



## Promising Avenue of Fund raising for SMEs & Start-ups

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## Facts & Figures

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\*Participation in SME Exchange is subject to Higher Risk. Beta is quite high.

# NSE is one of the largest multi asset class exchange globally

NSE is World's Largest Derivatives Exchange for 5<sup>th</sup> Consecutive Year

*Source: FIA based on trading volume 2019, 2020, 2021, 2022, 2023*

Ranks 2<sup>nd</sup> in Equity Segment in the World (in terms of number of trades)

*Source: WFE based on trading volume, 2022, 2023*

Receives 20 billion order messages & 285 million trades on some days

**USD 4.92 Trillion** 

## NSE Products to Channelize funds towards Capital Formation

- Initial Public Offer (IPO) –Main Segment
- IPO - SME Segment
- Electronic Bidding Platform (EBP)
- Non-Competitive Bidding Platform
- Public Debt
- Green Bond
- Social Stock Exchange

# What is NSE Emerge?

- Dedicated Platform for SMEs across India to raise funds and get listed on the Stock Exchange
- Started in September 2012
- Regulated by SEBI
- Separate segment in NSE
- Same trading terminals, trading members and merchant bankers as main board

## Companies Listed

**715**

## Capital Raised

**~Rs. 21,969 Cr**

## Market Capitalisation

**~Rs. 2,09,638 Cr**

## Average Fund Raising

**~ Rs. 30.72 Cr**



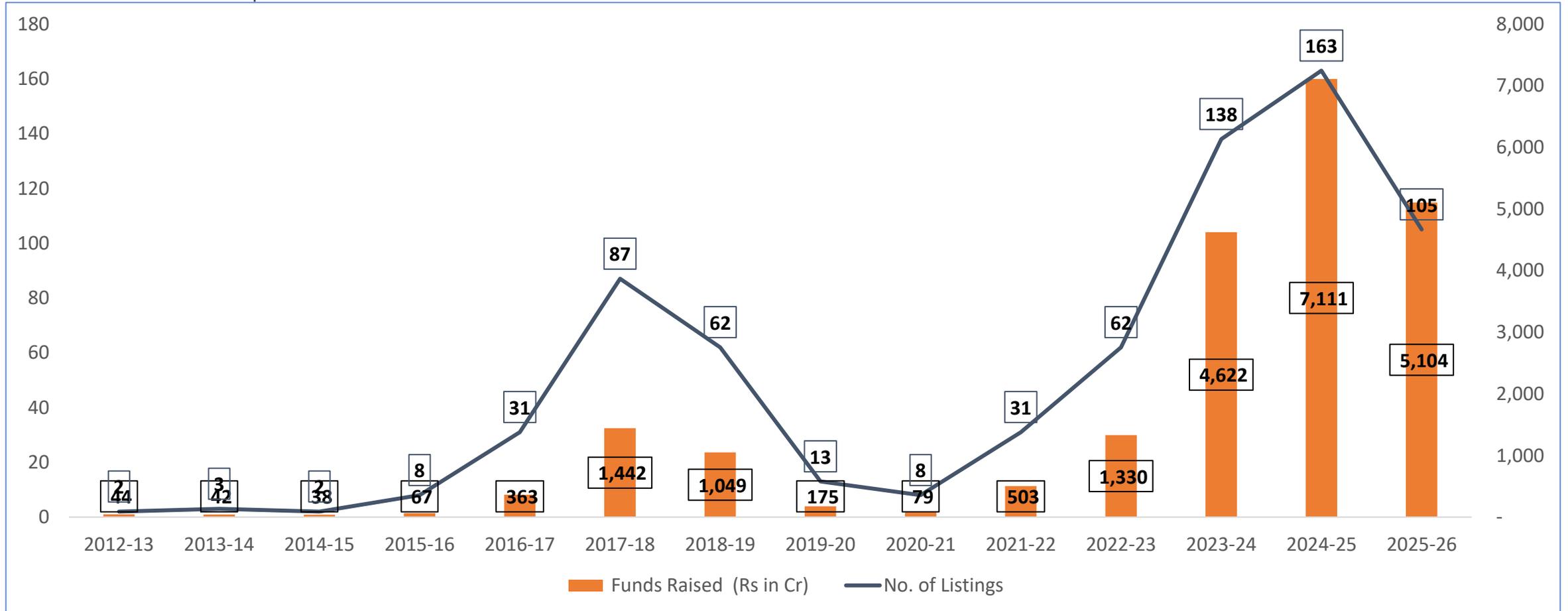
## Companies Migrated to Mainboard

**158**

As on 28 Feb 2026

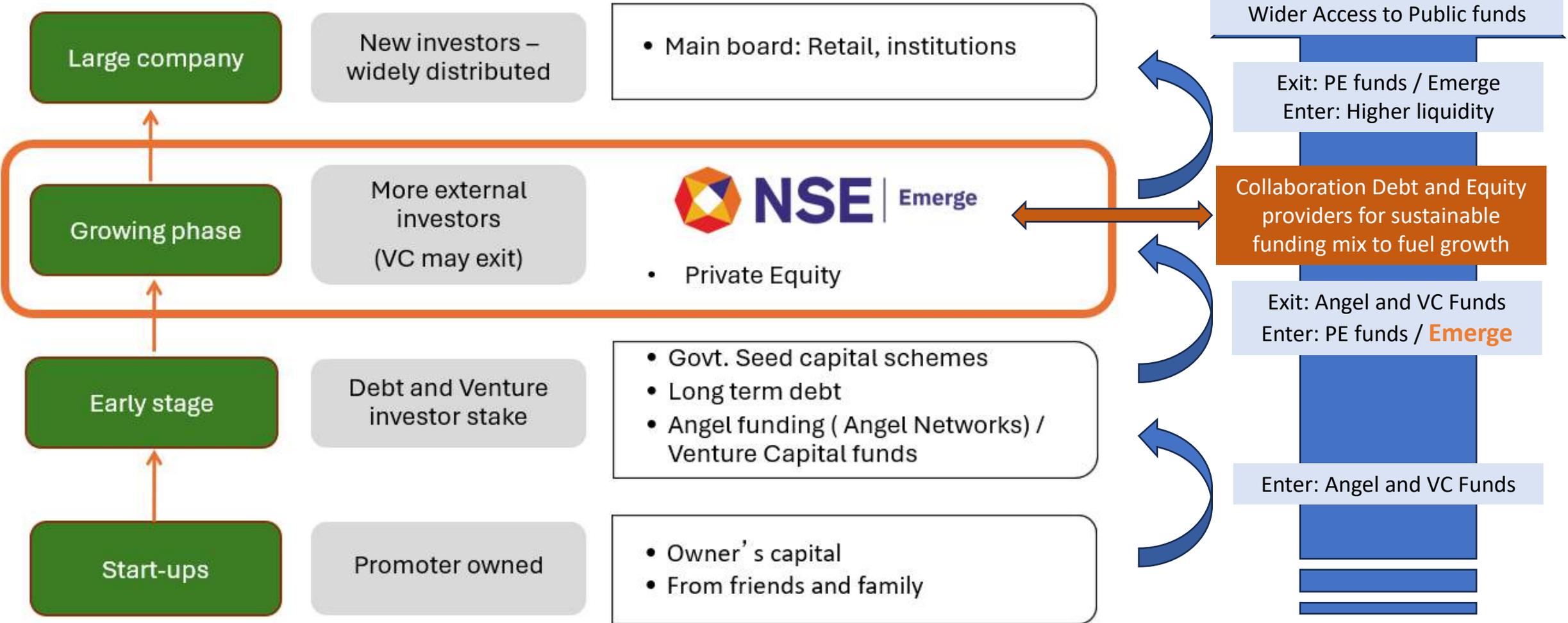
# Listed SME Growth Chart

- Depicts the performance of NSE Emerge platform
- Data captured since listing (Year on Year)
- Shows number of companies listed and the cumulative funds raised



As on 28 Feb 2026

# When can a Company list on NSE EMERGE?



# Who can list on NSE EMERGE?

## SEBI Eligibility Criteria

- Issuer has to be a Limited Company
- Issuer's Post issue paid up capital at the time of IPO:
  - < Rs 10 crore: SME Board only
  - Rs 10-25 crore: SME/ main Board
  - > Rs 25 crore: Main Board only

## Regulatory Framework

- Dilution: at least 25%
- DRHP in same format. Only exchange observations
- 100% underwriting

No grading requirement  
Market making for three years

## NSE Additional Eligibility Criteria

- 3 years operational history
- Positive Net worth
- **Free cash flow to equity (FCFE)** should be positive at least 2 years out 3 FY

## Migration

- Migration from SME to main board allowed subject to conditions.

## Post listing compliance

- Half yearly & Annual audited accounts
- Corporate governance norms same as main board

# NSE Eligibility Criteria – Formula for FCFE

## FCFE (Free Cash Flow to Equity)

- Cash flow from Operations – Capital Expenditure + Net Borrowings - Interest Expenses \* (1-t)

### Wherein cash flow from operations will be determined as

- Cash Generated from Operating Activities – Income Tax paid (if any)

### Capital Expenditure (Capex) will be determined as

- Purchase of Property, plant, and equipment (PPE) (including Capital Work in Progress (CWIP)) – Sale proceeds of PPE, CWIP (if any) + Capital Advances (if any)

### Net borrowings will be determined as

- Proceeds from Long Term Borrowings - Repayments of Long-Term Borrowings + Proceeds from Short Term Borrowings - Repayments of Short-term Borrowings

Example case:

Following data is available for a company in	Amount (cr)
Net cash from operating activities	26.00
Purchase of fixed assets	19.00
Repayment of LT loan	7.30
Proceeds from LT loan	12.40
(Decrease) in Cash credit facility (ST)	2.70
Post tax interest expenses	4.00
<b>FCFE will be for FY 23 = (26-19-7.3+12.4-2.7-4)</b>	<b>5.40</b>

# SME IPO eligibility criteria – as per ICDR Norms

Particulars	Modified eligibility criteria
<b>Minimum Operating profit</b>	<ul style="list-style-type: none"> <li>• <b>Minimum operating profit of INR 1 crores</b> in 2 out of 3 years in immediately preceding FYs before date of application</li> </ul>
<b>OFS (Offer for sale)</b>	<ul style="list-style-type: none"> <li>• OFS capped at <b>20%</b> of total issue size and selling shareholders cannot sell more than 50% of their holding</li> </ul>
<b>Restriction on repayment of loans from Promoter and Promoter Group</b>	<ul style="list-style-type: none"> <li>• SME issues <b>shall not be permitted</b>, where objects of the issue consist of Repayment of Loan from Promoter, Promoter Group or any related party, from the issue proceeds, whether directly or <b>indirectly</b></li> </ul>
<b>Conversion of partnership/proprietorship/LLP to company</b>	<ul style="list-style-type: none"> <li>• Company should be in existence for 1 full financial year post conversion before approaching for listing</li> <li>• 1 year cooling period before SME IPO for a company if there is a change of promoter(s) or new promoter(s) have come after acquisition of 50% or more shareholding</li> </ul>
<b>Minimum application value</b>	<ul style="list-style-type: none"> <li>• Minimum application will be in 2 lots provided that the minimum application size shall be above ₹2 lakhs</li> </ul>

# SME IPO eligibility criteria – as per ICDR Norms

Particulars	Modified eligibility criteria
<b>No of allottees</b>	<ul style="list-style-type: none"> <li>Minimum allottees should be 200</li> </ul>
<b>General Corporate Purpose (GCP)</b>	<ul style="list-style-type: none"> <li>Amount for GCP capped to lower of: 15% of amount being raised or <b>Rs. 10 cr</b></li> </ul>
<b>Public Disclosure of DRHP</b>	<ul style="list-style-type: none"> <li>DRHP of SME IPO filed with the Stock Exchanges to be made available for <b>21 days</b> for public to provide comments on DRHP, by making public announcement in English, Hindi &amp; one regional newspapers in the place where registered office of issuer is located</li> </ul>
<b>Paid up capital</b>	<ul style="list-style-type: none"> <li>Further issue by SME Companies with a PUC of &gt; 25 crs permitted without migration to Main Board subject to the issuer undertaking compliance of the provisions of SEBI (LODR) Regulations, 2015 as applicable to the companies listed on the Main Board</li> </ul>
<b>Monitoring Agency</b>	<ul style="list-style-type: none"> <li>Introduction of monitoring agency is introduced if issue size exceeds INR 50 crs excluding OFS portion</li> </ul>

# SME IPO eligibility criteria – as per ICDR Norms

Particulars	Modified eligibility criteria
<b>Introduction of statutory auditor certificate</b>	<ul style="list-style-type: none"><li>• If issue size is less than or equal to ₹ 50 crores rupees, the issuer shall submit a certificate of the statutory auditor for utilization of issue proceeds (excluding offer for sale by selling shareholders) while filing the quarterly financials till the issue proceeds are fully utilized</li><li>• If working capital is one of the objects of the issue exceeding ₹ 5 crores rupees, the issuer shall submit a certificate of the statutory auditor for utilization of issue proceeds (excluding offer for sale by selling shareholders) while filing the quarterly financial results, till the issue proceeds are fully utilized.</li></ul>
<b>Allocation in the net offer</b>	<p><b><u>Book Building offer</u></b></p> <ul style="list-style-type: none"><li>• 35% Retail</li><li>• 15% Non-Institutional*</li><li>• 50% QIB</li></ul> <p><b><u>Non-Institutional</u></b></p> <ul style="list-style-type: none"><li>• 1/3rd of the portion to be available to non-institutional investors shall be reserved for applicants with application size for more than 2 lots limited to ₹ 10 lakhs</li><li>• 2/3rd of the portion to be available to non-institutional investors shall be reserved for applicants with application size for more than ₹ 10 lakhs</li></ul>

# Why should SMEs & cash generating start ups consider listing?

- No fixed repayment burden
- Speed-up growth process vis-à-vis organic expansion
- Unlock Enterprise Value
- Bank funding may be difficult to obtain in certain cases
  - Collateral requirements
  - Sectoral preferences



Efficient raising of capital



Higher visibility



Credibility



Appropriate valuation



Corporate governance



Share as collateral



Liquidity



Borrowing terms



Opportunity for M&A



High calibre employees



Access to wider capital



Migration to main board

# Role Of Professionals In The SME IPO Journey

- Financial Due Diligence
- Tax planning & Corporate structuring
- Documentation & Regulatory Compliance
- Financial Statement Preparation & Restructuring
- Business Valuation & Pricing
- Ongoing Financial Advisory
- Compliance services and audit of Listed companies
- Opportunities to start Merchant Banking division



Grow with your clients

# NSE MOUs with State Governments

Sr No	State	Date of Execution	Agreement Validity	Tenure
1	West Bengal	22-11-2023	21-11-2026	3
2	Assam	07-03-2024	06-03-2027	3
3	Goa	20-02-2024		
4	Karnataka	07-02-2024	06-02-2027	3
5	Rajasthan	06-06-2024	05-06-2029	5
6	MP	19-06-2023	18-06-2028	5
7	Maharashtra	08-02-2024	07-02-2029	5
8	Odisha	01-12-2022	30-11-2027	5
9	Uttarakhand	06-11-2023	05-11-2028	5
10	Uttar Pradesh	16-04-2025	15-04-2030	5
11	Chhattisgarh	10-03-2022	31-03-2030	8
12	Gujarat	20-12-2019	--	
13	Telangana	03-03-2022	02-03-2027	5
14	Haryana	13-09-2025	13-09-2030	5
15	Andhra Pradesh	27-06-2025	26-06-2028	3
16	Jammu & Kashmir	24-11-2025	24-11-2030	5

# SME Listing Incentives by State Governments

State	Subsidy
Kerala	Reimbursement of 50% IPO expenses subject to a maximum of Rs. 1.00 Cr.
Tamil Nadu	One-time assistance of 50% of the expenditure incurred Up to Rs 30.00 Lakhs.
Gujarat	One time assistance of 25%-30% of the expenditure incurred Up to INR 5.00 Lakhs.
Himachal Pradesh	Reimbursement of 50% IPO expenses subject to a maximum of Rs. 10.00 Lakhs.
Punjab	Reimbursement of 25% IPO expenses subject to a maximum of Rs. 10.00 Lakhs.
Uttarakhand	One time assistance of 10% of the expenditure incurred up to INR 20 Lakhs for first 10 issuers
Karnataka	Reimbursement of 50% IPO expenses subject to a maximum of Rs. 25.00 Lakhs
Haryana	Reimbursement of 20% IPO expenses subject to a maximum of Rs. 5.00 Lakhs.
Chhattisgarh	Reimbursement of 50% IPO expenses subject to a maximum of Rs. 10.00 Lakhs.
Maharashtra	Policy to provide financial assistance to first 250 SMEs - No amount specified.
Odisha	Financial assistance up to 2% of the total capital raised from SME Exchange or 20 % of the expenditure incurred for raising capital from SME Exchange, subject to a ceiling of Rs. 10.00 lakh
Madhya Pradesh	Reimbursement of IPO expenses subject to a maximum of Rs. 40.00 Lakhs
Uttar Pradesh	Reimbursement of IPO expenses subject to a maximum of Rs. 5.00 Lakhs
Rajasthan	Reimbursement of IPO expenses upto 50% subject to a maximum of Rs. 15.00 Lakhs



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# Thank you



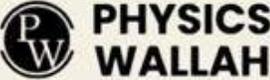
## Exit via IPO

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\*Participation in SME Exchange is subject to Higher Risk. Beta is quite high.

# New Age Companies tapping public markets

 Fintech	12	
 Ecommerce	11	
 Enterprise Tech	11	
 Real Estate Tech	6	
 Logistics	3	

 Clean Tech	
 Foodtech	
 Advanced Hardware & Technology	
 Edtech	
 Enterprise Services	

**60+ Startups have listed**

2024 - 13      2025 - 18      2026 - 3

As on 28 Feb 2026

# Tech based/New age cos on NSE Emerge



Rs. 80.11 Cr  
05.03.2026

New-age digital content and marketing services agency.



Rs. 48.95 Cr  
09.03.2026

E-commerce activities including dropshipping, teleshopping, and cross-border selling.



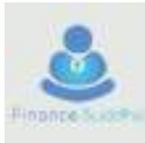
Rs. 20.10 Cr  
02.03.2026

Enterprise solutions, including integrated facility & assets management, human resource management systems (HRMS), supply chain management, school & university ERP, single sign-on (SSO), AI studio, and IoT applications.



Rs. 26.97 Cr  
19.02.2026

IT products & services - data centers, networking, telecom systems, surveillance, cybersecurity & power management



Rs. 71.68Cr  
13.11.2025

Loan aggregation platform, assisting individuals in obtaining personal, business, and home loans from banks and NBFCs



Rs. 40.20Cr  
30.09.2025

Firm specializing in advance survey technologies, such as photogrammetry, LiDAR, GIS, & remote sensing using drones & satellite imagery



Rs. 38.99 Cr  
22.09.2025

Cybersecurity firm specializing in safeguarding digital assets for organizations worldwide.

# SME IPOs – Current Trends (3/3)

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## Investor response

- 2026 subscription emphasizes discernment vs. 2024 FOMO
- Winning trifecta for Investors' Thumbs-Up
  - ✓ Fundamentally sound, niche business model
  - ✓ Strong Corporate Governance framework
  - ✓ Consistent Financial Performance
- Issue which falls short on any one doesn't get the desired response
- Much needed behavior change assuaging concerns of last FY
  - Change in minimum lot size criteria
  - Select presence of marquee names & institutional investors

# Accelerators – Finishing School for a frictionless debut

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- Institutionalize Early
  - ✓ Ethics and Corporate Governance Emphasis
  - ✓ Structured Cap Tables
  - ✓ Reporting Standards & Disclosures
  - ✓ Management Grooming (IRPR/Storytelling)
- Funding Ladder helps gain investor credibility
  - Reg 6 (2) → 75% QIB
  - Importance of Independent Directors & Audit Committee
  - Leverage on ecosystem connects at pre-IPO stage
- Collaboration with NSE – structured feeder for public markets
  - ✓ Best Practices/ Case study Sharing
  - ✓ Mentoring through sessions with Listed Peers



## Trends

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\*Participation in SME Exchange is subject to Higher Risk. Beta is quite high.

# SME IPOs – Current Trends (1/3)

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- MSMEs demand for capital remains unmet
  - Banks, NBFCs, Fintechs – has its limitation
  - PE & VC - Management control
- Inherent challenges from competition and margin pressure
  - VUCA BANI\* world
  - Leverage impacts adversely in downturns
- Path to Viksit Bharat 2047 will be through broad basing the issuer base, need for supply of primary paper
- Investor universe shows these trends – only a matter of time
  - 12.5 cr unique registered investors | 23cr accounts | 20% households

*\*VUCA: Volatile Uncertain Complex Ambiguous BANI: Brittle, Anxious, Non-Linear, Incomprehensible*

# SME IPOs – Current Trends (2/3)

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## Issuers

- Listings from Tier 2/3 cities
- Second/ Third Generation Promoters
- Scale up or Shut Shop
- New age businesses – professionally led and managed issuers
- Sustainability driven business models
- ‘OEM’isation of Mid Level Businesses/ Non-conglomerates driving demand for growth capital for its supply chain partners
- India consumption story – inherent strength of the economy

# Comparison – NSE Listing Platforms

	Mainboard	SME
Networth Criteria	<ul style="list-style-type: none"> <li>• Paid up capital &gt;INR 25 crores</li> <li>• Positive net worth with 3 years history</li> <li>• Min INR 400 crores issue if net worth is negative</li> </ul>	<ul style="list-style-type: none"> <li>• Paid-up capital &lt;INR 25 crores</li> <li>• Operational profit of INR 1 crore in 2 out of 3 years</li> <li>• Positive net worth</li> <li>• Positive FCFE in 2/3 years</li> </ul>
Pre-Institutional Holding	<ul style="list-style-type: none"> <li>• No such requirement</li> </ul>	<ul style="list-style-type: none"> <li>• No such requirement</li> </ul>
Investor Allocation	<ul style="list-style-type: none"> <li>• QIB – 50%</li> <li>• Retail – 35%</li> <li>• Non-Institutional – 15%</li> </ul>	<ul style="list-style-type: none"> <li>• QIB – 50%</li> <li>• Retail – 35%</li> <li>• Non-Institutional – 15%*</li> </ul>
Post Listing Disclosures	<ul style="list-style-type: none"> <li>• Quarterly, half yearly and annual audited accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Half yearly and annual audited accounts</li> </ul>
Trading Parameter	<ul style="list-style-type: none"> <li>• Min Allottees – 1,000</li> <li>• Min Application size – INR 15,000</li> </ul>	<ul style="list-style-type: none"> <li>• Min Allottees – 200</li> <li>• Min Application size &gt; INR 2,00,000</li> </ul>

- *1/3rd of the portion to be available to non-institutional investors shall be reserved for applicants with application size for more than 2 lots limited to ₹ 10 lakhs*
- *2/3rd of the portion to be available to non-institutional investors shall be reserved for applicants with application size for more than ₹ 10 lakhs*

# SME Migration criteria (From Emerge to NSE Mainboard)

Particulars	Migration criteria –Important points*
<b>Paid up capital &amp; Market Capitalisation</b>	<ul style="list-style-type: none"> <li>• Paid-up equity capital is not less than INR 10 crores and</li> <li>• Average capitalisation shall not be less than INR 100 crores.</li> </ul> <p>For this purpose, capitalisation will be the product of the price (average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange for 3 months preceding the application date) and the post issue number of equity shares</p>
<b>Revenue from Operation &amp; EBITDA</b>	<ul style="list-style-type: none"> <li>• The revenue from operations should be greater than INR 100 Cr in the last financial year.</li> <li>• Should have positive operating profit from operations for at least 2 out of 3 financial years.</li> </ul>
<b>Listing Period</b>	<ul style="list-style-type: none"> <li>• Should have been listed on SME platform of the Exchange for at least 3 years.</li> </ul>
<b>Public Shareholders</b>	<ul style="list-style-type: none"> <li>• The total number of public shareholders should be at least 500 on the date of application.</li> </ul>
<b>Promoter &amp; Promoter Group Holding</b>	<ul style="list-style-type: none"> <li>• Promoter and Promoter Group shall be holding at least 20% of the Company at the time of making application. Further, as on date of application for migration the holding of Promoter's should not be less than 50% of shares held by them on the date of listing.</li> </ul>

*Basis Circular NSE Ref. No 0680/2025 it is effective from 1<sup>st</sup> May, 2025*