

BEYOND THE THREE-YEAR RULE

DECODING SME MAINBOARD ELIGIBILITY

Understand the pathway.
Unlock the opportunity.



INSIGHTS THAT MATTER

DATA.
CLARITY.
DIRECTION.

Your roadmap to the mainboard
starts here.



COMPLIANCE



GOVERNANCE



GROWTH



SCALABILITY



DECODE THE RULES

A clear breakdown of
SEBI's three-year rule and
what lies beyond.



ELIGIBILITY ROADMAP

Key criteria, conditions,
and operational
benchmarks explained.



DATA-BACKED INSIGHTS

Trends, numbers, and
market data driving SME
migrations.



STRATEGIC TAKEAWAYS

Actionable insights for
SMEs, advisors, and
ecosystem partners.

The Narrative



What Most People Believe

“

An SME company becomes eligible for Mainboard migration once it completes three years of listing.

”



What the Regulations Actually Say

Three years is only one of several eligibility requirements.

Financial performance, governance, trading history, and exchange-specific criteria also determine whether a company can migrate.



Financial
Performance



Governance



Trading
History



Exchange
Criteria



Why This Matters

Hundreds of SME companies have completed three years of listing, but **only a handful qualify for Mainboard migration**. Understanding the complete eligibility framework is essential to distinguish between companies that are **merely old enough** and those that are **truly ready**.

What This Report Covers



Eligibility Framework

NSE & BSE migration requirements beyond the three-year rule.



Regulatory Challenges

Key hurdles companies face before becoming eligible.



Companies Under the Lens

Companies that appear eligible but are yet to migrate.



Key Insight

Why migration is a strategic milestone not an automatic outcome.

The Trend at a Glance

While SME listings continue to remain robust, only a small proportion of companies migrate to the Mainboard each year. Despite a gradual improvement in migration rates, the transition remains highly selective.



Total SME Listings
(2024–Jul'26)

625



Total Mainboard
Migrations

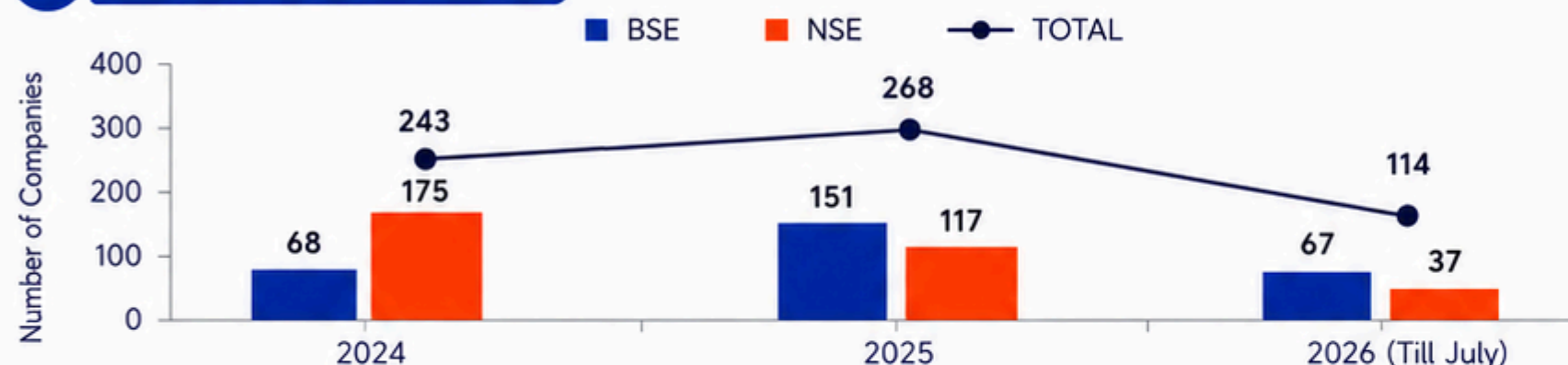
66



Average Migration Rate

10.6%

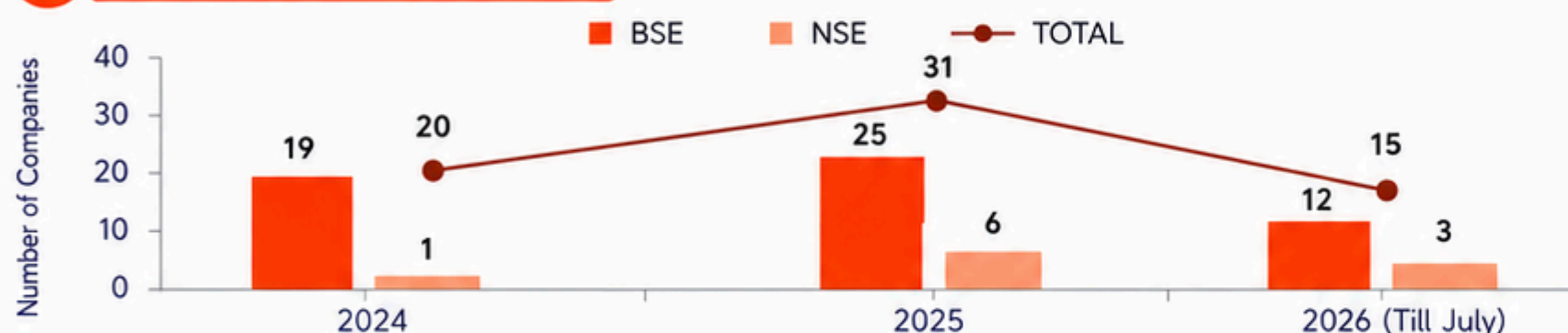
1 LISTED SME COMPANIES



Insight

625 SME companies have been listed since 2024 (till July 2026), reflecting continued interest in the SME platform.

2 MIGRATED SME COMPANIES



Insight

Mainboard migrations have also increased, although they remain significantly lower than new SME listings.

3 MIGRATED % COMPARED TO LISTING



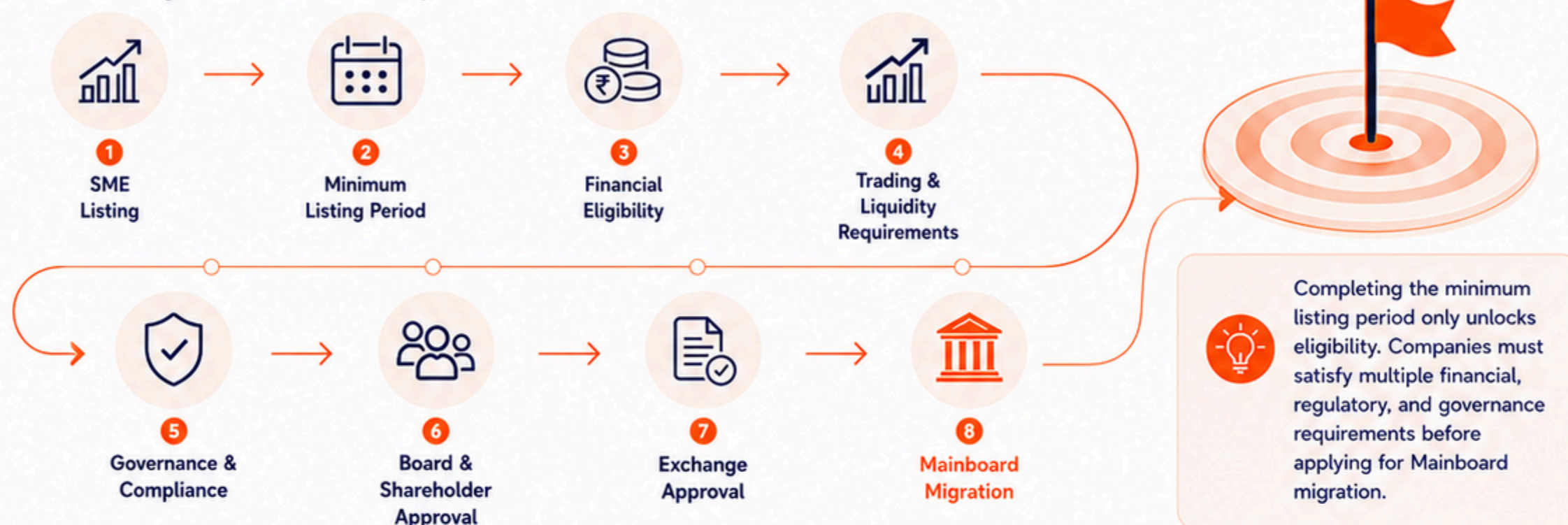
Key Observation

Although the migration rate has improved over the past three years, **only a limited percentage of SME-listed companies successfully transition to the Mainboard**—highlighting that migration depends on much more than simply completing the minimum listing period.



Beyond the Three-Year Rule: Understanding Eligibility

Mainboard Migration Is a Multi-Step Process



NSE vs BSE Eligibility at a Glance

Here are key criterias that lead to migration from SME to Mainboard

Eligibility Criteria	NSE Emerge → Mainboard	BSE SME → Mainboard
Listing History	Listed on the SME platform for at least 3 years	Shares traded on at least 80% of trading days in the last 6 months, with an average daily turnover exceeding ₹10 lakh
Market Capitalisation	Minimum ₹100 crore (3-month average)	Minimum ₹100 crore (3-month average)
Revenue	Minimum ₹100 crore in the latest financial year	₹100 crore revenue in the latest financial year or ₹100 crore market capitalisation in each of the preceding 3 financial years
Operating Profit (EBITDA)	EBITDA positive in at least 2 of the last 3 financial years	Average EBITDA of ₹15 crore over the last 3 financial years
Paid-up Capital	Minimum ₹10 crore. Mandatory migration if paid-up capital exceeds ₹25 crore	Minimum ₹10 crore
Net Worth	At Least 75 cr	At least 1 cr in each of preceding 3 full years

While both exchanges aim to identify mature businesses, **BSE and NSE follow different pathways** to determine Mainboard readiness.

Beyond the Three-Year Rule: Why Isn't Migration Easy?

Meeting the three-year listing requirement is only the first step. Companies must satisfy multiple **financial**, **governance**, and **regulatory** conditions before becoming eligible for Mainboard migration.

Five Key Challenges

 1 Financial Performance NSE - Revenue ≥ ₹100 Cr (Latest FY) - EBITDA positive in 2 of the last 3 FYs BSE - Revenue ≥ ₹100 Cr or Market Cap ≥ ₹100 Cr (for each of the last 3 FYs) - Average EBITDA ≥ ₹15 Cr (last 3 FYs) Challenge Sustaining consistent financial performance over multiple years—not just one exceptional year.	 2 Market Capitalisation NSE & BSE Minimum average market capitalisation of ₹100 Cr (3-month average) Challenge Market capitalisation depends on investor confidence and market performance, making it difficult to control.	 3 Trading & Liquidity (BSE) BSE - Shares traded on at least 80% of trading days in the last 6 months - Average daily turnover above ₹10 lakh Challenge Companies need sustained trading activity and adequate liquidity, factors that depend on market participation.	 4 Governance & Compliance Both Exchanges - Compliance with SEBI regulations - Board & shareholder approvals - Strong governance framework Challenge Transitioning to Mainboard standards requires stronger governance, internal controls, and ongoing compliance.	 5 Compliance Readiness Both Exchanges Higher listing, legal, audit, secretarial, and annual compliance obligations after migration Challenge Companies must be operationally prepared to manage higher compliance costs and reporting standards.
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Key Observation

Eligibility isn't assessed through a single milestone—it is evaluated across **financial strength**, **market performance**, **governance**, **liquidity**, and **regulatory readiness**.



Beyond the Three-Year Rule: Our Analysis



Over 270 SME companies have completed the 3 Year listing requirement.

However, our screening identified four companies that appear to satisfy the broader financial eligibility framework prescribed by the exchanges.



Companies Identified



**V-Marc India
(NSE)**



**Sahana System
(NSE)**



**Exhicon Events
(BSE)**



**Bondada Engineering
(BSE)**

Company	Listing Period	Financial Strength	Governance	Current Status
V-Marc India				Fully Eligible Yet to Migrate
Sahana System				Almost Eligible Yet to Migrate
Exhicon Events				Fully Eligible Yet to Migrate
Bondada Engineering				Almost Eligible Yet to Migrate



Key Observations

Aspect	Finding	Why It Matters
Market Cap	Above ₹100 Cr	Ensures adequate size and investor confidence for Mainboard standards.
Financial Performance	Strong Revenue & EBITDA	Indicates sustainable business performance and profitability.
Promoter Holding	Above Minimum Requirement	Reflects promoter commitment and alignment with stakeholders.
Governance	No major public regulatory observations	Shows clean compliance track record and strong governance practices.
Status	Yet to migrate	Despite meeting key criteria, these companies are yet to transition to the Mainboard.

COMPANIES

FINANCIALLY ELIGIBLE, AWAITING FINAL REGULATORY CLEARANCE



Our Screening Insight

Based on our financial screening framework, two companies satisfy the measurable financial eligibility parameters for Mainboard migration. However, migration remains subject to several qualitative, legal and regulatory conditions that cannot be fully confirmed through publicly available financial information alone.



V-Marc India
(NSE SME)



Exhicon Events
(BSE SME)

Financial Screening Result

Eligibility Parameter	V-Marc India	Exhicon Events
Minimum Listing Period	✓	✓
Market Capitalisation	✓	✓
Financial Performance	✓	✓
Net Worth	✓	✓
Promoter Holding	✓	✓
Corporate Governance*	✓	✓

*Based on publicly available disclosures.

Remaining Conditions Beyond Financial Screening

Subject to Independent Verification



IBC / NCLT
Proceedings

To be Verified



SEBI
Debarment Check

To be Verified



Regulatory
Actions

To be Verified



Director
Eligibility

To be Verified



SCORES Investor
Complaints

To be Verified



Trade-to-Trade
Cooling Period

To be Verified



Debt Default
Status

To be Verified



Why Haven't They Migrated Yet?

While these companies appear to satisfy the measurable financial requirements under our screening framework, Mainboard migration also depends on several qualitative and regulatory checks prescribed by the exchanges. Since these parameters cannot be conclusively validated through publicly available financial information alone, the absence of migration should not be interpreted as non-compliance with any specific criterion.



Research Note

These companies represent potential Mainboard migration candidates based on publicly available financial data. Actual migration remains subject to exchange approval and fulfilment of all applicable regulatory, legal and governance requirements.

COMPANIES ALMOST THERE

Near-Eligibility Watchlist – Financially Close to Migration



Our screening also identified two companies that meet most of the measurable financial parameters for Mainboard migration but currently fall marginally short on one or more criteria. These companies are not yet financially eligible under our framework, however, the gaps are relatively small and improvement in the respective parameters could bring them closer to satisfying the migration thresholds.



Important Note
This analysis is based solely on publicly available financial information and covers only the measurable financial criteria prescribed by the exchanges.



Financial Eligibility – Gap Analysis (As on July 2026)

Company	Parameter Lagging	Threshold (Required)	Current (Actual)	Gap	Gap (% of Threshold)	Other Financial Parameters
 Sahana System (NSE SME)	Paid-up Capital Minimum paid-up capital requirement not met	₹10.00 Cr	₹8.84 Cr	₹1.16 Cr	11.6% 	✓ All Other Financial Parameters Met
 Bondada Engineering (BSE SME)	Minimum Listing Period 3 years listing period will be completed in August 2026	3 Years	~2 Years 10 Months (as on July 2026)	~20 Days	0.9% 	✓ All Other Financial Parameters Met

Note: Analysis based on publicly available data as on July 2026.

Financial Eligibility Progress Overview (Based on Financial Criteria Only)



Key Observations

- Both companies are financially close to eligibility, with gaps in key parameters being relatively small.
- Improvement in the lagging parameter(s) could help them meet the quantitative thresholds.
- Migration remains subject to fulfillment of all other regulatory, governance and compliance conditions.



Worth Tracking Closely!



Research Note

These companies form our Near-Eligibility Watchlist based on publicly available financial data. Actual migration will depend on fulfillment of all applicable exchange and regulatory requirements, including qualitative, legal, governance and compliance conditions which are not covered in this analysis.

Eligibility vs. Migration: Understanding the Gap

Meeting the eligibility framework enables a company to apply for Mainboard migration—it does not mandate migration. The decision ultimately rests with the company's management, board, and strategic priorities.

Possible Reasons



1

Growth Before Graduation

Some companies may choose to scale further before transitioning to the Mainboard.



2

Capital Raising Plans

Promoters may align migration with future fundraising or expansion plans to maximise visibility and valuation.



3

Governance Readiness

Migration often requires strengthening governance practices, internal controls, and board structures beyond the minimum regulatory requirements.



4

Cost–Benefit Assessment

Higher compliance obligations and recurring costs may outweigh the immediate benefits for certain companies.



5

Market Conditions

Companies may defer migration until market conditions and investor sentiment are more favourable.



6

Management & Shareholder Decision

Migration requires strategic approval from the board and shareholders, making it a business decision rather than an automatic consequence of eligibility.

THE NARRATIVE, DECODED

The journey from SME to Mainboard is not measured in years—it is measured in readiness.

Decoding the Narrative

NARRATIVE	REALITY
 3 Years = Eligible	 Three years is only one of several eligibility requirements.
 Migration is Automatic	 Migration requires regulatory compliance, exchange approvals, and strategic intent.
 All Eligible Companies Migrate Immediately	 Companies may defer migration based on business priorities and readiness.
 Mainboard Migration is a Milestone	 It represents a higher level of business maturity and governance.



Understanding the eligibility framework is only the first step. Successfully transitioning to the Mainboard requires preparation, sustained performance, and strategic execution.



Decoding the Narrative

Questioning Assumptions. Backing Insights with Research.

