TRANSIQUE
YOUR TRANSACTION CATALYST

SEBI SME IPO Reforms Series

Your IPO valuation will decide your listing platform

(SME/Mainboard)

Eligibility moves from paid-up capital to post issue market cap

Swipe →

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

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

TODAY

The rule as it stands

- Listing at SME platform is mandatory where post-issue paid-up capital is up to ₹10 crore*
- Companies with paid-up capital of ₹10–25 crore may choose listing at either platform* (Sme/Mainboard)
- Presently, there is no specific floor or ceiling for size of Sme/Mainboard IPO

*subject to meeting specified conditions

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

What SEBI proposes

Listing platform, by valuation



Source: SEBI Consultation Paper, 14 October 2026, Annexure 1

Post-issue market cap (at Offer Price)

- **Up to ₹1,000 crore: SME IPO** only
- **Above ₹1,000 crore and up to ₹4,000 crore: SME IPO or Main Board IPO**, subject to specified conditions
- **Above ₹4,000 crore: Main Board IPO** only

This implies at 25% dilution, a public issue of up to ₹250 crore shall only come on SME platform.

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

PROPOSED

Rationale and Analysis

- **Rationale**: Market capitalisation reflects the economic scale and the value investors attribute to an enterprise, not its nominal capital; relevant for capital-efficient, asset-light businesses
- **Background Analysis**: most SME-listed entities are below ₹1,000 crore, with a meaningful segment above; hence ₹1,000 crore as the benchmark, with a flexible band up to ₹4,000 crore
- Added “Ind AS restated consolidated financials requirement” for the ₹1,000–4,000 crore band even for SME listing
- **Post Issue Market cap for listing platform choice seen at Offer Price**

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

IMPACT

What changes for companies preparing to list

- Companies valued up to ₹1,000 crore (post money market cap, at offer price) loose the main board listed option
- The platform question is settled early, which ends months of indecision
- The largest SME IPO so far, Q-Line Biotech, raised ₹214.5 crore in May 2026, so a ₹250 crore ceiling for 25% dilution is reasonable

➢ *To encourage adoption of SME platform for mid size companies, other provisions like compulsory 100% Underwriting and Market making proposed to be withdrawn;*

➢ *Post listing, shares at SME platform proposed to trade freely without any lot size;*

➢ *Pre IPO locks in also proposed to be relaxed for Promoters and Non Promoters – as in Mainboard IPO.*

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

ACTION

What to do now

- Companies planning to go public should estimate a realistic post-issue valuation now by benchmarking itself with similar sized companies in its Industry
- Deciding the listing platform on day one will help plan around it
- Understanding that the overall quality of SME platform will now increase and get aligned to Mainboard platform if these proposals are implemented
- Appoint a credible consultant who can work closely with the promoters and the company and ensure that actual value creation of the company and its promoters takes place (not just listing pop)

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

TRANSIQUE
YOUR TRANSACTION CATALYST

TRANSIQUE VIEW

“Linking listing platform to post issue market cap will work when Trust in SME platform is rebuilt. Proposals like liquidity improvement, trading in free trade lots, removal of mandatory underwriting and market making etc are in this direction.

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

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)