

THE SME IPO GUIDE · OCTOBER 2026

Taking an SME public from eligibility to **listing day**

Ten chapters on listing on NSE Emerge and BSE SME, for promoters and CFOs. Updated for the 2025 SME rules and the March 2026 ICDR amendments.



₹25 cr Maximum post-issue paid-up capital on the SME platform	₹1 cr Operating profit (EBITDA) needed in 2 of the last 3 years	₹2 lakh Minimum application, two lots	21 days Draft offer document open for public comments	T+3 Working days from issue close to listing
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How to use this guide

Each chapter starts with what the rule is, then what it means in practice. Chapter 1 doubles as a self-check: tick off each condition before you appoint a lead manager. Figures reflect the SEBI ICDR Regulations as amended up to March 2026 and exchange criteria as of October 2026.

CHAPTER 1

01 SME IPO eligibility requirements

Eligibility is a series of gates. SEBI's ICDR Regulations set the floor for every SME issuer, and NSE Emerge and BSE SME each add their own tests on top. Clear all of them **before** you appoint the full IPO team: a gap found after the draft offer document is filed costs months.

- | | |
|--|---|
| ☐ Public limited company
Incorporated in India under the Companies Act, and converted from private limited before filing. | ☐ Post-issue paid-up capital up to ₹25 crore
Measured at face value. Up to ₹10 crore, the SME platform is compulsory. |
| ☐ Three-year track record
Of the company, its promoters, or a proprietorship, partnership or LLP it was converted from. | ☐ Operating profit (EBITDA) of ₹1 crore
In at least 2 of the 3 financial years before filing. In force since March 2025. |
| ☐ Positive free cash flow to equity
NSE EMERGE In at least 2 of the last 3 financial years. | ☐ Net worth ₹1 crore, net tangible assets ₹3 crore, debt-equity within 3:1
BSE SME NSE Emerge needs a positive net worth. |
| ☐ Clean record
No debarment by SEBI, wilful default, fraudulent borrower or fugitive offender status for the company, promoters or directors; no admitted insolvency or winding-up. | ☐ Stable promoters and a working website
No change in promoters in the year before filing, and a functional company website. |

THE 2025 RESET

What SEBI tightened for SME issuers

- ✓ **Profit test:** EBITDA of ₹1 crore in 2 of 3 years, replacing a looser regime.
- ✓ **Offer for sale:** at most 20% of the issue, and no seller may sell more than half of their holding.
- ✓ **Use of money:** nothing may go to repay loans from promoters, the promoter group or related parties.
- ✓ **General corporate purposes:** capped at 15% of the amount raised or ₹10 crore, whichever is lower.
- ✓ **Investors:** minimum application of ₹2 lakh and at least 200 allottees.

RULED OUT

When a company cannot file at all

- ✗ The company, a promoter, a promoter group member, a director or a selling shareholder is barred from the securities market.
- ✗ A promoter or director is also a promoter or director of a company that is debarred.
- ✗ The company, a promoter or a director is a wilful defaulter or fraudulent borrower.
- ✗ A promoter or director is a fugitive economic offender.

Comparing SME with the Mainboard? See our [IPO eligibility criteria](#) page.

CHAPTER 2

02 Promoters and the promoter group

The offer document names the people who control the company, and the rules then ask them to keep real money in it. Getting the **promoter group** right matters: every member's holdings, relationships and litigation must be disclosed.



Who counts

- **Promoter:** anyone named as a promoter in the offer document or annual return, anyone with direct or indirect control, and anyone whose advice the board is accustomed to follow (other than in a purely professional capacity).
- **Promoter group:** the promoter, their immediate relatives and those of their spouse, and the companies, firms and HUFs in which these people together hold 20% or more.
- **Institutions are different:** a bank, insurer, mutual fund or venture fund holding 20% is not a promoter merely because of that holding.



Start the family tree early. Relatives' companies, partnerships and litigation all need to be traced and disclosed. It is the slowest data to collect and the one most often incomplete.

Minimum promoter contribution and lock-in



- ✓ Promoters must hold **at least 20% of the post-issue capital** as their minimum contribution, locked in for **three years**.
- ✓ If promoters fall short, specified investors such as AIFs, banks, insurers and public financial institutions, and non-individual shareholders holding 5% or more, can make up part of it (up to 10% of post-issue capital) without becoming promoters.
- ✓ The contribution must be in place before the issue opens, and new money is kept in an escrow account until allotment.
- ✓ Since March 2026, where a lock-in cannot be marked in the normal way, depositories record the shares as **non-transferable**.

Shares that do not count towards the 20%

- ✗ Shares issued for non-cash consideration or from revaluation of assets in the last three years
- ✗ Shares bought in the last year below the IPO price, unless the difference is paid
- ✗ Bonus shares issued out of revaluation reserves or unrealised profits
- ✗ Shares that are pledged

CHAPTER 3

03 Lead managers, intermediaries and the compliance officer

An SME IPO is run by a team of SEBI-registered intermediaries, each with a defined legal responsibility. The **lead manager** sits at the centre and is accountable for the offer document.

**SEBI-REGISTERED MERCHANT BANKER****Lead manager**

A SEBI-registered merchant banker that checks eligibility, leads due diligence, drafts the offer document, deals with the exchange, markets the issue and oversees allotment. Where there is more than one, their responsibilities are split in writing.

LAW FIRM**Legal counsel**

Runs legal due diligence on title, approvals, contracts and litigation, drafts the legal sections of the offer document and the issue agreements, and issues legal opinions.

CHARTERED ACCOUNTANTS**Peer-reviewed auditor**

Examines and reports on the restated financial statements, and certifies key performance indicators, tax benefits and other financial data used in the offer document. Must hold a valid ICAI peer review certificate.

SEBI-REGISTERED RTA**Registrar to the issue**

Processes applications, works out the basis of allotment with the exchange, credits shares, unblocks or refunds money and handles investor complaints.

MERCHANT BANKERS & BROKERS**Underwriters**

An SME issue must be fully underwritten. The lead manager must take at least 15% of the issue on its own account; the rest can be shared with other underwriters.

STOCK BROKER**Market maker**

Provides continuous buy and sell quotes in the shares for at least three years after listing, so that investors can trade even when volumes are thin.

BANKS**Bankers to the issue**

Hold application money through ASBA and UPI. A sponsor bank links the issue to the UPI system so investors can bid from a phone.

COMPANY SECRETARY**Compliance officer**

A qualified company secretary appointed by the company before filing. The single point of contact for the exchange, SEBI and investors, and responsible for disclosures once listed.

CREDIT RATING AGENCY**Monitoring agency**

Required where the issue size exceeds ₹50 crore. Reports each quarter on whether the money raised is being used as promised. For smaller issues, the audit committee reviews use of proceeds.

SAMVAAD PARTNERS**IR & PR advisor**

Builds the equity story, prepares management for investor meetings, handles media around the issue and sets up investor relations for life as a listed company.



Choose the lead manager on track record, not only fees. Ask how many of its SME issues listed on time, how they traded after a year, and how many draft offer documents it has had returned. A lead manager whose draft was returned by the exchange in the past six months cannot file for a while.

CHAPTER 4

04 Due diligence

Every statement in the offer document has to be backed by a document. Due diligence is how the lead manager, lawyers and auditors check that, and it ends with the lead manager signing a **due diligence certificate** that is filed with the offer document. Plan for four to eight weeks of intense document requests.

FINANCIAL**Are the numbers real and complete?**

- ✓ Restated financial statements reconcile to audited accounts and tax returns
- ✓ Revenue traced to invoices, contracts and bank receipts for major customers
- ✓ Borrowings, charges and covenants match lender records
- ✓ Contingent liabilities, guarantees and statutory dues (GST, PF, ESIC, TDS) are complete
- ✓ Key performance indicators can be traced to source data

TYPICAL DOCUMENTS

- Audited accounts
- ITRs
- GST returns
- Bank statements
- Sanction letters
- Top customer contracts
- Fixed asset register

LEGAL**Does the company own what it says it owns?**

- ✓ Title to land, buildings and key assets, and leases for every location
- ✓ All business licences and approvals are valid and in the company's name
- ✓ Litigation involving the company, promoters, directors and group companies
- ✓ Material contracts: change-of-control and consent clauses
- ✓ Trademarks and other intellectual property are registered

TYPICAL DOCUMENTS

- Title deeds
- Lease deeds
- Factory licences
- Pollution consents
- Court records
- Trademark certificates

SECRETARIAL**Has the company followed the Companies Act?**

- ✓ Every share allotment and transfer since incorporation is documented and filed
- ✓ Board and shareholder meetings held and minuted correctly
- ✓ RoC forms filed on time, or compounded where they were not
- ✓ Independent directors and board committees constituted as required
- ✓ Related party transactions approved properly

TYPICAL DOCUMENTS

- Statutory registers
- Minutes books
- RoC filings
- Share allotment forms
- MOA & AOA

BUSINESS & OPERATIONS**Does the business work the way the document describes?**

- ✓ Site visits to plants, offices and warehouses by the lead manager
- ✓ Installed capacity and utilisation verified by a chartered engineer
- ✓ Customer and supplier concentration, and dependence on a few contracts
- ✓ Industry data sourced from an independent industry report
- ✓ Objects of the issue backed by quotations and project estimates

TYPICAL DOCUMENTS

Capacity certificate Quotations

Industry report Order book

Insurance policies

PEOPLE & HR**Is the team and its paperwork in order?**

- ✓ Employee numbers backed by PF and ESIC records
- ✓ Key managerial personnel, their appointment and pay
- ✓ Employee stock option schemes and their approvals
- ✓ Labour law registrations and contractor compliance
- ✓ Background checks on promoters and directors

TYPICAL DOCUMENTS

PF & ESIC challans Appointment letters

ESOP scheme Director KYC

Promoter ITRs

**Common red flags**

Missing allotment records, unfiled RoC forms, unpaid statutory dues, loans to promoters, and properties held in a promoter's personal name.

**Do a mock round first**

An internal pre-diligence, run by your CFO and company secretary with the lead manager's checklist, surfaces most gaps months before they become delays.

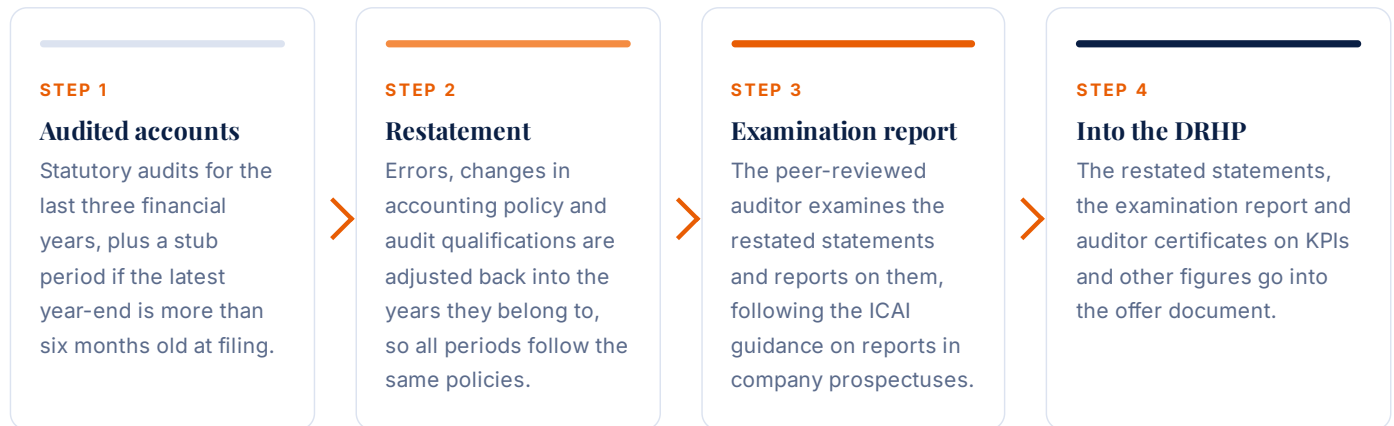
**One data room**

Keep every document in a single indexed data room. The same file will be requested by lawyers, auditors, the exchange and, later, investors.

CHAPTER 5

05 Peer review audit and restated financials

The financial statements in an offer document are not simply last year's audited accounts. They are **restated**, so that three years are comparable, and they must be examined by an auditor who holds a valid **peer review certificate** from the ICAI's Peer Review Board.



Why it trips companies up

- Many SMEs use a long-standing local auditor **without a peer review certificate**. A peer-reviewed firm must then be appointed to examine the restated numbers, which takes time to arrange.
- Restatement can **change reported profit**. If adjustments push EBITDA below ₹1 crore in a year, the eligibility test may fail.
- The certificate must be **valid on the dates** the auditor signs; an expired certificate means repeating work.



Check first: ask your auditor for a copy of the ICAI peer review certificate and its validity dates before restatement starts.

06

CHAPTER 6

Filing the DRHP with NSE Emerge or BSE SME

For an SME issue, the draft offer document goes to the **SME exchange**, not to SEBI for observations. The exchange reviews it, questions it, often visits the company and meets the promoters, and then grants in-principle approval. SEBI receives a copy for its records.

What goes inside

Offer summary and risk factors

- 01** What is offered, and what could go wrong, ranked by materiality

Objects of the issue

- 02** Exactly how the money will be spent, with quotations and timelines

Industry and business

- 03** Market, products, capacity, customers and strategy

Management and promoters

- 04** Board, key people, promoter group and their interests

Restated financial information

- 05** Three years plus any stub period, with the auditor's report

Legal and other information

- 06** Litigation, approvals, regulatory actions and material contracts

Basis for offer price

- 07** KPIs, peer comparison and past share issue prices

Offer structure and procedure

- 08** Allocation, lock-ins, underwriting and market making

From filing to approval

DAY 0

File with the exchange

The draft offer document is filed with the lead manager's due diligence certificate and, since March 2026, a draft abridged prospectus.

WITHIN 2 WORKING DAYS

Public announcement

A newspaper advertisement tells the public the draft is available, with a QR code linking to it.

21 DAYS

Public comments

Anyone can comment on the draft. The lead manager reports the comments received to the exchange.

REVIEW

Exchange queries and site visit

The exchange raises queries, may inspect the premises and usually meets the promoters. Responses and changes are worked into an updated draft.

APPROVAL

In-principle approval

Once satisfied, the exchange grants in-principle approval to list, and the company moves to the red herring prospectus.

CHAPTER 7

07 Pricing and the price band

The company and its lead manager set the price; the regulator does not. What the rules control is **how the price is presented**: the width of the band, when it is announced and the figures that must justify it.

MOST SME ISSUES**Book building**

A price band is announced. Investors bid within it, and the final price is set after the issue closes, based on demand.

- ✓ Top of the band at most 120% of the floor
- ✓ Band at least 5% wide
- ✓ Final price discovered from bids

SIMPLER, LESS COMMON**Fixed price**

A single price is stated in the offer document before the issue opens. Investors know the price; demand is known only at the end.

or

- ✓ Price fixed in advance
- ✓ No bidding within a range
- ✓ Same disclosures on basis of price

Try it: price band and lot size**Inputs**

Floor price (₹)

120

Top of band

115% of floor

Earnings per share, latest year (₹)

8

Face value (₹)

10

Floor

Max cap (120%)

₹120

₹144

₹120 – ₹138

Price band

834 shares

Smallest lot so 2 lots cost at least ₹2 lakh at the floor

₹2,30,184

Minimum application (2 lots) at the top of the band

15.0X – 17.3X

P/E at floor and cap, to be shown in the price band advertisement

Illustrative only. The lead manager sets the actual lot size and price band.

TIMING**Announced two working days ahead**

The price band is published at least two working days before the issue opens, in the same newspapers as the pre-issue advertisement and on the exchange website.

JUSTIFICATION**The basis for offer price**

KPIs certified by the auditor and approved by the audit committee, peer comparison, and the prices at which shares were issued or transferred in the recent past, set against the band.

LIMITS**Floors and discounts**

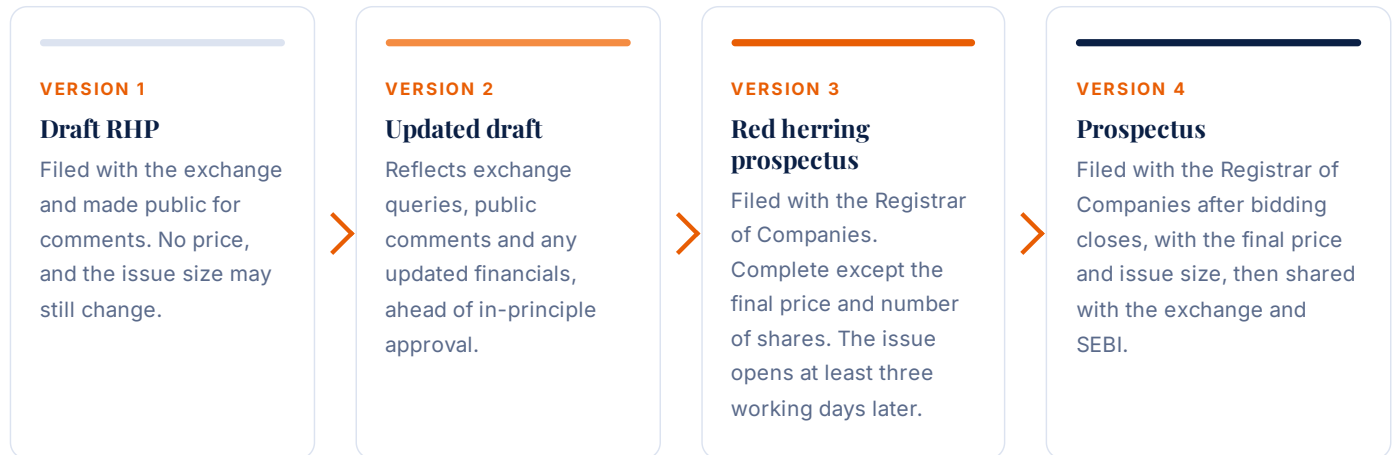
The final price cannot be below face value. A discount for retail or employee applicants is allowed if stated in rupees in the offer document; anchor investors cannot get a lower price than others.



CHAPTER 8

From DRHP to RHP and prospectus

The offer document goes through four versions. Each one adds what has been settled since the last, until the final prospectus records the price at which shares were actually allotted.



What it contains	Draft RHP	RHP	Prospectus
Business, risks, financials	Yes	Yes, updated	Yes
Exchange observations addressed	No	Yes	Yes
Price band and issue dates	No	Yes, or by advertisement	Yes
Final price and number of shares	No	No	Yes
Where it is filed	SME exchange	Registrar of Companies	Registrar of Companies



Watch the clock on financials. If the approval process runs long, the financial information in the document may become more than six months old and need updating, which means another round with the auditor.

CHAPTER 9



Issue conditions and procedure

SME issues come with protections that Mainboard issues do not need: **full underwriting** and a **market maker**. They also follow the same tight calendar to listing.

100%

Of the issue underwritten

15%

Minimum underwritten by the lead manager itself

3 yrs

Market making after listing

200

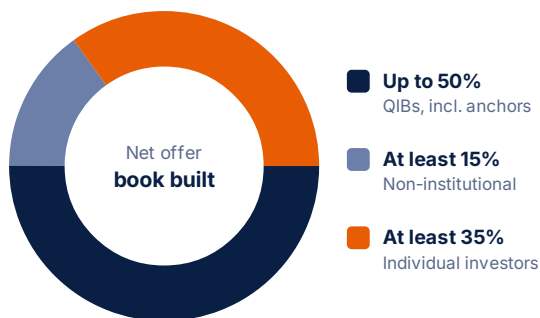
Minimum number of allottees

25%

Minimum public shareholding at listing

₹50 cr

Issue size above which a monitoring agency is required



Within the non-institutional portion, one-third goes to applications of up to ₹10 lakh and two-thirds to larger ones.

Conditions that apply to every SME issue

- ✓ The issue stays open for at least **3 and at most 10 working days**; if the price band is revised, it is extended by at least three working days.
- ✓ Applications are made through **ASBA or UPI**, so money is only blocked, not paid, until allotment.
- ✓ The market maker receives part of the issue as inventory and must quote both ways for most of each trading day.
- ✓ If the issue fails or listing is refused, blocked money must be released promptly, with interest payable for delays.
- ✓ Once listed, the company follows SEBI's listing regulations, including half-yearly results on the SME platform.

The last week: from opening to listing

Anchor day

Anchor investors bid one working day before the issue opens

Days 1–3

Issue open for at least three working days

T

Issue closes; final price set if book built

T+1

Basis of allotment finalised with the exchange

T+2

Shares credited; money unblocked for others

T+3

Shares list and begin trading

CHAPTER 10

10 The draft abridged prospectus

Few retail investors read a 300-page offer document. Under the **ICDR amendments in force since 21 March 2026**, a short, standard-format abridged prospectus now travels with the offer document from the very first filing, and investors reach it with a QR code.

FILED EARLY**With the draft**

A draft abridged prospectus is filed alongside the draft offer document, and a final version with the red herring prospectus.

PUBLISHED**On the websites**

Both versions are hosted on the websites of the company, the lead managers and the exchange, so the public can read them during the comment period.

ONE SCAN AWAY**QR codes**

Application forms carry QR codes that link to the red herring prospectus, the abridged prospectus and the price band advertisement.

LESS REPETITION**Simpler summary**

The separate offer document summary was removed. The summary now also covers contingent liabilities and related party transactions.



Illustration; not a working QR code

What it means for the company

The abridged prospectus is the version most investors will actually read, so it deserves the same care as the investor presentation. Plain language, a clear business summary and the right top risks shape first impressions long before the roadshow.

WHERE SAMVAAD FITS

Compliance gets you listed. Communication gets you valued.

Your lead manager, lawyers and auditors make sure the company qualifies and the documents are right. We work alongside them on what investors see and hear: the equity story, the investor presentation, the roadshow and the media.

After listing, we run the investor relations programme that keeps the story consistent through results, disclosures and analyst conversations. See our [investor relations services](#).

What we handle in an SME IPO

- ✓ Equity story and key messages, agreed before the DRHP is written
- ✓ A plain-language business summary for the abridged prospectus
- ✓ Investor presentation and roadshow preparation for promoters
- ✓ Media and analyst communication around the issue
- ✓ Post-listing investor relations: results, calls and disclosures

QUESTIONS

SME IPO FAQs

How long does an SME IPO take?

Most SME IPOs take six to nine months from appointing the lead manager to listing day. Restating the financial statements, due diligence and drafting the offer document take the most time, followed by the exchange review. Once the issue opens, shares list three working days after it closes.

Does SEBI review an SME IPO offer document?

No. For an SME IPO the draft offer document is filed with the SME exchange, which reviews it and grants in-principle approval. SEBI receives a copy for its records but does not issue observations, unlike a Mainboard IPO.

What is the minimum promoter contribution in an SME IPO?

Promoters must hold at least 20% of the post-issue capital as their minimum contribution, locked in for three years from allotment. Since 2025, promoter holding above that 20% is released in two halves, after one year and after two years.

Who decides the price band of an SME IPO?

The company decides the price band with its lead manager. The top of the band can be at most 120% of the floor price, and the band must be announced at least two working days before the issue opens, with key financial ratios at both ends of the band.

Is a market maker compulsory in an SME IPO?

Yes. An SME issue must be fully underwritten and a market maker must provide two-way quotes in the shares for at least three years from listing, so that investors can buy and sell even when trading is thin.

What is a draft abridged prospectus?

It is a short, standardised summary of the offer document. Since the ICDR amendments of March 2026, a draft abridged prospectus must be filed along with the draft offer document and published on the company's and intermediaries' websites, and application forms carry QR codes linking to it.

Planning an SME IPO?

Talk to us before the draft offer document is written. We work alongside your lead manager so that investors meet a clear, consistent company from the first roadshow meeting to listing day.

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Note: This guide summarises the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended up to March 2026, together with the published criteria of NSE Emerge and BSE SME as of October 2026. The regulations contain conditions and exceptions not covered here, and exchanges revise their criteria by circular. Nothing in this guide is legal, regulatory or investment advice; companies should confirm requirements with their lead manager and legal counsel.