

SME IPOs regain momentum after three-month lull

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Following a muted period from March to May, the market for initial public offerings (IPOs) by small and medium-sized enterprises (SMEs) have rebounded sharply, with 68 SMEs raising ₹3,131 crore since June.

Experts have pointed to a spillover effect from mainboard IPOs. June and July saw 21 mainboard listings raising ₹33,813 crore, boosting investor enthusiasm across segments.

“Whenever activity picks up on the mainboard, the SME space follows suit — both are driven by a buoyant secondary market that increases investor appetite for new issues,” said Pranav Haldea, managing director, Prime Database.

Strong post-listing performance too continues to attract investors.

“Because of available liquidity, even marginal gains relative to mainboard IPOs draw in investors,” said Amabreesh Baliga, independent equity analyst.

However, growing exuberance for riskier SME IPOs has triggered tighter entry norms.

The minimum application size has doubled from ₹1 lakh-2 lakh. In April 2025, the NSE revised its eligibility for SME plat-



forms migrating to the mainboard. Companies must now show an operating profit in at least two of the last three years, report revenues exceeding ₹100 crore in the latest year, and keep promoter holdings above 20 per cent at the time of application.

Yet, some market watchers believe that higher ticket sizes and stricter criteria only partially address investor risks.

“While smaller investors pooling less than ₹1 lakh are squeezed out, liquidity

Bouncing back

The amount mobilised since June has surpassed the preceding five month's tally

	No. of SME IPO deals	Amount raised (₹ crore)
January	20	880
February	20	930
March	15	560
April	4	85
May	13	587
June	30	1,300
July	24	1,205
August*	14	626

*as of August 13

Source: primedatabase.com

remains robust among more affluent groups. What we need are stronger disclosure norms for companies listing in the SME segment,” Baliga argued.

He added that many promoters withdraw from stakeholder communication after listing, engaging only as required by regulation.

“Just as mandatory market makers are required for SMEs, there should also be regulatory mandates for two-way communication — such as investor calls and presentations — at least twice annually, accessible to shareholders, prospective investors, and research analysts,” he said.

