

SME-to-mainboard migration drops

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It's getting harder for small listed companies to break into the big league.

Fewer companies that debuted on India's small and medium enterprise (SME) exchanges have graduated to the mainboard than during the post-pandemic peak. But the slowdown is not entirely regulatory. A flood of recent initial public offerings (IPOs)—many by companies still too young to qualify—has pulled down the overall conversion rate.

Older cohorts dominate

The picture changes when companies are grouped by IPO vintage. Of the 551 SMEs listed through 2020, 339, or 61.5%, reached the mainboard.

The 2018 batch produced the most graduates, with 66% of its 141 companies migrating. That was followed by the 2017 cohort, at 64.7% of 133 companies. Together, the two cohorts accounted for almost half of all database migrations.

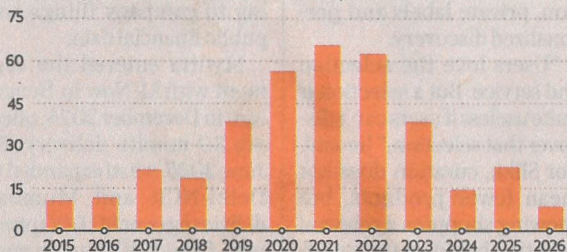
Recent cohorts have progressed more slowly. Only 16.9% of the 59 companies listed in 2021 migrated, versus 12.8% of the 109 issuers from 2022. No company listed from 2023 onward appears in the migration database.

Gaurav Didwania, partner and fund manager at Qode Advisors, said the apparent fall in migration was partly a "measurement artefact" because companies from different vintages have had vastly different periods in which to qualify. "Companies listed through 2020 had up to a dec-

League lag

A flood of recent IPOs and tighter eligibility rules have slowed SME-to-mainboard migration.

Firms migrated to mainboard from SME platform since 2015



SME is short for small and medium-sized enterprises

Source: Primedatabase.com

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ade to qualify; the 2022 cohort has had only a few years. The higher financial thresholds also mean that some smaller companies from the IPO boom may never become eligible, irrespective of market conditions," Didwania added.

Tighter eligibility rules have also raised the bar. The National Stock Exchange of India (NSE) increased the minimum listing period from two years to three years and, from 1 May 2025, raised the market-capitalization threshold from ₹25 crore to ₹100 crore.

Applicants must also have revenue above ₹100 crore, net worth of at least ₹75 crore and positive operating profit in two of the previous three years. They need at least 500 public shareholders, while promoters must retain at least 20% and no less than half their holding at listing.

The BSE tightened its

requirements in August 2025, raising the minimum number of public shareholders to 1,000 from 250 and requiring an average operating profit of at least ₹15 crore over the previous three years, with a minimum of ₹10 crore in each year.

"The slower pace reflects both the shorter track record of newer SME listings and a

higher regulatory bar for migration. However, for companies ready to scale, better liquidity, institutional participation, capital access and credibility can outweigh the higher

compliance burden," said Pranav Haldea, managing director of Prime Database Group.

Peak has passed

The slowdown is clearer when measured by migration year. The number of companies moving to the mainboard rose from 38 in 2019 to 56 in 2020 and peaked at 65 in 2021,

during the pandemic. Another 62 migrated in 2022. Together, 2020-22 accounted for 183 migrations, or just over half the total. The number fell to 38 in 2023 and 14 in 2024, before recovering to 22 in 2025. Eight migrations were recorded during January-August 2026. The trend therefore marks a sharp step-down from the 2020-22 boom rather than a continuous decline.

Migration is rarely immediate. The median company took 3.2 years to reach the mainboard; 46.3% migrated within three years and 69.1% within four. About 17.4% took more than five years.

"Migration to the mainboard is more than a prestige milestone. It widens the investor pool beyond the lot-based SME market, potentially improving liquidity, institutional participation and price discovery. It also gives companies greater flexibility to raise capital and strengthens their credibility with lenders, customers and analysts," said Shashank Udupa, founder of Vayu Capital and a research analyst. "These benefits, however, must be weighed against higher compliance, disclosure and governance costs. For companies with sufficient scale and maturity, migration can be a meaningful strategic step."

Didwania said the business case was "structural, not sentimental." Migration does not improve the underlying business, but it can remove market constraints that prevent a strong company from attracting a broader pool of investors and capital.

Migration to the mainboard widens the investor pool, improves liquidity and also price discovery