

Tiny listings fail at big-league pivot

Mayur Bhalerao

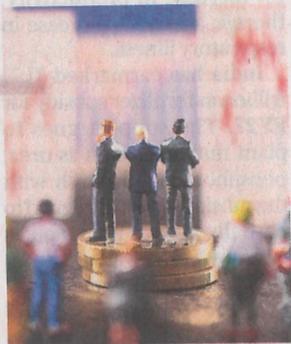
mayur.bhalerao@livemint.com

MUMBAI

India's once busy SME-to-mainboard migration route has slowed sharply. Tougher rules, volatile markets and heightened governance scrutiny have cooled the graduation cycle that had gathered pace during the 2020-22 bull run.

A higher eligibility bar introduced in 2025 by the National Stock Exchange raised the threshold for graduating to the mainboard, reshaping the scale at which companies can aspire to move up.

The revised framework required small and medium enterprises (SMEs) to report revenue from operations exceeding ₹100 crore in the preceding financial year and maintain an average market capitalization above ₹100



Promoter shareholding cannot fall below 50%. **ISTOCKPHOTO**

crore. Promoter shareholding at the time of application cannot fall below 50% of what was held at listing. The market-cap threshold alone represents a fourfold jump from the earlier ₹25 crore requirement.

The BSE followed in August 2025 with additional filters,

TURN TO PAGE 6

SME listings fail at mainboard pivot amid higher thresholds

FROM PAGE 1

mandating an operating profit of at least ₹15 crore over the past three financial years, with a minimum of ₹10 crore in each year. The minimum listing period before migration has also been extended from two years to three years, embedding a cooling-off phase.

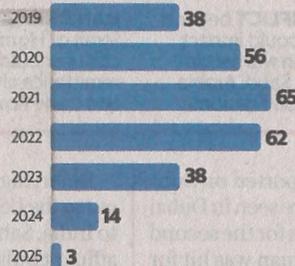
For SMEs, shifting to the mainboard is not merely a change in trading platform, it is a transformation in market positioning, investor access and corporate credibility.

On the SME platform, liquidity is often thin, and participation is largely driven by retail investors. The mainboard, in contrast, opens the door to a far wider and deeper investor pool—including domestic mutual funds, insurance companies and foreign portfolio investors. Many institutional investors are restricted by mandate from investing in SME-listed stocks, but can deploy capital freely in mainboard companies

"After a phase of strong SME-to-mainboard migrations, the pace has moderated following tighter eligibility norms," said

A slower graduation

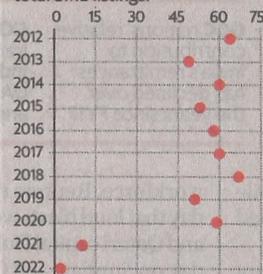
Number of listed SMEs that migrated to mainboard.



Source: Primedatabase.com, Mint analysis

A long haul

Yearly SME migrations as % of total SME listings.



mint

GOPAKUMAR WARRIER/MINT

Pranav Haldea, managing director of Prime Database Group. "The mainboard carries prestige and scale. The idea is to preserve the sanctity of the mainboard, ensuring only companies meeting higher financial and governance thresholds graduate."

The regulatory rethink is also rooted in governance concerns. Sebi flagged companies such as Gensol Engineering, SecUR Credentials and Varanium Cloud for alleged irregularities, including fictitious transactions, stock manipulation and misappropriation of funds—all of

which had passed through the earlier migration framework.

A Mint analysis of 276 SME companies that have migrated to the mainboard since 2019 shows how sharply the trajectory has turned. The graduation cycle peaked during 2020-22. In 2021, 65 companies transitioned to the mainboard, nearly double pre-pandemic levels. Another 62 migrated in 2022. But migrations fell to 38 in 2023, dropped to 14 in 2024, and to just three in 2025.

For an extended version of this story, visit livemint.com.