

# SMEs mainboard migration slows amid stricter rules

KHUSHBOO TIWARI

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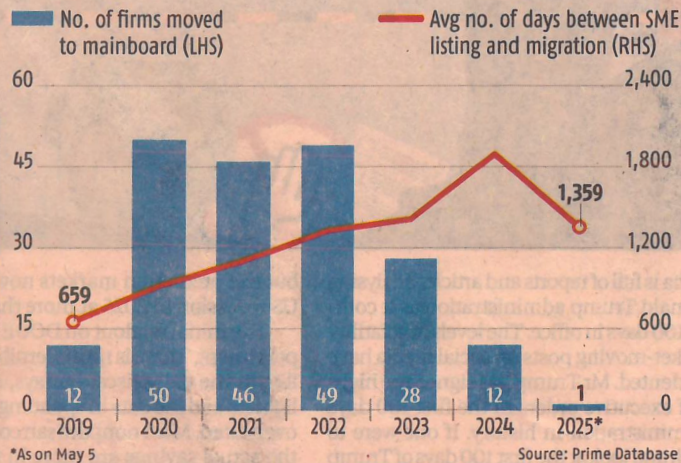
Stricter regulations for the migration of small and medium enterprises (SMEs) to the mainboard of stock exchanges have led to a sharp decline in such transitions in calendar years 2024 and 2025. Only one company has migrated successfully this year (as on May 5), after 12 in 2024 — a significant drop from the annual average of nearly 50 migrations between 2020 and 2022.

The slowdown comes as a result of tighter eligibility criteria introduced by stock exchanges after the Securities and Exchange Board of India (Sebi) overhauled migration rules in its December 2024 board meeting. The revised framework was notified in March 2025, which could further slow the migration of companies opting to list on the SME platform to the mainboard.

Further, the gap between SME listing and mainboard migration has also widened. While the average transition time was under two years in 2019, it stretched to around five years in 2024, in part due to a rule

## TOUGH LEAP

Fewer companies are now moving from SME platform to mainboard



mandating at least three years between listing and migration.

Last month, the National Stock Exchange (NSE) tightened the eligibility criteria further. Companies now need to have a minimum revenue of ₹100 crore in the previous financial year, along with positive operating profit in at least two of the three past years, to migrate to the mainboard. Also, firms now face higher promoter holding require-

ments — at least 50 per cent of their initial stake at the time of listing has been mandated. The new rules also enforce stricter corporate governance standards, such as checks on regulatory violations and defaults in payments to debenture and fixed deposit holders.

Legal experts attribute the ongoing migration decline to heightened compliance demands and financial benchmarks.

"Many SMEs do not meet these elevated financial thresholds, even if they are well-run or high-growth businesses. This disqualifies a large pool of previously eligible firms," says Prithiviraj Senthil Nathan, partner, King Stubb & Kasiva, Advocates and Attorneys.

However, some believe the regulatory clarity may now encourage more companies to explore migration.