

REGULATORY UPDATE

SEBI Relaxes IPO Issue Size Variation Norms

April 2026 | One Time Relaxation

Context & Market Challenge

Ongoing geopolitical tensions and volatile global market conditions continue to impact capital market activity. Issuers planning to access public markets have been facing multiple challenges:

- Uncertain market sentiment and fluctuating valuations
- Subdued investor participation across primary markets
- Difficulties in accurately determining optimal fund-raising size at the DRHP stage
- Risk of delays and additional costs due to mandatory refiling when issue size changes beyond regulatory thresholds.

These evolving conditions have increased the need for greater flexibility in structuring and executing IPOs.

SEBI's Response: Enhanced Flexibility in Issue Size

Recognizing the need for flexibility in capital raising during uncertain market conditions, SEBI has introduced a relaxation allowing issuers to increase or decrease the fresh issue size up to 50% of the estimated issue size without filing a fresh draft offer document, subject to case-by-case approval.

Previously, any change beyond 20% required refiling the draft offer document along with payment of fees.

Key Relaxation:

PERMITTED VARIATION

Increase or decrease in fresh issue size up to 50% of the estimated issue size.

REFILING REQUIREMENT

Fresh DRHP filing not required, subject to SEBI approval on a case-to-case basis

Conditions for Availing Relaxation

Issuers may utilise this flexibility subject to the following:

- No change in the main objects of the issue
- Lead Manager confirmation that the draft offer document remains compliant with Regulation 7(1)(e)
- Necessary updates must be incorporated in the DRHP and an addendum must be made public
- Issuer must submit an application to SEBI explaining the rationale for the change in issue size

Applicability Window

This relaxation is applicable for IPO issues opening **on or before 30 September 2026**.

Strategic Significance

This measure provides significant operational and strategic benefits:

- Greater flexibility in responding to market demand and valuation shifts
- Reduced regulatory burden and cost associated with refiling DRHP.
- Improved ability to optimise capital raising based on real-time market conditions.
- Enhanced execution certainty for IPO transactions during volatile periods.

The move reflects a pragmatic regulatory approach to support capital formation amid global uncertainty.

BOTTOM LINE:

SEBI's relaxation offers issuers and intermediaries much-needed flexibility in determining IPO sizing without triggering a fresh regulatory process. Companies planning IPOs should reassess capital raising strategies and timelines in light of this temporary but impactful relief.