TRANSIQUE
YOUR TRANSACTION CATALYST

SEBI SME IPO Reforms Series

SEBI's SME IPO reset: 10 key changes proposed for companies preparing to list

What each proposal changes, explained one at a time over the next few weeks

Swipe →

Proposals in SEBI's consultation paper of 14 October 2026.

Chander Sawhney · FCA, FCS, Registered Valuer (IBBI)

THE TEN CHANGES

What SEBI proposes

1. Listing Platform (SME/Mainboard) will be decided by company Valuation
Companies up to ₹1,000 cr. post Issue Valuation (₹250 Cr. IPO Size @ 25% dilution) must list on SME platform

2. Operating Profit (EBITDA) test rises to an average of ₹3 crore p.a. over three years

3. A new route proposed for companies that miss the profit test: 75% QIB as in Mainboard IPO

4. No more mandatory 100% Underwriting – as in Mainboard IPO

Proposals in SEBI's consultation paper of 14 October 2026.

THE TEN CHANGES

What SEBI proposes

5 Compulsory Market making withdrawn; post listing shares will trade freely without any lot size – as in Mainboard IPO

6 Minimum IPO application reduction to ₹1 lakh (4 lots of ₹25k each); at least 500 allottees

7 General corporate purposes: ₹10 crore cap removal, 15% limit of Issue size stays

8 Offer for Sale relaxation proposed for QIB OFS beyond 20% of Issue size and 50% of selling shareholder limits (subject to one-year holding period as in Mainboard IPO)

Proposals in SEBI's consultation paper of 14 October 2026.

THE TEN CHANGES

What SEBI proposes

9 Shorter pre-IPO lock-ins of 6 months for Non-Promoters. Promoters' holding in excess of minimum promoters' contribution locked-in for flat 1 year as in Mainboard IPO

10 Migration to the mainboard decided by market value thresholds ₹1,000 crore (voluntary) and ₹4,000 crore (mandatory) as on the date of application for migration, subject to the issuer fulfilling the eligibility criteria for listing laid down by the Main Board

Proposals in SEBI's consultation paper of 14 October 2026.

ALSO PROPOSED

Transitional provisions

- New rules mandatory for DRHPs filed three months or more after notification (yet to be notified)
- DRHPs filed in the first three months can choose either framework, and must state which
- Issues with RHP filed before notification continue under the existing rules
- DRHPs filed for the Mainboard before notification continue under the existing Mainboard framework
- Trading lots and market making may be rescinded for all SME-listed companies after the revised framework is notified
- Listed SMEs: existing lock-ins run to expiry; migration under the existing rules

Proposals in SEBI's consultation paper of 14 October 2026.

TRANSIQUE
YOUR TRANSACTION CATALYST

TRANSIQUE VIEW

“Most of these proposals align SME IPO platform to the main board. Companies preparing to list in 2027 should plan for the new rules now.”

Read our full impact assessment, provision by provision: link in the comments.

SEBI's consultation closed on 4 November 2026 and SEBI is now considering the proposals. This series looks at the proposals and their impact on promoters and investors. This may change if SEBI modifies or drops any of them.

Follow for the next part of the series.

OUR SERVICES

SME IPO · Private Equity · Structured Debt · M&A · Business Valuations

Contact us: +91 9587011010 · info@transique.in · www.transiqueadvisors.com

Proposals in SEBI's consultation paper of 14 October 2026.

Chander Sawhney · FCA, FCS, Registered Valuer (IBBI)