

SME IPOs regain momentum in May despite mainboard lull

A pickup in listings follows two months of subdued activity

KHUSHBOO TIWARI

Mumbai, 19 May

The number of public issues by small and medium enterprises (SMEs) was picked up in May after a sharp slowdown over the preceding two months. The resilience in the segment stands out at a time when the mainboard initial public offering (IPO) market remains subdued amid ongoing global uncertainty.

Nearly 13 SME listings are expected this month, with two IPOs currently open for subscription and nearly half a dozen more in the pipeline. In comparison, there were nine SME listings in March and four in April, with total fundraising of ₹387 crore and ₹204 crore, respectively.

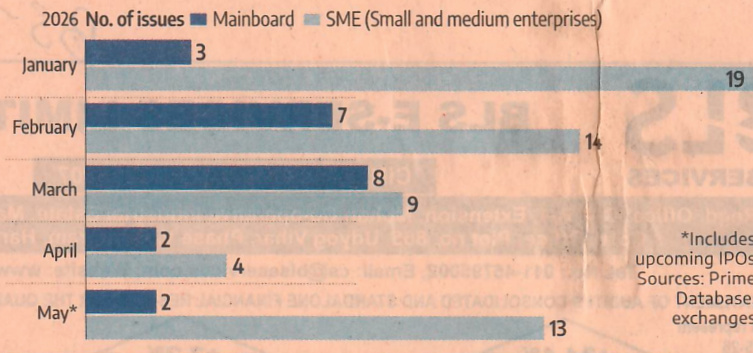
Market participants said the absence of IPOs in the mainboard segment has encouraged smaller companies to advance their listing plans and fill the gap in the primary market. "Large companies need institutional participation and stable market windows, neither of which is easy to guarantee right now. SMEs operate differently. Their issue sizes are smaller, their investor base is more retail-driven, and most current SME IPOs are entirely fresh issues of capital going directly into business expansion, not investor exits," said Rajesh Singla, founder and chief executive officer of Alpha Asset Management Company.

Experts added that the quality of SMEs approaching the exchanges has also improved, with well-structured issues, cleaner financials, and credible use of proceeds continuing to attract investor interest even as broader market sentiment remains cautious. "While the behaviour of larger institutional investors, including foreign funds, which are



ILLUSTRATION: BINAY SINHA

Revival month



the key investors in mainboard IPOs, is more sensitive to market sentiment, the same is not the case with retail and high-networth individuals (HNIs), who are the primary investors in SME IPOs and are participating mainly for listing gains. Mainboard and SME segments

have little in common on both the demand and supply sides, though there may be some direct correlation in terms of the amounts being raised in the two segments," said Pranav Haldea, managing director of Prime Database Group.

While SME IPO activity has

improved in May, the segment has not remained completely insulated from market volatility. According to Prime Database data, 2025–26 saw a record 255 SME listings, up from 235 in 2024–25, marking the third consecutive year with more than 200 listings. In comparison, activity in the current financial year (2026–27) has remained relatively muted so far. Industry participants said the SME platform has matured considerably over the years, aided by greater awareness among entrepreneurs, investors, and intermediaries.

"The current trend also reflects promoters' confidence in using public markets to institutionalise their businesses. For many SMEs, listing is not only about raising capital but also about improving visibility, strengthening governance, creating a market value for the business, and opening up future fundraising opportunities," said Kritika Rupda, cofounder and director of Socradamus Capital. Over the past few years, the Securities and Exchange Board of India (Sebi) and stock exchanges have tightened scrutiny of SME listings. Amid ongoing global uncertainty, exchanges also extended the validity of in-principle approvals granted to SMEs planning IPOs, following a similar move by Sebi for mainboard issuances.

"Sebi's tighter eligibility filters — especially the ₹1 crore profitability norm — have effectively weeded out fly-by-night operators, thereby restoring confidence among retail and HNI participants. Consequently, fundraising volumes on NSE Emerge and BSE SME have recovered sharply, outperforming the previous two months," said Pranav Khandwala, executive director of Khandwala Securities.