.
Promoter	The founders, family or parent company that control a company and are named as promoters in its offer document.
Minimum contribution	The part of the company that promoters must keep after the IPO, set by SEBI's rules.
Monitoring agency	A credit rating agency registered with SEBI that reports on how a company uses its IPO money.
Deviation	Using IPO money for a different purpose, or in a different amount, from the offer document.

Sentence starters

- The promoters' minimum contribution is locked in for ___ because ___.
- A monitoring agency checks whether ___.
- ___'s IPO has no fresh issue, so ___.

student page

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