

Sebi allows issuers to tweak IPO size without refiling

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Mumbai, 15 April

The Securities and Exchange Board of India (Sebi) has allowed companies planning initial public offerings (IPOs) to reduce their fresh issue component by up to 50 per cent without having to refile their draft red herring prospectus (DRHP).

The move is expected to provide issuers greater flexibility to launch share sales, amid a challenging market environment, investment bankers said.

Under existing rules, any deviation of more than 20 per cent in the estimated fresh issue size requires issuers to refile their DRHP.

The relaxation follows representations from the Association of Investment Bankers of India (AIBI), which had flagged difficulties in capital mobilisation due to heightened geopolitical tensions in West Asia and subdued investor participation.

Earlier this month, Sebi extended the validity of DRHP approvals until September 30.

So far this month, only one mainboard IPO, worth ₹150 crore, has been launched. Meanwhile, large issuances such as PhonePe have got deferred due to market volatility.

In a communication to the industry, Sebi said issuers would now be permitted to revise the issue size by up to 50 per cent — either upwards or downwards — without refiling the draft offer document. The relaxation will be granted on a case-by-case basis and subject to prior regulatory approval.

Sebi has stipulated that the core objective of the issue must remain unchanged. Investment



Size matters

IPO activity has slowed amid a sharp drop in markets in March

	No. of issues	Amount raised (₹ cr)	Nifty change (%)
Jan	3	4,765	-3.1
Feb	7	8,162	-0.6
March	8	5,852	-11.3
April	1	150	6.8

Source: primedatabase.com

bankers will be responsible for incorporating all necessary revisions in the offer document, while issuers must disclose the changes through a public addendum.

Companies seeking to revise issue sizes will also need to submit an application to the markets regulator, outlining the reasons for the proposed change.

The easing of norms will apply to IPOs opening for subscription until September 30, 2026.

Sebi had introduced a similar relaxation during the Covid-19 pandemic in 2020.