

A BAR TOO HIGH? Tighter rules set by NSE, BSE said to have stalled migration; Of 1,420 cos listed on SME platforms during 2015-2025, only 336 could move up

Mission Impossible For Many SMEs, Upgrade to Mainboard Stays Elusive

Himadri Buch

Mumbai: The SME platforms of India's stock exchanges were built on aspiration — a stepping stone to the mainboard, where the biggest names in India Inc trade. For hundreds of companies that listed on this segment with lighter listing norms over the past decade, that promotion was part of the promise sold to investors.

But, for many of them, the upgrade remains elusive.

Prime Database's data on companies that have moved from the SME platform to the mainboard in the past decade shows this migration has slowed down in the past five years.

The number of companies making this transition fell from the peak of 65 in 2021 to 62 companies in 2022 and to 38 in 2023. The count slipped further to 14 in 2024 and dropped to just three in 2025.

Between 2015 and 2025, of the 1,420 companies listed on the SME platforms of BSE and NSE, 336 — about 24% — eventually migrated to the mainboard.

Bankers said the shift of SME companies to the mainboard has slowed because of tighter rules. Both BSE and NSE have substantially raised the bar in recent years for SMEs seeking to migrate.

"The revised 'quality-control' measures by exchanges have effectively filtered

The Scorecard

Company	Mcap (₹ Cr)	Price (₹) Feb 23, 2026	2026 % Chg	% Gain Since Listing	List Date
Aptus Pharma	179	261.5	52.8	208.2	30/09/2025
Paradeep Parivahan	261	164.0	2.5	99.2	24/03/2025
HRS Aluglaze	463	240.0	58.0	81.4	18/12/2025
Zelio E-Mobility	588	278.0	-34.0	70.9	08/10/2025
Cryogenic OGS	225	157.8	-4.4	68.2	10/07/2025
Pajson Agro India	496	208.5	21.3	60.1	18/12/2025
MPK Steels (I)	132	130.0	-9.2	55.7	06/10/2025
BharatRohan Airborne Innovations	285	143.1	9.7	55.6	30/09/2025
Beezaasan Explotech	286	221.0	1.1	44.2	03/03/2025
Retaggio Industries	55	35.5	-4.1	40.8	07/04/2025
Prodocs Solutions	149	212.0	0.6	40.2	15/12/2025
LT Elevator	360	188.0	-14.9	31.6	19/09/2025

Source: Compiled by ETIG Database

out smaller players, leading to the observed decline in migration volume while aiming to protect the long-term integrity of the mainboard," said Abhishek Sharma, Director, GYR Capital, an investment banker for SMEs.

Effective January 2024, the minimum listing tenure required for SME companies to become eligible for mainboard

migration increased from two years to three years.

"Consequently, this change is expected to impact migration trends for the transition period from SME to mainboard," said Radha Kirthivasan, Head Listing & SME, BSE.

Continued on ►► Smart Investing

Upgrade to Mainboard Stays Elusive for SMEs

►► From ET Market Page 1

"Of the 693 companies currently listed on the BSE SME platform, 199 have migrated to the Mainboard, out of the eligible pool of approximately 410 companies, implying an effective migration rate of 50%."

In August 2025, BSE introduced another set of norms requiring an average market capitalisation of ₹100 crore over six months (up from ₹25 crore), average EBITDA of ₹15 crore over three years with a minimum of ₹10 crore annually, and at least 1,000 public shareholders — four times the earlier threshold of 250.

Migration is not automatic. Companies must proactively apply to the exchanges and meet not only financial thresholds but also extensive compliance checks, including cooling-off periods after surveillance actions, clean records on SCORES (Sebi's investor grievance platform), and certifications from credit rating agencies on the utilisation of IPO proceeds.

"In light of the maturing of the market, in March 2024, among other criteria, the minimum number of shareholders for companies desiring to migrate to the Main Board is set to 500, with a view to ensuring sustained liquidity and aligning the nature to a public limited company with a diversified shareholder base," an NSE spokesperson said in an email to ET.

NSE's May 2025 criteria are similarly demanding: paid-up capital of ₹10 crore, average market cap of ₹100 crore, revenue above ₹100 crore in the last financial year, and net worth of ₹75 crore. Companies must also maintain at least 20% promoter holding, with promoters not selling more than 50% of their listing-day holdings.

"The objective of regulators and exchanges to make criteria stringent is to ensure that SME companies of suitable size which are financially sound, matured, transparent and well governed move on to the main board and also to prevent companies from using SME platform as a short cut to gain easy access to the mainboard without genuinely meeting it's standards," said Uday Patil, Executive Director-Investment Banking, PL Capital, adding that stringent migration norms act as a quality filter.

A few SME graduates have delivered strong returns post migration. Manorama Industries launched its IPO on September 21, 2018, raising ₹60.79 crore, and moved to the main board on July 20, 2021. Since then, the stock has delivered 295% returns as of February 24, 2026. Zota Health Care came out with its IPO on April 27,

2017, mobilising ₹55.5 crore, and transitioned to the main board on August 19,

2019. Post migration, the stock has surged 511%. Sarveshwar Foods opened its IPO on March 5, 2018, with an issue size of ₹52.2 crore, and shifted to the main board on December 8, 2022. Since then, the stock has gained 44%.

Still, performance at the SME listing stage remains uneven. Out of 134 SME companies listed in the past year, only 30 delivered gains, while the rest generated negative returns.

Several companies did manage the transition in earlier years. MMP Industries Ltd launched its IPO on March 28, 2018, raising ₹80.37 crore, and migrated to the main board in January 2020. Sirca Paints India opened its IPO in May 2018 with an issue size of ₹74 crore, and moved to the main board in July 2019.

