

Why more companies are choosing SEBI's confidential IPO filing route

 moneycontrol.com/news/business/markets/why-more-companies-are-choosing-sebi-s-confidential-ipo-filing-route-13939224.html

More companies in India are choosing confidential IPO filings, allowing flexible timing, valuation talks, and limited disclosure.

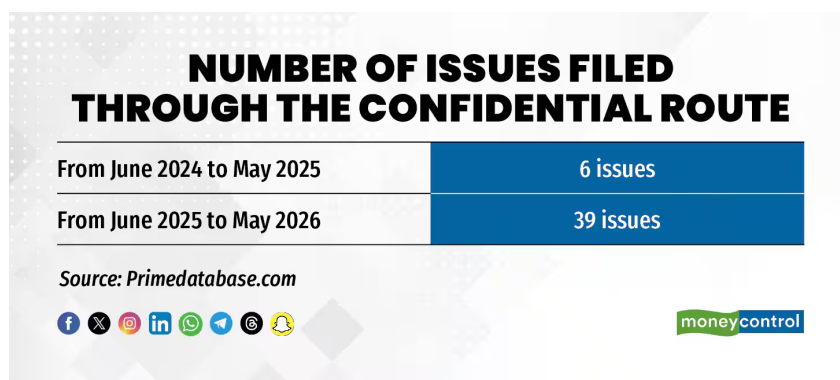


39 firms chose the confidential IPO route over the last 12 months.

- Confidential IPOs give issuers timing and valuation flexibility
- Companies can keep sensitive info private until IPO launch
- SEBI nod for confidential filings valid for up to 18 months

Did our AI summary help?

The number of companies opting for confidential IPO filings is rising as issuers seek greater flexibility around listing timelines and valuation discussions. Between June 2025 and May 2026, 39 companies filed draft red herring prospectuses through the confidential route, according to market participants.



Bankers have also said that they are increasingly suggesting the mechanism to their clients as it allows companies to deal with regulators while also having the option to delay or abandon their listing plans without any public scrutiny.

"Confidential filings are increasingly becoming the preferred option among issuers, particularly in a market environment where timing an IPO remains challenging," said Gaurav Sood, Managing Director and Head of Equity Capital Markets at Avendus Capital.

The confidential filing route allows companies to submit draft offer documents to the Securities and Exchange Board of India (SEBI) without making them public. The regulatory review can begin as soon as the document is submitted, but issuers also have retain control over when to disclose information and launch their offering.

According to Richa Choudhary, Partner – Capital Markets at Trilegal, adoption has steadily increased since the framework was introduced, particularly among startups and new-age technology companies.

"The confidential filing mechanism allows companies to submit draft offer documents to SEBI on a confidential basis, enabling regulatory review and making necessary amendments based on queries and comments from regulators, without immediate public disclosure and scrutiny," Choudhary said.

Benefits of an extended timeline

One of the key attractions is the longer validity period of SEBI's approval. Unlike the traditional route, where the regulator's approval is valid for one year, companies that file confidentially have up to 18 months to launch their IPO.

The process also allows issuers to keep sensitive information such as business strategies, financial information and certain key performance indicators hidden from competitors until they are ready to proceed with the IPO.

How it works

Under this mechanism, the firms submit a DRHP confidentially to SEBI and stock exchanges. They only make a brief public announcement about the filing. These companies can also engage in limited discussions with Qualified Institutional Buyers (QIBs) before receiving SEBI's observations.

Once SEBI completes its review and issues a final observation letter, the issuer must file an Updated Draft Red Herring Prospectus (UDRHP-I) for public comments, and then a revised UDRHP-II after incorporating all the feedback that it receives. The company can launch its IPO within 18 months of receiving SEBI's observation letter, given that the first UDRHP filed within 16 months.

Why choose it?

Prakash Bulusu, Joint CEO of IIFL Capital, said companies increasingly view confidential filing as a strategic option within the IPO process rather than a replacement for the traditional route.

The framework also enables companies to conduct limited investor outreach before publicly announcing their IPO plans, helping management teams gauge investor appetite and valuation expectations.

"The confidential route allows companies to engage with the regulatory review process while managing the timing of public disclosure," Bulusu said. "It provides flexibility in navigating market conditions and helps issuers prepare more comprehensively before making a public announcement of their IPO plans."

However, the key trade-off is that the process can be more expensive and time-consuming. Companies may need to update their financial statements and disclosures if market conditions or business performance change during the review period.

Choudhary said the extended timeline and additional documentation requirements can result in higher legal, compliance, audit and advisory costs. The exact increase in cost depends on the issuer, the changes based on the feedback received. The route also reduces early visibility among investors and analysts.

"Some may continue to prefer the transparency that comes with a public filing," Sood said. "Without a publicly available DRHP or detailed research coverage, certain institutional investors may choose to engage only once more information becomes available." But that concern is less obvious for established brands and well-known businesses where investors are already familiar with the company's operations.

As India's IPO market matures, bankers and lawyers expect confidential filings to become an increasingly mainstream option for issuers seeking greater control over timing, valuation and market readiness before going public.

Also Read | [Dalal Street Confidential: Why has India Inc warmed up to pre-filing of IPOs?](#)

Disclaimer: The views and investment tips expressed by investment experts on Moneycontrol.com are their own and not those of the website or its management. Moneycontrol.com advises users to check with certified experts before taking any investment decisions.



Zoya Springwala is a Senior Correspondent, writing on the markets, financial institutions, regulatory changes and everything else in between.