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INDIA'S FIRST IPO DEDICATED MAGAZINE

# IPO WORLD

"IPO FROM EDUCATION TO EXECUTION"

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**The Rise of Demat Accounts in India**

**Cover Story**

**Founder of the Month**

**Raman Bhatia**  
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**\$12B IPO Pipeline**  
**in Next 3 Quarters:**  
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**India PMI Hits 15-Year Peak**



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**INDIA IPO**  
Empowering India's Capital Dreams

# IPO World Highlights

Fifth Edition

October 2025



# TOP STORIES – IPO WORLD

## INDIA'S JOURNEY TOWARD BECOMING A GLOBAL FINANCIAL HUB

A feature story on India's financial evolution- from 1991 reforms to GIFT City and record IPOs - marks its rise as a global financial hub. With booming FDI, strong SEBI regulation, fintech leadership and growing global investor trust, India is redefining how innovation and international capital come together on the world stage.

## THE RISE OF DEMAT ACCOUNTS IN INDIA: A 15-YEAR JOURNEY

An insightful deep dive into how dematerialisation transformed investing for millions of Indians. We chart the growth of demat accounts from niche to mainstream and how they've empowered a new generation of retail investors.

## COMPANY OF THE MONTH – KPI GREEN ENERGY: FROM SME LISTING TO MAINBOARD RENEWABLE GIANT

This profile highlights KPI Green Energy's inspiring transition from a small SME-listed firm to a main-board renewable powerhouse. We explore its strategy, milestones and what it signals for India's clean-energy sector.

## FOUNDER OF THE MONTH – RAMAN BHATIA, SERVOTECH POWER SYSTEMS

A feature article on Raman Bhatia, the founder of Servotech Power Systems. We look at his journey in building one of India's emerging clean-tech brands, how he steered Servotech from concept to growth and what his story means for the country's SME-to-mainboard pipeline.

## INDIA'S \$1T SEMICONDUCTOR DREAM – INSIDE THE \$20B CHIP MISSION

A detailed analysis of India's ambitious semiconductor roadmap. This story uncovers the policy push, private partnerships and global alliances fuelling India's bid to become a trillion-dollar chip manufacturing hub.

## REGIONAL IPO BOOM – GUJARAT, MAHARASHTRA & TAMIL NADU

A state-level spotlight on how Gujarat, Maharashtra and Tamil Nadu have emerged as the new IPO powerhouses. We examine the policy support, investor base and entrepreneurial culture fuelling this regional surge.

## INDIA'S SME IPOs vs AIM, NASDAQ FIRST NORTH & STAR MARKET

A global benchmarking report comparing India's SME IPO ecosystem with international platforms like AIM (UK), Nasdaq First North (Nordics) and STAR Market (China). We analyse differences in regulation, liquidity and investor appetite.

## TOP 10 SME IPO HEROES OF 2025 – RANKING BY PERFORMANCE, INNOVATION & IMPACT

A curated ranking of the year's most successful SME IPOs. This story celebrates the company's setting new standards in performance, innovation and market impact.

## HOW SME IPOs BRING TIER-2 & TIER-3 CITIES TO DALAL STREET

A feature on how SME IPOs are unlocking opportunities for entrepreneurs beyond metros. We explore the rise of Tier-2 and Tier-3 city champions and how they're reshaping India's public markets.

## RESEARCH CORNER: ARE SME IPOs A TREND OR A BUBBLE?

A critical analysis of India's SME IPO boom. We examine valuation trends, investor behaviour and sustainability to ask: is this a long-term shift or a short-lived frenzy?



# FROM THE EDITOR'S DESK

**Dear Readers,**

Welcome to the fifth edition of IPO World!

This time we shine the spotlight on the surge of SME IPOs and how they're transforming India's capital markets. In just a few years, small and medium businesses from cities like Surat, Rajkot, Coimbatore, Ludhiana and Indore have started using the stock market to raise funds, scale up and turn themselves from local players into national brands.

MSMEs are the heartbeat of India's economy—driving nearly 30% of GDP and half of exports—and their entry into the capital markets is decentralising growth beyond metros. SME IPOs are not only giving companies new capital but also creating jobs, boosting local economies and giving investors access to high-potential regional businesses. This new wave is also fostering financial literacy and creating entrepreneurial role models across India.

The journey is not without its challenges. Governance, liquidity and market risks still need close attention, but new SEBI reforms and rising investor interest point to a bright future. In September 2025 alone, over 50 IPOs—both mainboard and SME—hit the market, led by sectors such as textiles, manufacturing and agri-tech SMEs leveraging technology and ESG practices to attract capital. Tier-2 and Tier-3 cities are now emerging as vibrant growth hubs, bringing entrepreneurial energy from across India to Dalal Street.

In this edition, we take you inside these changes—how SME IPOs are empowering small businesses, boosting entrepreneurship and making India's markets more inclusive and future-ready.

Happy reading!



**Ms. Anushka Negi**  
**EDITOR-IN-CHIEF**  
**IPO World Magazine**

# IPO WORLD

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# THIS EDITION'S THEME

## “THE SME IPO REVOLUTION: WHAT IT MEANS FOR INDIAN ENTREPRENEURS”

India's IPO market is evolving rapidly and one of the most exciting developments is the rise of SME IPOs. In this edition, we explore how small and medium-sized businesses are now stepping onto Dalal Street, raising capital and scaling new heights. These businesses, often from Tier-2 and Tier-3 cities, are now making their mark in the Indian stock market, showcasing strong growth potential and attracting investor attention.

This edition isn't just about IPO numbers; it's about the entrepreneurs behind them. We highlight the stories of Indian entrepreneurs who are breaking through, raising funds and leading their companies with vision and confidence. With the support of progressive policies, a growing economy and increasing retail investor participation, the stage is set for India's SME IPO revolution.

### OUR VIEW

At IPO World, we believe that successful SME IPOs require more than just market strategies and paperwork. It's about having the right leadership, timing and vision to take that step onto the public stage. Our goal is to guide founders through the IPO journey, step by step, in the simplest way possible.

### WHAT YOU WILL GET IN THIS EDITION

- Clear insights from real SME IPO success stories and expert advice.
- The latest updates on the SME IPO market, trends and funding opportunities.
- Easy-to-understand guides on SEBI rules, IPO compliance and documentation.
- Data-driven analysis on how SME IPOs are performing and key takeaways for entrepreneurs and investors.

This edition is designed for all entrepreneurs, especially those leading small and medium-sized businesses, who are planning to take their companies public and grow in India's dynamic IPO market.



# **LATEST UPDATES & MARKET TRENDS**

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# INDIA'S ECONOMIC PULSE

## FITCH UPGRADES INDIA'S GROWTH FORECAST TO 6.9%



### STRONG DOMESTIC DEMAND KEEPS INDIA SHINING EVEN IN A SHAKY GLOBAL ECONOMY

India just got a big thumbs-up from international rating agency Fitch Ratings. The agency has raised its growth forecast for 2025-26 to 6.9%, up from the earlier 6.5%. This makes Fitch the first major global agency to revise India's growth numbers upward, at a time when many others had been trimming their expectations.

### THE BOOST CAME FROM A STRONG QUARTER

The April-June 2025 quarter gave India the extra push. The economy grew by 7.8%, better than the 7.4% in the previous quarter and well above Fitch's own estimate of 6.7%.

The star of the show was the services sector, which clocked an impressive 9.3% growth compared to 6.8% earlier. Add to that rising consumer spending and strong government spending and the growth engine got a serious acceleration.

### INDIA'S OWN DEMAND IS DRIVING THE STORY

Fitch says the real strength of India's economy today is domestic demand. People are earning more, spending more and businesses are feeling confident to invest.

Some of the key reasons:

- Consumers are spending more as real incomes improve.
- Loans and credit are easier to get and interest rates are steady, encouraging both buyers and businesses.
- GST reforms, effective from September 2025, are likely to give another push to consumer spending in the coming months.

In short, India's growth story today is not heavily dependent on global demand, but on its own people and policies.

## CLOUDS ON THE HORIZON: TRADE TENSIONS



It's not all smooth sailing, though. Trade relations with the United States are a concern. The US recently imposed higher tariffs, raising duties to nearly 50% on many Indian goods. This could affect exports worth \$48 billion.

Fitch believes these tariffs may eventually be reduced after negotiations, but till then, businesses may feel some uncertainty.

### WHAT ABOUT RBI AND INTEREST RATES?

Fitch expects the Reserve Bank of India (RBI) to cut interest rates slightly – by 0.25% – before the end of 2025. After that, rates may stay steady through 2026, with hikes possibly returning in 2027.

Lower rates mean cheaper loans, which usually help both businesses and consumers spend more, adding more fuel to domestic demand.

### INFLATION FINALLY COOLING DOWN

For the average Indian, the good news is in prices. Retail inflation dropped to just 1.6% in July 2025 – the lowest since 2017. Even core inflation (excluding food and fuel) dipped below 4% after six months.

Good rains, healthy food stocks and better supply have helped control food prices. Fitch expects inflation to inch up slowly, to 3.2% by end-2025 and 4.1% by end-2026, but still within a safe zone.

### THE ROAD AHEAD

While growth is strong now, Fitch feels India's pace may slow slightly in the next few years – 6.3% in 2027 and 6.2% in 2028. Still, India will remain the fastest-growing major economy in the world.

For context:

- RBI, ADB and S&P expect around 6.5% growth.
- Moody's is more cautious at 6.3%.
- Fitch's 6.9% makes India the clear outperformer.

### WHY THIS UPGRADE MATTERS

The global economy is expected to grow just 2.3% in 2026. Against that backdrop, India's nearly 7% growth looks even more impressive.

For investors and businesses around the world, this sends a simple message: India is one of the most stable and promising markets to bet on. Strong domestic demand, steady reforms and controlled inflation give India an edge, even in uncertain global times.

In short, India's growth story right now is home-grown, resilient and still leading the world.



# \$12B IPO PIPELINE IN NEXT 3 QUARTERS: CITI FORECASTS

India's capital markets are set for a major boost as Citi's South Asia head, Amol Gupte, forecasts a \$10–12 billion IPO pipeline over the next three quarters. This strong outlook shows confidence in India's reforms and growth, even with global uncertainties.

## KEY FIGURES

- Citi expects \$10–12 billion of IPOs in the next nine months.
- India raised \$4.6 billion through 108 IPOs in the first half of 2025, making it the world's second-largest IPO market.
- 74 companies are awaiting SEBI approval, with \$18.7 billion still in the pipeline.
- A total of 143 IPOs worth ₹2.22 lakh crore (about \$26 billion) are at various approval stages.

## LEADING IPOs

### 1. Tata Capital

- Target size: ₹17,200 crore (\$2 billion)
- Fresh issue: 21 crore shares; Offer-for-sale: 26.58 crore shares
- Tata Sons will sell 23 crore shares

### 2. LG Electronics India

- Offer-for-sale: ₹15,000 crore
- One of the largest foreign subsidiary listings in India

### 3. Lenskart

- Fresh issue: ₹2,150 crore
- Backed by SoftBank and Temasek

### 4. Groww

- Expected raise: \$700–900 million
- Leading fintech platform listing in India

## MARKET STRENGTH

- Domestic investors funded three-quarters of 2024 IPOs, reversing the earlier foreign-led trend.



- DIIs pumped in around ₹11,000 crore during foreign sell-offs, providing stability.
- FPIs invested ₹26,508 crore in anchor books in Fy25, making up 46% of anchor investments.

## REFORM SUPPORT

- India's ongoing reforms—such as GST and income-tax changes—help improve the business climate.
- SEBI is fast-tracking IPO approvals to keep up the momentum.
- India's strong balance sheet and resilient corporate sector underpin this optimism.

## SECTOR DIVERSITY

The pipeline covers various sectors:

- Financial services (Tata Capital)
- Consumer electronics (LG)
- Technology platforms (Groww, Lenskart)
- Manufacturing and infrastructure

This mix reduces sector concentration and attracts different types of investors.

## PRIMARY VS. SECONDARY MARKETS

- IPOs have delivered average returns of 25%, compared with Nifty's 6.2% gain.

- Out of 30 mainboard IPOs, 27 trade above their issue price, encouraging more listings.

## CHALLENGES

- Valuations are high, leading Citi to downgrade India to “neutral” from “overweight.”
- FII outflows of ₹90,000 crore year-to-date show foreign investor caution.
- Global trade tensions and policy changes remain potential headwinds.

## UPCOMING OCTOBER–NOVEMBER WINDOW

- Tata Capital and LG Electronics are likely to launch in early October.
- Groww and Lenskart may follow in late October or early November.

- These four alone could raise \$4–5 billion within two months, signalling a busy season.

## GLOBAL CONTEXT

- India accounted for 8% of global IPO proceeds in H1 2025, behind only the US (28%) and China (34%).
- Companies like Meesho, Razorpay and Flipkart are “reverse-flipping” structures back to India for domestic listings, underlining the market’s appeal.

## OUTLOOK

If Citi’s forecast materialises, India could surpass its 2024 record of \$20.5 billion in annual IPO fundraising. Full-year 2025 estimates range from ₹1.5–1.75 trillion (\$17–20 billion). This growth will reinforce India’s position as a mature, competitive global IPO destination, offering varied opportunities to investors and supporting the nation’s long-term development.

# INDIA'S PMI HITS A 15-YEAR PEAK: WHAT IT REALLY MEANS FOR BUSINESSES & INVESTORS



You've probably seen the headline: India's Purchasing Managers' Index (PMI) has hit a 15-year high. But what does that actually signal? Is it just another economic data point, or a sign of something bigger happening in the economy?

Think of PMI as a real-time "heartbeat" of India's manufacturing and services sectors. When it jumps to a 15-year high, it tells us that activity on shopfloors, in offices and across supply chains is buzzing.

## FIRST, A QUICK REFRESHER: WHAT IS PMI?

- PMI is a survey-based indicator published every month by S&P Global (formerly IHS Markit) and other bodies.
- It's calculated from responses of purchasing managers – the people who see new orders, inventory levels, employment and supplier performance before anyone else.
- A reading above 50 = expansion, below 50 = contraction.
- There are separate indices for manufacturing, services and a composite index combining both.

Because it's forward-looking, PMI often signals trends before GDP numbers do.

## THE 15-YEAR PEAK: WHY IT MATTERS

India's latest PMI readings (manufacturing around the mid-50s to 60; services even stronger) are the highest since the mid-2000s. That's significant because:

- **New Orders Are Surging:** Companies are reporting strong demand at home and in exports.
- **Employment is Rising:** Survey data shows hiring intentions at multi-year highs.
- **Price Pressures Easing:** Input cost inflation is moderating, suggesting less stress on margins.
- **Confidence Up:** Business expectations for the next 12 months are robust.

Essentially, the PMI is signalling that India's growth engine is not only running but accelerating.

## WHAT'S DRIVING THIS SURGE?

1. **Domestic Demand:** Post-pandemic recovery, government capex push and festive season spending.
2. **Export Orders:** Global buyers diversifying supply chains away from China; India winning some of that business.
3. **Manufacturing Reforms:** Production Linked Incentive (PLI) schemes for sectors like electronics, EVs, solar and pharma.

- 4. **Services Resilience:** IT, financial services, travel and hospitality all showing strength.
- 5. **SME Integration:** More SMEs are joining formal supply chains and benefiting from policy support.

This combination of policy + demand + competitiveness is unusual – and powerful.

## THE TAKEAWAY FOR SME FOUNDERS

If you're an SME founder or investor, a 15-year PMI high has very practical implications:

- **Order Books Filling:** Even Tier-2/Tier-3 suppliers are seeing stronger orders from big companies.
- **Faster Payments:** Large corporates tend to clear dues more quickly when business is good, improving SME liquidity.
- **Expansion Opportunities:** A buoyant economy makes it easier to raise funds (via IPOs, loans, or private equity).
- **Hiring & Training:** This is the time to build capacity and talent pipelines before the next slowdown.

## PMI AND THE STOCK MARKET

Historically, high PMI readings correlate with stronger corporate earnings and positive investor sentiment. But markets also tend to “price in” good news early.

- For SME IPOs, a high PMI environment can mean better valuations and oversubscriptions because investors are optimistic about growth.
- For existing listed SMEs, it can translate into higher trading volumes and better analyst coverage.

## GLOBAL CONTEXT

India's PMI hitting a 15-year peak stands out at a time when:

- China's PMI is struggling to stay above 50.

- European manufacturing is soft due to energy costs and weak demand.
- US PMI is mixed, reflecting a slowing cycle.

This relative outperformance makes India attractive to global funds, including those mandated to invest in “growth” or “emerging markets.”

## CAUTION: NOT ALL SUNSHINE



A record PMI is good news, but it's not a guarantee:

- PMI can be volatile month to month.
- A high reading reflects current and near-term activity, not a five-year outlook.
- Supply-chain shocks, oil prices, or global slow-downs can quickly dent sentiment.
- For SMEs, input cost spikes or credit tightening could still hurt margins despite strong demand.

So while the PMI is a positive signal, it's wise to pair it with other indicators like credit growth, inflation and export data.

## WHAT FOUNDERS & INVESTORS SHOULD DO NOW

- **Use the Good Times:** Lock in financing, upgrade equipment and expand distribution while demand is strong.
- **Strengthen Compliance:** A high PMI may bring faster IPO approvals and higher valuations, but investors will still scrutinize governance.
- **Diversify Supply Chains:** Don't assume today's order book is forever; build resilience.
- **Watch Costs:** Input prices may creep up again; hedge where possible.

## CONCLUSION: A MOMENT TO SEIZE

A 15-year PMI high is not just a number on a chart. It's a signal that India's real economy is alive and kicking and that companies across sectors – especially SMEs – have a window of opportunity to grow, list and scale.

For investors, it's a reminder that the India story remains compelling, but it pays to be selective and look for businesses that can sustain momentum when the cycle cools.

For founders, the message is clear: this is your time to prepare for the next big leap – whether that's an IPO, a new product line, or entry into new markets.

Dalal Street loves growth stories – and right now, India's PMI suggests there are plenty in the making.



# INDIA'S \$1T SEMICONDUCTOR DREAM: INSIDE THE \$20B CHIP MISSION

India's ambitious semiconductor vision represents one of the most significant industrial transformations in modern history. With the global semiconductor market projected to reach \$1 trillion by 2030, India is strategically positioning itself to capture a substantial portion of this burgeoning market through its comprehensive chip manufacturing initiative.

## THE GRAND VISION: FROM CONSUMER TO CREATOR

India's semiconductor market, valued at \$38 billion in 2023, is expected to grow exponentially to \$100-110 billion by 2030, representing approximately 10% of the global semiconductor demand. Prime Minister Narendra Modi articulated this transformation succinctly: "Oil was black gold. But chips are digital diamonds". This shift marks India's evolution from being merely a semiconductor consumer to becoming a significant manufacturing hub in the global supply chain.

The India Semiconductor Mission (ISM), launched in December 2021 with ₹76,000 crore, has already approved 10 semiconductor projects worth approximately ₹1.60 lakh crore (\$18.2 billion) across six states. These projects span the entire semiconductor value chain, from fabrication facilities to assembly, testing and packaging units.

## THE \$20 BILLION CHIP MISSION 2.0

Building on the foundation of ISM 1.0, the government has proposed India Semiconductor Mission 2.0 with a \$20 billion outlay, effectively doubling the previous allocation. This expanded mission includes several key components:

**Enhanced Design-Linked Incentives:** The new phase allocates ₹5,000 crore for Design-Linked Incentives (DLI), a 233% increase from the previous ₹1,500 crore allocation. This funding supports



over 70 startups and institutions with access to Electronic Design Automation (EDA) tools and IP cores.

**Comprehensive Ecosystem Development:** ISM 2.0 encompasses compound semiconductor fabs, advanced packaging, display fabs, capital equipment manufacturing and specialized chemicals and gases production. This holistic approach aims to reduce India's 90% import dependency on chips.

**Infrastructure and Workforce Development:** The mission includes India's first display fabrication facility and compound semiconductor fabs, with companies like Dixon Technologies planning a \$3 billion LED-to-OLED display fab.

## MAJOR MANUFACTURING MILESTONES

India's semiconductor ecosystem is rapidly materializing with several flagship projects:

### TATA ELECTRONICS: THE FLAGSHIP FAB

Tata Electronics, in partnership with Taiwan's Powerchip Semiconductor Manufacturing Corporation (PSMC), is constructing India's first commercial semiconductor fabrication facility in Dholera, Gujarat, with an investment of ₹91,000 crore (\$11 billion). The facility will:

- Manufacture 50,000 wafers per month by 2026

- Focus on 28nm, 40nm and 90nm technology nodes
- Produce chips for automotive, power management, display drivers and AI applications
- Generate over 20,000 direct and indirect skilled jobs

Construction began in March 2024, with 1,500 residential units being developed to accommodate workers, engineers and suppliers.

### **MICRON TECHNOLOGY: FIRST MADE-IN-INDIA CHIPS**

Micron Technology's \$2.75 billion assembly and test facility in Sanand, Gujarat, represents the first major semiconductor investment under ISM. The facility will:

- Begin operations in late 2024, producing India's first commercial chips
- Focus on DRAM and NAND products for domestic and international markets
- Create up to 5,000 direct jobs and 15,000 community jobs
- Feature 500,000 square feet of cleanroom space in Phase 1

### **EXPANDING MANUFACTURING BASE**

The semiconductor ecosystem extends beyond Gujarat, with projects across multiple states:

**Assam:** Tata Semiconductor Assembly and Test (TSAT) facility with ₹27,000 crore investment, capable of producing 48 million chips per day

**Uttar Pradesh:** HCL-Foxconn joint venture worth ₹37.06 billion, manufacturing 20,000 wafers per month and 36 million display driver chips annually

**Odisha:** SiCSem's compound semiconductor fab, India's first commercial compound fab, with capacity for 60,000 wafers annually



## **STRATEGIC PARTNERSHIPS AND DEEP TECH ALLIANCE**

India's semiconductor ambitions received a significant boost with the formation of the India Deep Tech Alliance (IDTA), unveiled at Semicon India 2025. Eight leading venture capital and private equity firms, including Celesta Capital, Premji Invest and Accel, have committed over \$1 billion to fund deep tech startups in semiconductors, AI, robotics and defense technologies.

The government is expected to match these funds on a one-to-one basis, effectively creating a \$2 billion pool for deep tech innovation. This initiative specifically targets:

- Semiconductors and AI development
- Defense and space technology
- Biotechnology and medical devices
- Clean energy solutions

### **WORKFORCE DEVELOPMENT: BUILDING HUMAN CAPITAL**

Recognizing the critical importance of skilled talent, India has launched comprehensive workforce development programs:

#### **INDIA SEMICONDUCTOR WORKFORCE DEVELOPMENT PROGRAM (ISWDP)**

Developed through collaboration between IISc, Synopsys and Samsung Semiconductor India Research (SSIR), the ISWDP addresses the shortage of 250,000-300,000 skilled professionals expected by 2027.

The program offers:

- Four-level comprehensive training from foundational to advanced skills
- Hands-on experience with state-of-the-art R&D tools
- Over 1,500 participants across three completed cohorts
- Focus on device physics, process technology and design verification

## ACADEMIC AND INDUSTRY INTEGRATION

India leverages its 20% share of global chip design talent, with over 35,000 engineers engaged in semiconductor design. Educational initiatives include:

- Postgraduate programs at IITs, NITs and IISc in VLSI and microelectronics
- Private finishing schools like ChipEdge, EITRA and Maven Silicon
- Short-term certification courses in design verification and physical design

## CHALLENGES AND STRATEGIC RESPONSES

Despite significant progress, India faces several critical challenges:



## SUPPLY CHAIN DEPENDENCIES

India currently lacks capabilities in:

- Silicon wafers and high-purity gases are essential for chip manufacturing
- Specialty chemicals and ultrapure water production
- Advanced lithography equipment for sub-10nm processes

The government is addressing these gaps by developing the full semiconductor supply chain, including chemicals, gases and equipment manufacturing in regions like Dahej, Gujarat.

## GLOBAL COMPETITION

India competes with established semiconductor hubs like Taiwan, South Korea and Singapore, which have decades of ecosystem development. However, geopolitical tensions and supply chain diversification trends present opportunities for India to become a trusted alternative in the global semiconductor supply chain.

## TECHNOLOGY ADVANCEMENT

While global companies push toward 3-5nm processes, India focuses initially on mature nodes (28-90nm) for automotive, industrial and power electronics applications. This strategy allows India to serve the growing demand in these sectors while gradually building advanced capabilities.

## ECONOMIC IMPACT AND INVESTMENT OPPORTUNITIES

The semiconductor revolution creates multiple investment and business opportunities:

### LISTED COMPANIES BENEFITING

Several Indian companies are positioned to benefit from the semiconductor boom:

- Tata Elxsi and Dixon Technologies: Design and advanced packaging
- CG Power and Industrial Solutions: OSAT initiatives
- Linde India and Gujarat Fluorochemicals: Specialty gases and chemicals
- Thermax and Honeywell Automation: Cleanroom infrastructure

## MARKET PROJECTIONS

India's semiconductor consumption is expected to reach \$64 billion by 2026 and \$100 billion by 2032, with a projected 13-18% CAGR through the decade. This growth is driven by expanding demand in:

- Electric vehicles and automotive electronics
- 5G telecommunications infrastructure
- AI and high-performance computing
- Consumer electronics and IoT devices

## GLOBAL STRATEGIC IMPLICATIONS

India's semiconductor mission serves broader strategic objectives beyond economic development:

### TECHNOLOGY SOVEREIGNTY

The initiative supports "Atmanirbhar Bharat" (Self-Reliant India) by reducing dependence on imports and building indigenous technological capabilities.

### GEOPOLITICAL POSITIONING

As global supply chains diversify away from single-source dependencies, India positions itself as a democratic alternative to traditional manufacturing hubs, particularly attractive to US and European companies seeking supply chain resilience.

### EXPORT POTENTIAL

With growing capabilities in chip design, packaging and testing, India is poised to become a net exporter of semiconductor services, similar to its software industry transformation in the early 2000s.

### TIMELINE AND MILESTONES

India's semiconductor journey is progressing with clear milestones:

- **End of 2024:** First "Made-in-India" chips from Micron facility
- **Late 2025:** Sample chips from Tata's Dholera fab
- **2026:** Commercial production begins at the Tata facility
- **2027:** Full-scale operations across multiple facilities
- **2030:** Target of 10% global market share achievement

## CONCLUSION: DIGITAL DIAMONDS FOR ECONOMIC TRANSFORMATION

India's \$20 billion semiconductor mission represents more than industrial policy—it's a comprehensive strategy to transform the nation into a global technology powerhouse. With 10 approved projects, \$18+ billion in committed investments and a robust ecosystem of manufacturing, design and workforce development, India is well-positioned to realize its semiconductor ambitions.

The convergence of government support, private investment, international partnerships and India's inherent strengths in engineering talent creates a compelling foundation for success. As Prime Minister Modi emphasized, when "the chips are down," the world can indeed bet on India to deliver this transformative vision.

The success of this mission will not only reduce India's import dependence but also position the nation as a critical player in the global semiconductor supply chain, contributing to technological sovereignty and economic growth in the digital age.



# SMEs IN INDIA'S GROWTH

## How SME IPOs Bring Tier-2 & Tier-3 Cities to Dalal Street



For decades, Dalal Street was seen as the playground of Mumbai's big corporates and a handful of large industrial families. Stock exchanges were an elite club and only mainboard giants could dream of raising capital from the public.

But things have changed. The rise of SME IPOs has opened the doors of Dalal Street to entrepreneurs from Indore, Rajkot, Surat, Jaipur, Kanpur, Ludhiana, Coimbatore, Nagpur, Nashik and dozens of other Tier-2 and Tier-3 cities.

These cities, once considered “non-metro” and far from India's financial nerve centers, are now producing listed companies, investor wealth and even role models for local entrepreneurship.

### WHY SME IPOs MATTER FOR SMALLER CITIES

SME IPOs were created to give smaller, growing companies a chance to access public markets without the heavy compliance load of the mainboard.

- **Entry Size:** IPOs in the range of ₹10–50 crore are manageable for regional firms.

- **Market Maker System:** Provides liquidity, which smaller firms usually struggle with.
- **Migration Route:** Successful SMEs can move to the mainboard after growth.

For Tier-2 and Tier-3 entrepreneurs, this has been nothing short of revolutionary. Instead of being dependent only on banks, NBFCs, or informal capital, they now have equity funding as an option.

### THE RISE OF REGIONAL CHAMPIONS

Look at the SME IPO roster of the last few years and a pattern emerges:

- **Surat:** Textile and diamond firms tapping IPOs.
- **Rajkot & Ludhiana:** Engineering, auto ancillaries and manufacturing units.
- **Jaipur & Indore:** Consumer goods, chemicals and services.
- **Coimbatore:** Traditional manufacturing firms going public.

These are not startups chasing unicorn valuations. They are solid regional businesses, some family-run, others professionally managed, that have been around for decades. Their IPOs are now giving them a national presence.

### CASE STUDIES: FROM LOCAL TO LISTED

#### 1. Vruddhi Engineering Works (Rajkot, 2024):

A precision engineering firm from Rajkot, Gujarat it raised around ₹20 crore through its SME IPO. The company manufactures automotive and industrial components and post-listing, it expanded capacity to meet export demand. Rajkot, known as the “engineering hub of Gujarat,” is now on the IPO map thanks to such listings.

## 2. Infollion Research Services (Gurugram, migrated in 2023):

Though listed first on NSE Emerge, this knowledge services company showed how SMEs can scale and later migrate to the mainboard. It raised about ₹21 crore, gained visibility among institutional investors and proved that Tier-2/3-origin companies can become national players.

## 3. Sah Polymers (Udaipur, 2023):

A packaging solutions company from Udaipur, Rajasthan, raised ₹66 crore via IPO. Its strong oversubscription showed the appetite for well-run regional businesses. The IPO proceeds were used for working capital and capacity expansion.

## 4. Sonalis Consumer Products (Indore, 2023):

Based in Indore, Madhya Pradesh, this FMCG company manufactures chips, namkeen and other packaged snacks. The IPO raised about ₹18 crore, giving the company funds to strengthen its distribution in central and northern India.

Each of these stories shows how IPOs aren't just about raising capital—they're about changing the growth trajectory of regional businesses and inspiring other local entrepreneurs.

## BREAKING THE “METRO MONOPOLY”

Until 2010, if you looked at listed companies, 90%+ came from Mumbai, Delhi-NCR, Bengaluru and Chennai. The SME IPO revolution has begun to change this.

- Gujarat alone now contributes a large chunk of SME IPOs.
- Rajasthan, Punjab and Maharashtra's smaller cities are emerging as hotbeds.
- The idea that “listing is only for large metro-based firms” is fading fast.

This democratization of capital markets is perhaps the biggest success of SME IPOs.

## CHALLENGES ALONG THE WAY

Of course, the journey isn't without hurdles. Tier-2 and Tier-3 companies face unique challenges:

- **Corporate Governance:** Many are family-run and new to compliance.
- **Liquidity:** Despite market makers, some stocks remain illiquid post-listing.
- **Speculation Risk:** Retail frenzy sometimes drives unrealistic valuations.
- **Awareness:** Not all regional entrepreneurs understand the IPO process fully.

Yet, each challenge is also a learning curve. Over time, as more companies migrate to the mainboard, standards improve.

## HOW SME IPOs CHANGE LOCAL ECONOMIES

When a local business is listed, the impact is far wider than the company itself:

- **Job Creation:** IPO funding supports expansion, new plants and hiring.
- **Branding:** A listed status improves credibility with banks, suppliers and customers.
- **Investor Culture:** Local investors become more financially literate and engaged.
- **Role Models:** Other entrepreneurs see IPOs as achievable and follow suit.

In short, SME IPOs create a virtuous cycle of growth in Tier-2 and Tier-3 economies.



## THE ROAD AHEAD

The next decade could see India's SME IPO revolution go deeper into semi-urban and even rural belts, especially as digital platforms make compliance and investing simpler.

If nurtured well, SME IPOs can:

- Make Dalal Street a truly pan-India platform.
- Bring India's regional strengths—textiles, food processing, auto parts, engineering, pharma—to global investors.
- Build a balanced economy, where prosperity isn't confined to metros.

## CONCLUSION

SME IPOs have transformed Dalal Street into India's financial hub. No longer the monopoly of metros, the stock market is now seeing the rise of Surat's weavers, Rajkot's machinists, Indore's FMCG makers and Udaipur's packaging firms.

This isn't just about listings—it's about reshaping India's economic geography. The IPO dream, once distant for small-town businesses, is now a reality.

Dalal Street finally belongs to every city, big or small.



# MSMEs: INDIA'S LARGEST EMPLOYER & GROWTH ENGINE

When we talk about India's economy, big names – IT giants, large conglomerates and multinationals – often hog the headlines. But the real heartbeat of Indian enterprise lies in something far less flashy but far more widespread: Micro, Small and Medium Enterprises (MSMEs).

They are the weavers, auto part makers, repair workshops, food processors, small tech firms, packaging units, exporters and service providers scattered across India's cities, towns and villages. And together, they form India's largest employer and arguably its most vital growth engine.

## MSMEs AT A GLANCE

- Over 63 million MSMEs operate in India.
- They contribute about 30% of GDP and nearly half of India's exports.
- They employ an estimated 110–120 million people – more than agriculture and far more than the formal corporate sector.

This makes MSMEs not just an economic segment but a social stabilizer, absorbing millions of new entrants to the workforce each year.

## WHY MSMEs MATTER SO MUCH

### 1. Employment Generation:

MSMEs are labour-intensive. For every crore of investment, they create far more jobs than large factories do. They are the first line of employment for rural youth, women and semi-skilled workers.

### 2. Regional Balance:

MSMEs are not just in metros. They're spread across Tier-2, Tier-3 cities and rural belts, preventing over-concentration of economic activity in a few hubs.

### 3. Export Backbone:

From handlooms and handicrafts to engineering goods and auto components, MSMEs quietly power India's export basket.



### 4. Innovation & Flexibility:

Small firms often pivot faster, adopt new technologies quickly and cater to niche markets that big firms ignore.

## THE NUMBERS BEHIND THE STORY

- **GDP Contribution:** Around 30% now; the government wants it at 50% by 2030.
- **Employment:** Every ₹1 crore invested in MSMEs creates 2–3x more jobs than the same investment in large industries.
- **Exports:** Over 45% of India's merchandise exports come from MSME-linked activities.

These aren't just statistics; they show why no growth story in India is complete without MSMEs.

## KEY SECTORS WHERE MSMEs DOMINATE

- **Textiles & Apparel:** Surat, Tiruppur, Panipat.
- **Engineering & Auto Parts:** Rajkot, Coimbatore, Ludhiana.
- **Food Processing & FMCG:** Indore, Nagpur, Kerala, Punjab belts.
- **IT & Services:** Small tech firms in Pune, Jaipur, Kochi, Indore.

- **Renewable Components:** Solar EPC and EV parts in Gujarat and Maharashtra.

These clusters are India's equivalent of Germany's Mittelstand – quietly competitive, export-driven and regionally rooted.

## MSMEs AND CAPITAL MARKETS

For decades, MSMEs relied mainly on banks, NBFCs and informal credit. But the rise of SME IPO platforms (BSE SME, NSE Emerge) is changing that:

- Hundreds of MSMEs have already tapped public markets for equity capital.
- Many have successfully migrated to the main-board after scaling.
- IPOs have helped MSMEs build brand credibility, attract better talent and access new markets.

This shift from debt-heavy to equity-inclusive funding could be transformational for the sector.

## POLICY PUSH



The government has launched several initiatives to strengthen MSMEs:

- **Udyam Registration:** Simplified classification and benefits.
- **Credit Guarantee Fund (CGTMSE):** Easier collateral-free loans.
- **PLI Schemes:** In sectors like textiles, electronics and renewables.
- **Delayed Payment Protection:** New measures to reduce receivable cycles.

- **Cluster Development Programmes:** Infrastructure and common facilities.

Together, these policies aim to make MSMEs more formal, more competitive and more investment-ready.

## CHALLENGES HOLDING MSMEs BACK

Despite their importance, MSMEs face persistent hurdles:

- **Credit Access:** Many remain underbanked or stuck with high-cost loans.
- **Compliance Burden:** GST, labour and environmental norms can be overwhelming for small firms.
- **Technology Gaps:** Low adoption of digital tools, automation and quality standards.
- **Delayed Payments:** Large buyers often stretch payment cycles, hurting MSME liquidity.
- **Skilled Manpower:** Retaining talent in smaller towns is difficult.

Addressing these bottlenecks is key to unlocking the sector's full potential.

## WHY MSMEs ARE INDIA'S TRUE GROWTH ENGINE

Unlike capital-intensive sectors, MSMEs spread growth widely:

- A rupee invested in an MSME often circulates locally, boosting regional demand.
- They create entrepreneurial ecosystems – suppliers, transporters, service providers.
- They reduce migration pressure on metros by creating local jobs.
- They're often family-run, meaning profits stay in the community and are reinvested.

This makes MSMEs not just a growth engine but a socio-economic stabiliser.

## THE ROAD AHEAD: FROM SURVIVAL TO SCALE

The next decade could see MSMEs evolve from small local players to globally competitive firms if they:

- Embrace digitalisation (ERP, e-commerce, quality tracking).
- Tap equity markets via SME IPOs rather than relying only on loans.
- Invest in skills and governance to attract institutional investors.
- Form clusters and cooperatives to achieve scale benefits.

For investors, this is a once-in-a-generation opportunity to back India’s “hidden champions.”

## CONCLUSION

MSMEs may not dominate the headlines like unicorns or mega conglomerates, but they employ more people, touch more lives and anchor more regions than any other sector in India.

They are the quiet force behind India’s exports, jobs and entrepreneurship – and with the right support, they can also be the next wave of listed companies on Dalal Street.

In short, if India’s economy is a train, MSMEs are not just a coach – they’re the engine pulling the whole thing forward.



# IPO ROUND-UP

## HIGHLIGHTS FROM RECENT LISTINGS

In September 2025, India saw a busy IPO market with many companies raising money. Both big mainboard companies and smaller SME companies came out with fresh listings. Investors showed good interest, though the gains on listing day were not very high for most IPOs.

Some of the important mainboard IPOs were from companies like Pace Digitek Ltd. that raised about ₹819 crore, Trualt Bioenergy Ltd. with ₹839 crore and Fabtech Technologies Ltd. which got around ₹230 crore. There were also many SME IPOs which did well, such as Glottis Ltd. raising ₹307 crore, Om Freight Forwarders Ltd. with ₹122 crore and Munish Forge Ltd. with nearly ₹74 crore.



Experts say that valuations for these IPOs were a bit high, so the listing day gains were not very big. Still, many investors—both small retail ones and big institutions—participated actively.

In total, over 50 IPOs came in September, with mainboard companies raising around ₹6,355 crore and SME companies collecting about ₹1,188 crore. Top managers like Smart Horizon Capital, Unistone Capital and Dam Capital helped in these IPOs.

Overall, September's IPO market was lively and shows that investors are still confident in new company listings across different sectors in India.

COMPANY NAME	LISTING DATE	MAINBOARD /SME	ISSUE SIZE (₹ CR.)	LISTING DAY GAIN	BUSINESS DETAIL
Airfloa Rail Technology Ltd. IPO	Sep 18, 2025	SME	91.1	99.50%	Railway rolling stock maker
Anondita Medicare Ltd.	Sep 1, 2025	SME	69.5	99.48%	Male condoms manufacturer
TechD Cybersecurity Ltd. IPO	Sep 22, 2025	SME	38.99	99.48%	Cybersecurity services
Current Infraprojects Ltd.	Sep 3, 2025	SME	41.80	91%	Infrastructure and renewable energy company
L.T. Elevator Ltd. IPO	Sep 19, 2025	SME	39.37	83.21%	Elevator manufacturing
Urban Co. Ltd. IPO	Sep 17, 2025	Mainboard	1,900.24	61.97%	Home services marketplace
Taurian MPS Ltd. IPO	Sep 16, 2025	SME	42.53	28.95%	Crushing equipment manufacturer

COMPANY NAME	LISTING DATE	MAINBOARD /SME	ISSUE SIZE (₹ CR.)	LISTING DAY GAIN	BUSINESS DETAIL
Nilachal Carbo Metalicks Ltd. IPO	Sep 16, 2025	SME	56.1	22.23%	Metallurgical coke producer
Karbonsteel Engineering Ltd.	Sep 16, 2025	SME	59.3	22.23%	Engineering Solutions Provider
Optivalue Tek Consulting Ltd. IPO	Sep 10, 2025	SME	51.82	22.14%	IT consulting services
Goel Construction Co. Ltd. IPO	Sep 9, 2025	SME	100.15	20.76%	Civil construction projects
Amanta Healthcare Ltd. IPO	Sep 9, 2025	Mainboard	126	12.50%	Pharmaceutical manufacturing
Shringar House of Mangalsutra Ltd. IPO	Sep 17, 2025	Mainboard	400.95	12.05%	Mangalsutra designer
Atlanta Electricals Ltd. IPO	Sep 29, 2025	Mainboard	687.85	9.20%	Transformer manufacturing
GK Energy Ltd. IPO	Sep 26, 2025	Mainboard	464.26	9.63%	Solar pump EPC services
Vashishtha Luxury Fashion Ltd. IPO	Sep 15, 2025	SME	8.87	9.68%	Luxury fashion exporter
Jay Ambe Supermarkets Ltd. IPO	Sep 17, 2025	SME	18.45	6.35%	Retail supermarket chain
Sharvaya Metals Ltd. IPO	Sep 12, 2025	SME	58.8	6.00%	Aluminium product manufacturer
Vigor Plast India Ltd.	Sep 12, 2025	SME	25.1	5.80%	CPVC and UPVC pipes and fittings manufacturer
Austere Systems Ltd. IPO	Sep 12, 2025	SME	15.57	5.80%	A software development company

COMPANY NAME	LISTING DATE	MAINBOARD /SME	ISSUE SIZE (₹ CR.)	LISTING DAY GAIN	BUSINESS DETAIL
Dev Accelerator Ltd. IPO	Sep 17, 2025	Mainboard	143.35	5.00%	Flexible office spaces provider
JD Cables Ltd. IPO	Sep 25, 2025	SME	95.99	3.88%	Cables and conductors manufacturer
Sugs Lloyd Ltd. IPO	Sep 5, 2025	SME	85.66	2.00%	Engineering and construction company
Euro Pratik Sales Ltd. IPO	Sep 23, 2025	Mainboard	451.31	0.56%	Decorative wall panels and laminates
Oval Projects Engineering Ltd. IPO	Sep 4, 2025	SME	46.74	0.06%	Infrastructure development company



# STARTUP & FUNDING PULSE



# STARTUP

## IPO vs VC: How SME FOUNDERS ARE CHOOSING CAPITAL PATHS

If you're an SME founder in India today, you're probably facing a question that earlier generations never had: should I raise money from venture capitalists, or should I go public through an IPO?

Just a few years ago, this wasn't even a debate. SMEs looked to banks, private equity, or family wealth for capital. IPOs were seen as too big a step, while venture capital largely focused on tech startups in Bengaluru or Gurgaon.

But things have changed. With the explosion of SME IPOs on platforms like NSE Emerge and BSE SME and with VC money chasing scale-hungry companies, founders now have two clear—yet very different—paths to growth.

So, which way are SME founders leaning? Let's unpack this.

### THE VENTURE CAPITAL PATH

Venture Capital (VC) has long been the go-to option for startups and SMEs looking to scale fast.

#### WHAT VCS BRING TO THE TABLE:

- **Growth Capital:** Venture investors pump in large sums quickly, giving companies the fuel to expand operations, build teams and enter new markets.
- **Network & Mentorship:** Many VCs are hands-on, offering guidance, access to global networks and introductions to potential partners.

- **Follow-on Funding:** VC funding typically comes in multiple rounds (Series A, B, C...), so companies don't need to rely on a single raise.

#### THE FLIP SIDE:

- **Equity Dilution:** Founders often give away a big chunk of ownership. Over multiple rounds, this can shrink founder control dramatically.
- **Board Pressure:** VCs demand fast growth and may push for strategies that don't always align with a founder's vision.
- **Exit Timeline:** VC investors need to exit in 5–7 years, often through a sale, merger, or IPO. This means founders are on a timer.

For SMEs, VC funding works best when the business is in a high-growth sector like tech, SaaS, D2C brands, or EVs—industries where scale and speed matter more than immediate profits.

### THE IPO PATH FOR SMEs

SME IPOs have opened up a completely new option for founders—direct access to public markets.

#### WHAT SME IPOs OFFER:

- **Capital Without Heavy Dilution:** Founders can raise growth capital while still retaining significant control. They sell a portion of shares, but don't face multiple rounds of dilution.

- **Public Market Credibility:** A listed company enjoys higher trust with suppliers, customers and banks.
- **Liquidity:** Shares become tradable, offering liquidity to early investors and even promoters (subject to lock-ins).
- **Migration to Mainboard:** Once SMEs grow beyond certain thresholds, they can shift to the mainboard and access even larger pools of capital.

### CHALLENGES OF SME IPOs:

- **Compliance Load:** Post-listing, the company must follow SEBI norms, quarterly reporting and corporate governance standards.
- **Market Pressure:** Stock performance becomes public. A poor listing or low liquidity can hurt a reputation.
- **Investor Relations:** Founders must learn to engage with public investors, analysts and regulators—a new skillset compared to private fundraising.

SME IPOs are particularly attractive to family-owned, manufacturing, regional, or cash-flow positive businesses that want growth capital but without surrendering control to private investors.

### WHY FOUNDERS ARE SPLIT

So why are some SME founders still choosing VC while others are embracing IPOs? It comes down to priorities, sector and growth strategy.

- **Control vs. Scale:**  
Founders who value control, steady growth and long-term legacy lean toward IPOs. Those chasing rapid scaling, even at the cost of ownership, opt for VC.
- **Sector Bias:**  
Tech and new-age startups often find VCs a better fit, given the capital intensity and need for rapid user growth. Traditional SMEs in manufacturing, trading, or services are more suited for IPOs.

- **Capital Need:**  
If the business requires repeated rounds of funding (like SaaS), VCs are more practical. If the business needs a one-time capital boost (like expanding factories), IPOs are cleaner.
- **Exit Path:**  
Some founders see IPOs as the ultimate exit strategy. Others rely on VCs first, then IPO later, after scaling.

### REAL-WORLD EXAMPLES

1. **VC Route** – Byju’s, Flipkart (though not SMEs, but clear case studies): They took heavy VC funding to scale, but at the cost of major dilution and intense board pressure.
2. **IPO Route** – SME Manufacturing Firms: In the last 2 years, dozens of SMEs from textiles, chemicals and engineering have chosen IPOs over VCs. Their reasoning: they wanted capital but didn’t want external investors dictating strategy.
3. **Hybrid Route** – ReNew Power: Raised VC/PE first, then listed globally. Some SMEs may follow this dual path.

### CHANGING MINDSET OF SME FOUNDERS



Perhaps the most interesting shift is in mindset.

Earlier, SMEs saw IPOs as something only “big companies” do. Today, thanks to SME platforms, founders in Surat or Jaipur openly say, “Why give away 40% equity to a VC when I can list, raise funds and still keep my control?”

At the same time, ambitious tech founders in Pune or Bangalore still prefer VCs because IPOs feel restrictive until they’ve hit serious scale.

This duality is shaping India’s SME financing landscape.

## KEY QUESTIONS FOUNDERS SHOULD ASK THEMSELVES

Before choosing between IPO and VC, every SME founder should ask:

1. How much control am I willing to give up?
2. Is my business capital-hungry with long payback, or steady with positive cash flows?
3. Do I want mentorship and networks, or just clean growth capital?
4. Am I ready for the discipline and transparency of public markets?
5. What's my 5-year vision—stay independent, or aim for a strategic sale/merger?

These questions help cut through the hype and clarify the right path.

## LOOKING AHEAD: BLENDED MODELS

Interestingly, the future may not be about IPO versus VC—it could be IPO plus VC.

- Some SMEs may raise early VC capital, scale fast and then list on SME platforms.

- Others may list first, build credibility and later attract institutional or VC interest at higher valuations.

Capital is no longer one-dimensional. Founders today have the luxury of choosing the sequence that best fits their business model.

## CONCLUSION

For SME founders, the capital landscape has never been richer with choice. IPOs give independence, credibility and long-term capital. VCs give speed, mentorship and aggressive scaling.

Neither path is “better” universally—it depends on what the founder values more: control or scale, independence or partnership, steady growth or blitzscaling.

As one seasoned SME founder recently told us: “VCs are like rocket fuel—you go faster, but you may burn out. IPOs are like diesel—you go steady and last longer.”

Perhaps the real wisdom lies in knowing which fuel your business engine truly needs.

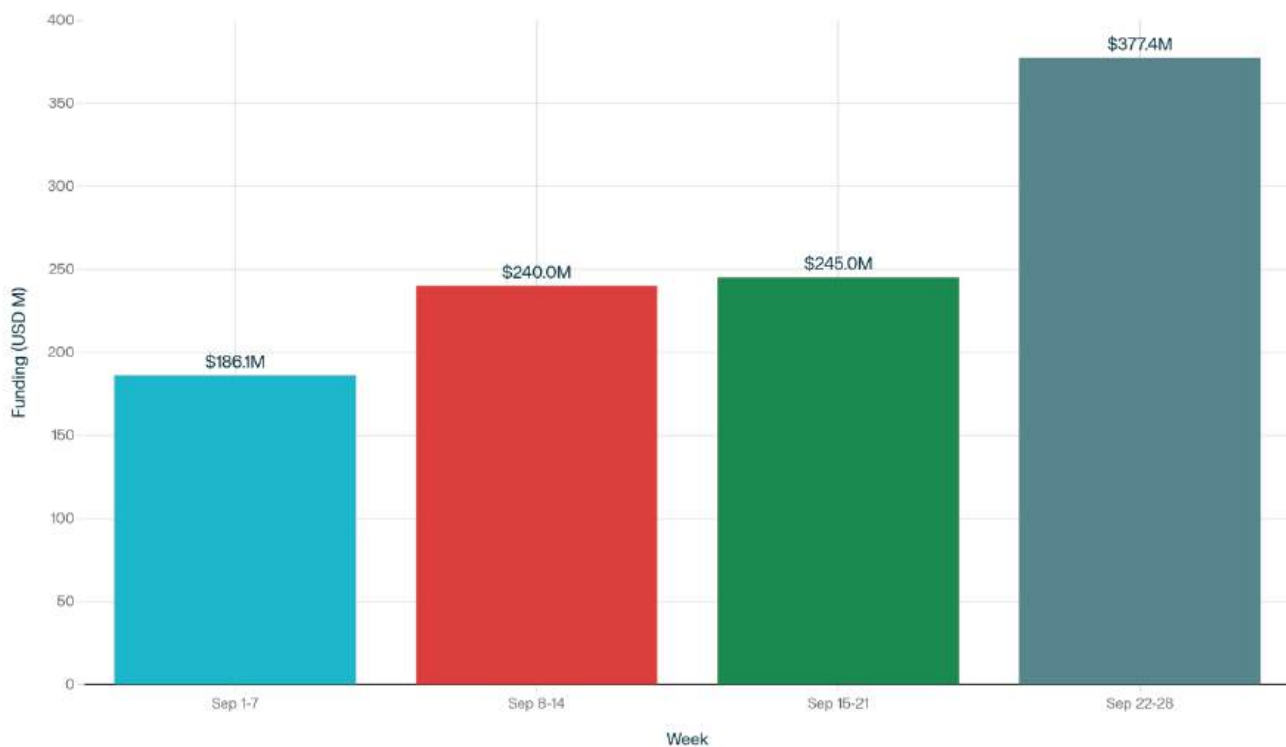


# INDIA'S STARTUP FUNDING PULSE: SEPTEMBER 2025

September 2025 showcased the robust resilience of India's startup ecosystem, with \$1.05 billion raised across 91 deals, demonstrating continued investor confidence despite global economic uncertainties. This performance maintained India's position as the world's third-largest startup funding destination, behind only the United States and United Kingdom, while strengthening its lead over Germany and France.



## Weekly Funding - Indian Startups Sep 2025



### WEEK 1: SEPTEMBER 1-7

Indian startups raised \$186.1 million across 20 deals, marking a remarkable 90% surge from late August's \$98.2 million. The semiconductor and e-commerce sectors dominated this week's funding landscape:

- **Tessolve (Semiconductor Services):** \$150 million from TPG Growth, marking the largest funding

round ever for a semiconductor engineering services company in India

- **CityMall (Social Commerce):** \$47 million Series D led by Accel, WaterBridge Ventures and General Catalyst
- **Seekho (Edtech Platform):** \$28 million Series B from Bessemer Venture Partners and Lightspeed

- **Blue Tokai Coffee Roasters (Coffee Retail):** \$25 million from A91 Partners and Anicut Capital
- **FirstClub (Quick Commerce):** \$23 million Series A from Accel India and RTP Global

E-commerce startups collectively secured \$78.8 million, with Accel, Elevation Capital and Inflection Point Ventures emerging as the most active investors.

## WEEK 2: SEPTEMBER 8-14

Funding increased to \$240 million across 23 deals, driven by major investments in electronics manufacturing and renewable energy:

- **ILJIN Electronics India (Electronics Manufacturing):** \$144 million from ChrysCapital and InCred Growth Partners Fund
- **Flipspace (Commercial Interiors):** \$50 million from CE-Invests (UAE), Panthera Growth Partners (Singapore) and SMBC Asia Rising Fund (Japan)
- **GREW Solar (Renewable Energy):** \$36 million from Vijay Kedia and Rohit Kothari from GeeCee Holdings
- **Trufrost & Butler (Hospitality Equipment):** \$7 million from Carpediem Capital
- **Presolv360 (Legal Tech):** \$4.7 million from Elevation Capital and MGA Venture

This week highlighted investor confidence in industrial capacity building and digital transformation across traditional sectors.

## WEEK 3: SEPTEMBER 15-21

Despite fewer deals at 19, funding reached \$245 million, showcasing significant late-stage investments:

- **Infra.Market (Construction Materials):** \$83 million Series G led by Nikhil Kamath's NKSquared
- **FinBox (Credit Infrastructure):** \$42 million Series B from Westbridge Capital Partners and A91 Partners

- **InCred Money (Digital Lending):** \$30 million from Ram Nayak and Mankind Group Family Office
- **Indkal Technologies (Consumer Electronics):** \$21 million Series B
- **Unico Housing Finance (Housing Finance):** \$14.4 million from Anicut Capital

The week demonstrated robust investor confidence in fintech infrastructure and housing finance solutions, reflecting India's growing digital lending ecosystem.

## WEEK 4: SEPTEMBER 22-28

The month concluded with the highest weekly funding at \$377.4 million across 29 deals, marking the largest weekly infusion since June:

- **PharmEasy (E-pharmacy):** \$191.7 million debt funding by pledging Thyrocare shares to clear Goldman Sachs loan
- **Emergent (AI Platform):** \$23 million Series A led by Lightspeed Ventures
- **Chakr Innovation (Cleantech):** \$23 million Series C from Iron Pillar
- **Curefoods (Cloud Kitchen):** \$18 million Series A led by Chiratae Ventures
- **Simple Energy (EV Manufacturing):** \$10.5 million bridge round

AI startups collectively raised \$42.2 million this week, with IndiaQuotient, Rainmatter and Lightspeed leading investor activity.



## SEPTEMBER 2025 SUMMARY

WEEK	FUNDING	DEALS	KEY HIGHLIGHTS	LEADING SECTORS
Sep 1-7	\$186.1M	20	Tessolve, CityMall, Seekho	Semiconductors, E-commerce, Edtech
Sep 8-14	\$240.0M	23	ILJIN Electronics, Flipspaces, GREW Solar	Electronics, Renewables, Interiors
Sep 15-21	\$245.0M	19	Infra.Market, FinBox, InCred Money	Infrastructure Tech, Fintech, Housing Finance
Sep 22-28	\$377.4M	29	PharmEasy, Emergent, Chakr Innovation	Healthtech, AI, Cleantech

### MEGA DEALS AND MARKET LEADERSHIP

**Tessolve's Historic Semiconductor Raise:** The Hero Electronix-owned semiconductor engineering services firm secured \$150 million from TPG Growth, representing the largest funding round ever for a semiconductor services company in India. With over 3,000 engineers across 11 countries and partnerships with 18 of the world's top 20 semiconductor firms, Tessolve's funding will accelerate global delivery center expansion and strategic acquisitions.

**PharmEasy's Strategic Debt Refinancing:** The healthtech unicorn raised \$191.7 million in debt funding led by 360 One to repay its costly Goldman Sachs loan, demonstrating disciplined financial management following a 90% valuation correction in 2024. The move reduces interest obligations and provides greater operational flexibility as the company focuses on profitability.

**Infra.Market's Pre-IPO Momentum:** The construction materials marketplace raised \$83 million in Series G funding led by Zerodha co-founder Nikhil Kamath's NKSquared, positioning the company for its anticipated IPO later in 2025. With revenues reaching ₹18,000 crore and EBITDA of ₹1,500 crore in FY25, Infra.Market plans to file its DRHP within weeks.

### KEY INSIGHTS & TRENDS

**Total Performance:** \$1.05 billion across 91 deals, maintaining India's position as the third-largest global startup funding destination despite a 23% YoY decline in overall tech funding to \$7.7 billion for Jan-Sep 2025.

**Sectoral Leadership:** Semiconductor and electronics sectors dominated with \$294 million (28% share), followed by healthtech at \$191.7 million from debt refinancing. Infrastructure and construction tech attracted \$133 million, while cleantech and renewables secured \$59 million, reflecting growing sustainability focus.

**Stage-wise Distribution:** Growth-stage funding comprised approximately 65% of total funding, with 10 mega-rounds above \$100 million compared to 16 in 2024, indicating investor selectivity and focus on proven business models.

**Geographic Concentration:** Bengaluru maintained its leadership with 31% of total funding, followed by Delhi NCR at 18%. Mumbai emerged as a significant funding hub, particularly for infrastructure and fintech investments.

**Emerging Themes:** AI democratization accelerated with three startups raising \$42.2 million in the final week, while semiconductor manufacturing gained prominence as India builds its chip

ecosystem. Clean energy and climate tech attracted significant investor attention, with multiple rounds in renewable energy and emission control technologies.

**Investor Activity:** Peak XV Partners, Accel and Lightspeed emerged as the most active investors, while international funds like TPG Growth and Singapore-based investors demonstrated continued confidence in Indian startups.

**Exit Momentum:** The ecosystem witnessed 110 acquisitions in the first nine months of 2025 (15% increase from 2024), led by the \$2 billion

Resulticks acquisition by Diginex. IPO activity remained robust with 26 companies going public, including notable listings from real estate and construction tech sectors.

September 2025 reinforced India's startup ecosystem maturity, balancing large-scale growth investments with strategic debt refinancing and pre-IPO preparations. The month's success in attracting over \$1 billion despite global funding constraints positions Indian startups favorably for sustained growth, supported by strong fundamentals in semiconductors, infrastructure technology and emerging AI applications.



# WHAT'S NEW IN GOVERNANCE

## SEBI'S NEW RULES FOR FPIs & BIG IPOs



India's market regulator, SEBI, has introduced two important changes to help foreign investors and big companies. These rules aim to make investments smoother and IPOs easier for large firms.

### 1. EASIER ACCESS FOR FOREIGN INVESTORS (FPIs)

SEBI now offers a single-window system called SWAGAT-FI for trusted foreign investors. Under this, sovereign funds, pension funds, insurance companies and well-regulated mutual funds can:

- Register once for all investment routes
- Use one demat account for their India holdings
- Enjoy a 10-year registration instead of frequent renewals
- Face fewer compliance checks

SEBI has also doubled the asset threshold for detailed FPI disclosures from ₹25,000 crore to ₹50,000 crore. Now, only the very largest FPIs must share full details of their beneficial owners. This change cuts paperwork for smaller FPIs and speeds up their market access.

### 2. RELAXED IPO RULES FOR BIG COMPANIES

SEBI has reduced IPO requirements based on a company's size so that very large firms can list without huge upfront fundraising:

- Companies valued between ₹50,000 crore and ₹1 lakh crore need to sell only 8% of shares (down from 10%). They get 5 years to reach 25% public shareholding.
- Firms worth ₹1–5 lakh crore must raise ₹6,250 crore plus 2.75% of post-issue capital. They have up to 10 years to meet the 25% public shareholding rule.
- Companies above ₹5 lakh crore market cap need only 2.5% minimum dilution and must raise ₹15,000 crore plus 1% of their market cap.

These changes help giants like telecom and stock exchange firms list smoothly, without forcing them to flood markets with too many shares at once.

With SWAGAT-FI, foreign investors find India simpler and faster. The new IPO norms let big Indian companies list in a planned way. Together, these rules will boost market growth and strengthen India's position as a top destination for both global investors and large issuers.



## GST 2.0: A SIMPLER, TWO-RATE SYSTEM



India's GST Council has simplified the tax system by replacing four main slabs (5%, 12%, 18%, 28%) with just two standard rates, effective from 22 September 2025.

Under the new structure:

- 5% slab for most daily essentials and priority items
- 18% slab for standard goods and services

### WHAT MOVES TO 5%?

Everyday household and essential items will now attract just 5% GST. This should bring down costs and help middle-class families manage their budgets better.

Key items under 5%:

- Hair oil, shampoo, toothpaste, toilet soap bars, toothbrushes
- Pre-packaged foods like biscuits, namkeens, pasta and sauces
- Dairy spreads (butter, ghee, cheese)
- Kitchenware and utensils (pots, pans, tableware)
- Feeding bottles, baby diapers and sanitary napkins
- Sewing machines, cloth, handicraft furniture
- Medical supplies: thermometers, diagnostic kits, glucometers
- Agriculture equipment: tractors, drip-irrigation systems, sprayers

### WHAT MOVES TO 18%?

Goods and services that were once taxed at 28% or 12% largely shift to the 18% slab. This keeps most manufactured and consumer products under a single, predictable rate.

Key items under 18%:

- Small cars (petrol  $\leq 1200$  cc, diesel  $\leq 1500$  cc, length  $\leq 4$  m) and two-wheelers up to 350 cc
- **White goods:** air conditioners, dishwashers, LED/LCD TVs (above 32")
- Monitors, projectors, computers and laptops
- Cement, steel, tiles, construction materials
- Telecom services, restaurant bills and hotel rooms
- Financial services (banking fees, brokerage)
- Fast-moving consumer goods are not in the 5% category.

### WHY THIS MATTERS

The shift to just two slabs aims to:

- Cut complexity and reduce classification disputes
- Lower prices on daily-use items boost demand.
- Improve compliance by simplifying returns and audits.

With just 5% and 18%, India's GST system becomes easier for businesses and consumers can expect relief on many common purchases.

### WHAT WILL BE THE BUSINESS IMPACT?

The 2-slab GST reform is a major business booster, making tax compliance easier and more predictable for companies. Lower rates on essential goods will enhance consumer purchasing power, driving demand and turnover in multiple sectors. Meanwhile, reduced tax burdens in the manufacturing and services sectors will support investment and expansion.

Businesses that proactively adapt their pricing, procurement and financial planning to this new GST regime are likely to gain a competitive edge and improve growth prospects. Overall, the two-slab GST system positions Indian business for smoother operations and stronger market performance in the coming years.

# SEBI's "SWAGAT-FI": A GAMECHANGER FOR FPI INFLOWS



SEBI has rolled out its boldest foreign investment reform yet – the Single Window Automatic & Generalised Access for Trusted Foreign Investors (SWAGAT-FI) – aimed at streamlining rules, cutting red tape and attracting stable global capital.

## WHAT'S NEW (AT A GLANCE):

- Registration validity extended from 3 to 10 years, reducing renewal burden.
- A single digital gateway (“India Market Access portal”) to unify FPI / FVCI registration, onboarding and compliance.
- Option to use one demat account for both listed & unlisted (startup) investments, with better tracking and tax clarity.
- The reform is limited to “objectively low-risk” investors (like sovereign funds, pension funds, insurance firms), who already account for ~70% of FPI assets under custody.

## OTHER COMPLEMENTARY MOVES:

- FPIs investing only in government securities under the Fully Accessible Route (FAR) are now exempted from certain disclosures and investor group requirements.
- Existing FPIs can transition to this “GS-FPI” status via declaration and vice versa, subject to conditions.

- KYC review cycles for these GS-FPIs will be aligned with their bank accounts, reducing duplication.

## WHY IT'S IMPORTANT:

- The new regime lowers onboarding time – what used to take 30–180 days may now be compressed to 7–10 days.
- It signals India’s push to compete with leading financial centres by offering investor-friendly, consolidated rules.
- The reforms may lead to deeper, more stable capital inflows into both equity and debt markets, especially from investors seeking longevity and fewer administrative hassles.

## WATCH-OUTS:

- Greater transparency also means heightened regulatory scrutiny, especially for ownership changes or complex structures.
- While SWAGAT-FI eases many procedural burdens, tax treatment, FX norms and settlement rules remain to be fully harmonized.

# MARKET MIRROR

## GOLD TO SENSEX RATIO HITS HIGHEST SINCE 2014 (EXCLUDING COVID)



### WHAT IT MEANS FOR INVESTORS AND FOUNDERS

As of September 26, 2025, the ratio of gold prices to the Sensex reached 1.4, marking the highest level since early 2014, excluding the brief market disruptions during the COVID-19 pandemic. This surge in the gold-to-equity ratio reflects a combination of rising gold prices and a relatively flat performance in equities.

### WHAT IS THE GOLD-TO-SENSEX RATIO?

The gold-to-Sensex ratio is a comparative metric that evaluates the performance of gold relative to the Sensex index. A higher ratio suggests that gold is outperforming equities, while a lower ratio indicates the opposite. This ratio serves as a tool for investors to assess the relative strength of gold compared to the broader equity market.

### CURRENT MARKET DYNAMICS

In the past year, gold prices have experienced a significant increase, driven by factors such as geopolitical uncertainties and inflation concerns. Conversely, the Sensex has shown modest growth, leading to the current ratio of 1.4. For context,

the ratio stood at 0.97 at the end of December 2024 and 0.89 at the end of September 2025.

### IMPLICATIONS FOR INVESTORS

- **Diversification Strategy:** The elevated ratio may prompt investors to reassess their portfolios, considering a balanced allocation between gold and equities to mitigate risks.
- **Inflation Hedge:** Gold is traditionally viewed as a hedge against inflation. The current market conditions may reinforce this perception among investors.
- **Market Sentiment:** A rising gold-to-Sensex ratio could indicate cautious investor sentiment towards equities, potentially due to concerns about market volatility or economic uncertainties.

### STRATEGIC TAKEAWAYS FOR FOUNDERS

- **Investor Communication:** Founders should be prepared to address investor concerns regarding market conditions and the company's performance relative to broader indices.
- **Financial Planning:** Understanding macroeconomic indicators, such as the gold-to-Sensex ratio, can aid in strategic financial planning and risk management.
- **Market Positioning:** In times of market uncertainty, emphasizing the company's value proposition and long-term growth prospects can help maintain investor confidence.



# REGIONAL IPO BOOM: GUJARAT, MAHARASHTRA & TAMIL NADU

## HOW THREE STATES ARE LEADING INDIA'S SME IPO SURGE IN 2025

India's SME IPO market is experiencing a remarkable surge, with Gujarat, Maharashtra and Tamil Nadu emerging as the frontrunners. These states are not only contributing significantly to the number of IPOs but are also setting benchmarks in investor participation, sectoral diversity and regional economic impact. 2024 and 0.89 at the end of September 2025.



## IPO ACTIVITY BY STATE IN 2025

- **Maharashtra:** Leading the pack, Maharashtra has raised approximately ₹31,725 crore through 28 IPOs, making it the highest contributor in 2025.
- **Gujarat:** Gujarat follows closely with ₹18,497 crore raised across 16 IPOs, showcasing its strong industrial base and investor confidence.
- **Tamil Nadu:** Tamil Nadu has raised ₹3,279 crore through 3 IPOs, indicating a growing interest in the state's emerging sectors.

## SECTORAL HIGHLIGHTS

### GUJARAT

- **Diverse Industries:** Gujarat's IPO landscape is marked by a variety of sectors, including manufacturing, healthcare and agriculture.
- **Investor Confidence:** The state has witnessed a significant increase in retail investor participation, with a 21.4% growth in Demat accounts, reaching 99 lakh investors.

### MAHARASHTRA

- **Financial Hub:** As India's financial capital, Maharashtra continues to attract large-scale IPOs, particularly in the financial services sector.
- **Investor Growth:** The state has seen a 16.6% increase in retail investor participation, with 184 lakh investors.

### TAMIL NADU

- **Emerging Sectors:** Tamil Nadu is witnessing a rise in IPOs from sectors like healthcare and logistics, reflecting the state's evolving industrial landscape.
- **Investor Engagement:** The state has experienced a 24.1% growth in retail investor participation, reaching 63 lakh investors.

## KEY TAKEAWAYS FOR FOUNDERS

1. **Regional Strengths:** Understanding the unique industrial strengths of each state can help founders position their companies effectively for IPOs.
2. **Investor Engagement:** Active engagement with the growing base of retail investors in these states can enhance the success of an IPO.
3. **Sectoral Focus:** Aligning business models with the emerging sectors in these states can attract investor interest and drive growth.

## LOOKING AHEAD

The IPO boom in Gujarat, Maharashtra and Tamil Nadu is a testament to the dynamic entrepreneurial spirit and investor confidence in these regions. As these states continue to lead in IPO activity, they set a precedent for other regions to follow, fostering a more inclusive and robust capital market ecosystem in India.

# IPO PIPELINE & DRHP DASHBOARD

## UPCOMING SME IPOs & SECTORS TO WATCH



### CURRENT MARKET MOMENTUM

The Indian IPO market is experiencing unprecedented activity heading into October 2025, with 118 companies filing DRHPs in H1 2025 - more than doubling from 52 filings in the same period last year. This surge reflects strong corporate confidence despite global uncertainties, positioning India to maintain its status as the world's third-largest IPO destination.

### SEPTEMBER 2025 DRHP FILING HIGHLIGHTS

The month witnessed significant DRHP activity across both the mainboard and SME segments:

#### MAJOR MAINBOARD FILINGS:

- **Groww (Billionbrains Garage Ventures):** India's leading investment platform filed a confidential DRHP on September 16, marking one of the most anticipated fintech IPOs
- **Purple Style Labs:** Fashion and lifestyle company filed for ₹489.91 crore IPO targeting the growing D2C market

- **Aarvee Engineering Consultants:** Engineering consultancy filed for ₹202.5 crore fresh issue, focusing on infrastructure expansion
- **Deon Energy:** Renewable energy company targeting ₹150 crore raise amid the clean energy boom
- **Simran Agrovet:** Poultry company filed ₹78.5 crore SME IPO on NSE Emerge, highlighting the agriculture sector momentum

#### APPROVED & READY TO LAUNCH:

Three major IPOs received SEBI approval and are set to launch in early October:

- **Tata Capital:** ₹15,512 crore mega IPO (October 6-8) - India's fourth-largest ever after LIC, Paytm and Hyundai
- **WeWork India:** Co-working space leader targeting October 3-7 launch window
- **Pace Digitek:** Technology company with ₹208-219 price band (September 26-30)

## OCTOBER 2025 IPO LAUNCH CALENDAR

The month features a diverse mix of around 12+ IPOs spanning the mainboard and SME segments:

### MAINBOARD LAUNCHES

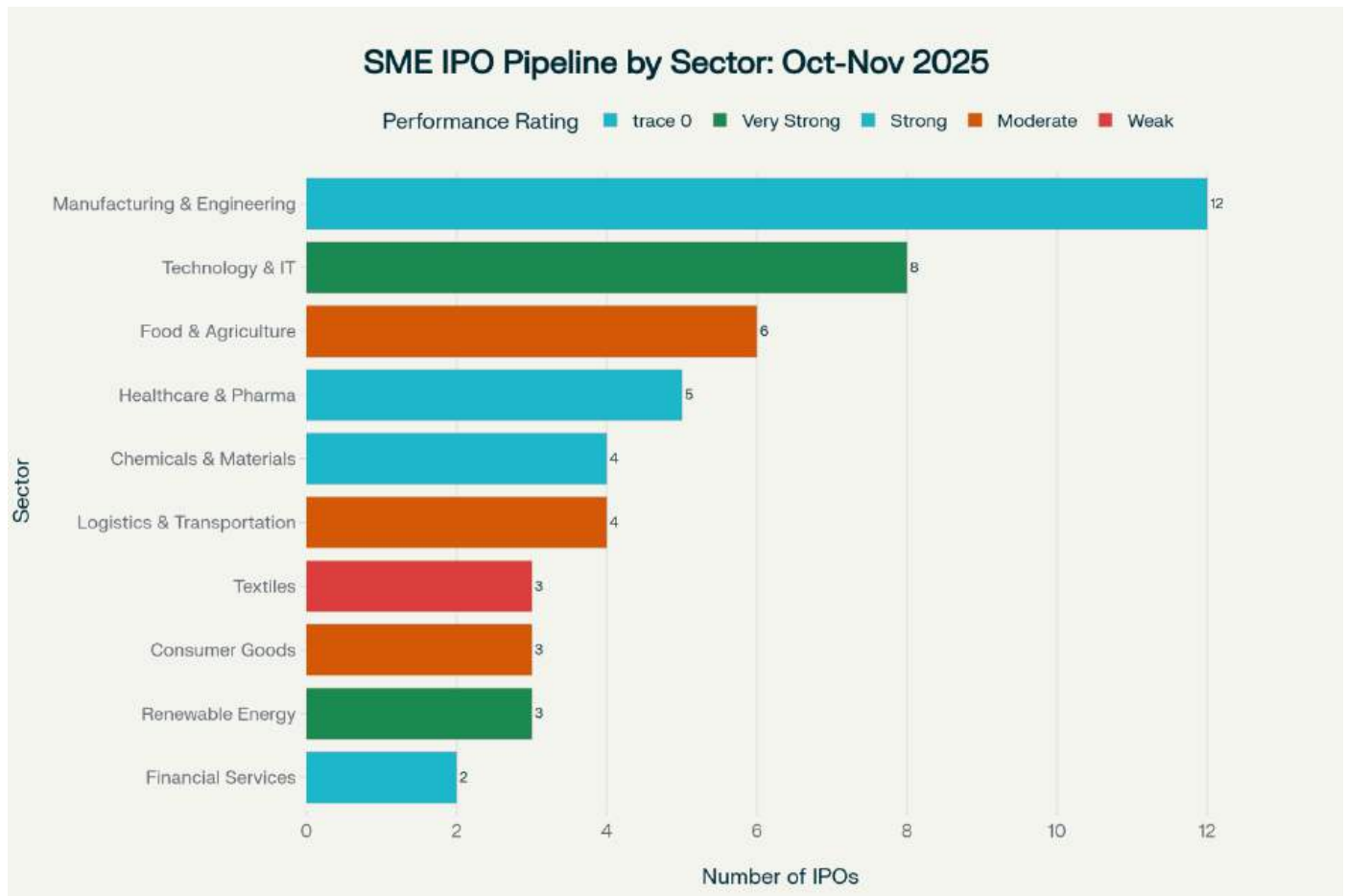
COMPANY	LAUNCH DATES	PRICE BAND	SECTOR	KEY HIGHLIGHTS
Tata Capital	Oct 6-8	₹310-326	NBFC	Largest IPO of 2025, post-merger with Tata Motors Finance
WeWork India	Oct 3-7	₹615-648	Co-working	First major co-working space IPO in India
Fabtech Technologies	Sep 29-Oct 1	₹181-191	Technology	Enterprise software solutions provider
Glottis	Sep 29-Oct 1	₹120-129	Healthcare	Pharmaceutical manufacturing and distribution
Om Freight Forwarders	Sep 29-Oct 3	₹128-135	Logistics	Freight forwarding and logistics services
Advance Agrolife	Sep 30-Oct 3	₹95-100	Agri-chemicals	Crop protection and agricultural solutions

### SME LAUNCHES

The SME segment continues its robust momentum with diverse sectoral representation across manufacturing, technology and consumer goods.

COMPANY	IPO_DATE	PRICE_BAND	ISSUE_SIZE_CR	TYPE
Bhavik Enterprises	25-30 Sep	₹140	140	SME
Chatterbox Technologies	25-30 Sep	₹110-115	115	SME
DSM Fresh Foods	26-30 Sep	₹96-101	101	SME
Ameenji Rubber	26-30 Sep	₹95-100	100	SME
KVS Castings	26-30 Sep	₹53-56	56	SME
Manas Polymers	26-30 Sep	₹76-81	81	SME

# SME IPO SECTORS TO WATCH: OCTOBER-NOVEMBER 2025



SME IPO sector distribution for October-November 2025 pipeline, showing Manufacturing & Engineering leading with 12 IPOs, followed by Technology & IT with 8 IPOs

## MANUFACTURING & ENGINEERING: THE CLEAR LEADER

With 12 upcoming IPOs, this sector dominates the SME pipeline, driven by:

- **Government PLI Schemes:** Production-Linked Incentives boosting domestic manufacturing
- **Supply Chain Localization:** Global companies shifting manufacturing to India
- **Infrastructure Push:** Massive government capex creating downstream opportunities
- **Average Issue Size:** ₹85 crore with "Strong" performance rating

Key Sub-sectors:

- Precision engineering components

- Auto ancillaries and spare parts
- Industrial machinery and equipment
- Metal fabrication and castings

## TECHNOLOGY & IT: HIGH-GROWTH POTENTIAL

8 IPOs in pipeline with highest average issue size of ₹120 crore and "Very Strong" rating:

- **Digital Transformation:** Enterprises accelerating tech adoption post-pandemic
- **AI and Automation:** Startups leveraging artificial intelligence for business solutions
- **Fintech Innovation:** Payment solutions, lending platforms and wealth management

- **SaaS Platforms:** Software-as-a-Service companies targeting SME customers

## FOOD & AGRICULTURE: STEADY GROWTH

6 IPOs reflecting India's agricultural transformation:

- **Food Processing:** Value-added products and ready-to-eat segments
- **Organic Farming:** Premium organic produce and certification services
- **Agri-Tech:** Precision farming and supply chain optimization
- **Poultry & Dairy:** Integrated farming and processing operations

## HEALTHCARE & PHARMA: INNOVATION-DRIVEN

5 IPOs with ₹110 crore average size amid sector consolidation:

- **Medical Devices:** Import substitution and export opportunities
- **Diagnostic Services:** Growing health awareness and preventive care
- **Specialty Pharma:** Niche therapeutic areas and contract manufacturing
- **Telemedicine:** Digital health platforms and remote consultation services

## RENEWABLE ENERGY: FUTURE-FOCUSED

3 IPOs with highest average issue size of ₹150 crore and "Very Strong" rating:

- **Solar Manufacturing:** Panel production and EPC services
- **Energy Storage:** Battery technology and grid solutions
- **Wind Power:** Turbine components and maintenance services
- **Clean Technology:** Emission control and waste-to-energy solutions

## KEY INVESTMENT THEMES & OPPORTUNITIES

### SECTORAL PERFORMANCE ANALYSIS

Based on 2025 SME IPO performance data:

#### TOP PERFORMERS BY RETURNS:

1. **Financial Services:** 53.03% average returns (2 IPOs)
2. **Utilities:** 33.13% returns (1 IPO)
3. **Capital Goods:** 27.47% returns (40 IPOs)
4. **FMCG:** 19.36% returns (13 IPOs)
5. **IT:** 16.95% returns (13 IPOs)

#### UNDERPERFORMING SECTORS:

- **Metals & Mining:** -10.43% average returns
- **Oil, Gas & Consumable Fuels:** -8.96% returns
- **Forest Materials:** -3.99% returns

### INVESTMENT CONSIDERATIONS

#### POSITIVE FACTORS:

- **Strong Regulatory Framework:** Enhanced SEBI oversight ensuring quality companies
- **Retail Participation:** Increased awareness driving 500x+ oversubscriptions
- **Government Support:** PLI schemes and Make in India initiatives
- **Digital Adoption:** SMEs embracing technology for scale and efficiency

#### RISK FACTORS:

- **Lower Liquidity:** Limited trading volumes compared to mainboard
- **Higher Volatility:** Smaller companies more susceptible to market fluctuations
- **Information Gap:** Limited research coverage and analyst recommendations
- **Exit Challenges:** Smaller investor base affecting liquidity during exits

# MARKET OUTLOOK & STRATEGIC INSIGHTS

## Q4 2025 PROJECTIONS

- **Expected Pipeline:** 50+ SME IPOs in Oct-Nov 2025 across 10 sectors
- **Issue Size Growth:** Average size increasing to ₹104 crore from ₹75 crore in Q3
- **Mainboard Migration:** 5-7 successful SME companies expected to migrate to mainboard
- **Sector Rotation:** Shift toward manufacturing and technology from traditional sectors

## KEY SUCCESS FACTORS FOR SME IPOs

1. **Strong Fundamentals:** Consistent profitability and debt management
2. **Scalable Business Model:** Clear path to revenue growth and market expansion

3. **Professional Management:** Experienced leadership and governance practices
4. **Market Positioning:** Niche products or services with competitive advantages
5. **Growth Capital Utilization:** Clear deployment plan for IPO proceeds

The October-November 2025 SME IPO pipeline represents a maturation of India's small and medium enterprise sector, with companies demonstrating stronger fundamentals, clearer growth strategies and better market positioning than previous years. Investors should focus on sectors with structural tailwinds like manufacturing, technology and renewable energy while maintaining a disciplined approach to valuation and risk assessment.



# GLOBAL IPO LENS

## INDIA'S SME IPOs vs AIM, NASDAQ FIRST NORTH & STAR MARKET

If you're an SME founder in India, you've probably heard a lot about BSE SME and NSE Emerge. But did you know the UK, Europe and China also run their own dedicated growth platforms for small companies – AIM (London), Nasdaq First North (Nordics) and STAR Market (Shanghai)?

These are the “cousins” of India's SME IPO ecosystem. Comparing them tells us where India stands, what's working and where we can improve.

### QUICK SNAPSHOT



PLATFORM	REGION	YEAR LAUNCHED	FOCUS
BSE SME / NSE Emerge	India	2012	SMEs & start-ups
AIM	UK (London Stock Exchange)	1995	Growth companies globally
Nasdaq First North	Nordic countries	2006	Early-stage firms in Scandinavia & Europe
STAR Market	China (Shanghai)	2019	High-tech and strategic emerging industries

### INDIA'S SME IPO ECOSYSTEM

- **Launched:** 2012
- **Listings:** 800+ combined on BSE SME and NSE Emerge (as of 2025)
- **Migration:** Over 250 firms have graduated to the mainboard
- **Ticket Size:** Average IPO size ₹10–50 crore, oversubscriptions often 50–200x

- **Sectors:** Manufacturing, engineering, IT, pharma, auto parts, niche services

India's model has succeeded in making public equity accessible to small but growth-ready firms.

**Case Example** – Rachana Infrastructure (Gujarat): Listed on BSE SME at ₹40 in 2022, migrated to mainboard within 18 months after strong performance.

## AIM – LONDON’S GROWTH MARKET

- **Launched:** 1995 by LSE to help smaller, riskier companies raise equity.
- **Flexible Rules:** No minimum track record requirement, lighter disclosure than main market.
- **Global Reach:** More than 3,800 companies from 70 countries have listed over time.
- **Fundraising:** Over £100 billion raised since inception.

**Lesson for India:** AIM shows how a global investor base and lighter but credible regulation can attract both domestic and foreign SMEs to one platform.

**Example:** UK’s Fever-Tree Drinks (tonic water maker) listed on AIM in 2014 at £1.34, soared to over £40 before moving to the main market.

## NASDAQ FIRST NORTH – THE NORDIC ROUTE

- **Launched:** 2006 by Nasdaq Nordic.
- **Spread:** Sweden, Denmark, Finland, Iceland – 500+ companies listed.
- **Growth-Friendly:** Emphasises visibility and analyst coverage rather than heavy compliance.
- **Segmented:** First North Growth Market for early stage; First North Premier for companies preparing for main market.

**Lesson for India:** Tiered structure helps firms “graduate” more smoothly – India has migration, but a Premier-style segment could help institutional investors identify better-governed SMEs.

**Example:** Swedish gaming company Paradox Interactive listed on First North in 2016, then moved to main market after expansion.

## STAR MARKET – CHINA’S HIGH-TECH BET

- **Launched:** 2019 in Shanghai.
- **Focus:** Semiconductors, AI, biotech, green tech – strategic sectors.

- **Reforms:** Pilot for registration-based IPO system (faster, market-driven pricing).
- **Valuation Freedom:** No daily price limits in first 5 days; looser profit requirements to encourage innovation listings.
- **Size:** 500+ companies, trillions of RMB in market cap.

**Lesson for India:** STAR shows how a sector-focused SME board can be used to accelerate national priorities – e.g., EV components, renewables, deep tech.

**Example:** Semiconductor Manufacturing International Corp (SMIC) raised \$6.6 bn in 2020 on STAR – China’s largest IPO in a decade.

## HOW INDIA COMPARES

### STRENGTHS:

- Lower cost of listing than global peers.
- Rapid oversubscriptions show investor appetite.
- High migration success rate to mainboard.
- SME IPO culture is now spreading beyond metros to Tier-2 and Tier-3 cities.

### GAPS:

- Limited institutional investor participation compared to AIM or STAR.
- Analyst coverage and research is thin.
- Valuation norms are still conservative; high-growth tech SMEs find it harder to list.
- Need more sector-specific push (like STAR) and international visibility (like AIM).



## OPPORTUNITIES FOR CROSS-LEARNING

FEATURE	INDIA SME IPOs	AIM	NASDAQ FIRST NORTH	STAR MARKET
Disclosure	SEBI's SME rules – moderate	Lighter, sponsor-driven	Flexible, certified advisers	Registration-based, tech-friendly
Investor Base	Primarily domestic HNIs & retail	Global institutions	Nordic retail + funds	State + retail + foreign QFIs
Graduation	Migration to mainboard	Can transfer to main LSE	Premier segment then main	Remain in STAR or main SSE
Sector Focus	Broad	Broad	Broad	Strategic high-tech

### WHAT FOUNDERS SHOULD NOTE

- **Visibility:** AIM and First North invest heavily in investor education and research coverage. India's SME boards could encourage independent analyst notes.
- **Foreign Capital:** AIM and STAR attract global funds. Indian SMEs could benefit from more cross-border investor access.
- **Sectoral Branding:** Creating a “Tech SME” window like STAR could position India's deep-tech and renewable SMEs better.
- **Advisory Ecosystem:** Certified advisers and sponsors in AIM/First North act as gatekeepers; India's merchant banker model is evolving but can be strengthened.

### LOOKING AHEAD

India's SME IPO platforms are just 13 years old – AIM is 30, Nasdaq First North 19, STAR only 6 but backed by China's state machinery. Yet India has already become one of the most vibrant SME equity markets in the world.

If SEBI and exchanges borrow the best practices from these global cousins – better research coverage, sector-specific boards, smoother graduation

and foreign investor access – India can make BSE SME and NSE Emerge the go-to destination for growth-stage capital not just domestically but regionally.

### CONCLUSION

SME IPOs in India have moved from experiment to mainstream. Comparing them with AIM, Nasdaq First North and STAR Market shows that India is on the right track but still has headroom to innovate.

For founders, the message is simple: these platforms are no longer “junior boards” – they're springboards. And if India can blend its own strengths with lessons from abroad, its SME IPO ecosystem could become the AIM + STAR + First North of Asia rolled into one.



# **SUCCESS STORIES** **&** **LEADERSHIP**



# COMPANY OF THE MONTH



## **KPI GREEN ENERGY: FROM SME LISTING TO A MAINBOARD RENEWABLE GIANT**

The remarkable journey of KPI Green Energy Limited (formerly known as K.P.I. Global Infrastructure Limited) represents one of India's most inspiring success stories in the renewable energy sector. From its inception as a modest solar venture to becoming an important player on India's stock exchanges, the company's evolution mirrors the transformation of India's energy landscape over the past two decades.

The company's foundation dates back to February 1, 2008, when it was originally incorporated as KPI Global Infrastructure Limited in Maharashtra. After receiving its Certificate of Commencement of Business on August 22, 2008, the company began its operations with a focus that would eventually reshape its identity entirely. However, to truly understand this corporate success story, we must delve deeper into the visionary leadership behind it.

### **THE ARCHITECT OF SUCCESS: DR. FARUK G. PATEL'S ENTREPRENEURIAL JOURNEY**

The story of KPI Green Energy cannot be told without understanding the remarkable journey of its founder, Dr. Faruk G. Patel. Born on March 24, 1972, in Saladara Village, Bharuch district, Gujarat,

Dr. Patel came from extremely modest beginnings – his father worked as a bus conductor and the family faced significant financial hardships.

Dr. Patel's entrepreneurial journey began far from the renewable energy sector. In 1991, he moved to England to work in a café, gaining international experience before returning to India with a vision. The pivotal moment came in 1994 when, with just ₹1 lakh in capital, he established the KP Group in Surat, Gujarat, initially focusing on logistics services and construction of residential buildings.

What started as KP Buildcon Private Limited (now known as KP Green Engineering Limited) marked the beginning of what would become a multi-billion-dollar conglomerate. Dr. Patel's foresight led him to venture into the telecommunications sector during the mobile revolution, constructing mobile towers across 16 Indian states, which provided the financial foundation for his future renewable energy ventures.

### **THE STRATEGIC MOVE: ENTERING THE SOLAR REVOLUTION**

The company's transformation from a traditional infrastructure firm to a renewable energy powerhouse began in the mid-2000s. Initially, KPI Global was engaged in selling land parcels to third parties, which were subsequently leased back for solar power generation projects – a clever business model that would prove instrumental in its later success.

The real breakthrough came in 2008 when Dr. Patel, demonstrating exceptional market foresight, established KPI Global Infrastructure Limited specifically to capitalize on India's emerging solar energy sector. This strategic decision positioned the company at the forefront of India's renewable energy revolution, years before government policies would make solar power mainstream.

2013 marked a crucial milestone when the company received a feasibility study from Gujarat Energy Transmission Corporation (GETCO) for connecting its Solarism Plant in Sudi, Bharuch district, to GETCO's Amod Substation. This approval validated the company's technical capabilities and opened the door for significant expansion.

## **BUILDING THE FOUNDATION: EARLY INFRASTRUCTURE DEVELOPMENT**

The period from 2014 to 2016 was characterized by intensive infrastructure development. The company commenced construction of a 13.25 km, 66 KV transmission line to enable power transfer from the Solarism Plant to the Amod Substation – a challenging project that took nearly two years to complete due to various regulatory and local community issues.

Dr. Patel himself acknowledged the challenges faced during this critical phase: "There were days when our work was stalled for the entire day as the labour force was not allowed to work. Sometimes, material was blocked from reaching the site. So we faced several issues, but being locals of Bharuch, we were able to resolve the issue and complete the transmission line".

By 2016, the company achieved its first major operational milestone by commissioning a 5 MW solar power plant at the Solarism Plant. This project operated under the Independent Power Producer (IPP) vertical, utilizing the Third Party Sale option of the Gujarat Solar Power Policy 2015. The company began generating revenue through bilateral Power Purchase Agreements (PPAs), establishing a sustainable business model.

2017 saw further expansion with the installation of an additional 10 MW solar power plant at the Solarism Plant, bringing the total capacity to 15 MW. This steady growth trajectory demonstrated the company's ability to execute projects successfully while building technical expertise.

## **THE IPO JOURNEY: FROM PRIVATE TO PUBLIC COMPANY**

### **SME LISTING: THE GATEWAY TO PUBLIC MARKETS**

KPI Green Energy's journey to becoming a publicly traded company began with its SME IPO on the BSE SME platform. The company filed its Draft Red Herring Prospectus (DRHP) on September 28, 2018, marking its intention to access public capital markets.

The IPO opened on January 8, 2019 and closed on January 11, 2019, with a fixed price of ₹80 per share. The issue size was ₹39.94 crore, comprising entirely of fresh issues with no offer for sale component. The minimum lot size was 1,600 equity shares, requiring a minimum investment of ₹1,28,000.

The IPO was managed by Vivro Financial Services Private Limited as the book-running lead manager, with Bigshare Services Private Limited serving as the registrar. Airan Finstocks Private Limited acted as the market maker for the issue.

The IPO received an overwhelming response with a subscription of 11.50 times, indicating strong investor confidence in the company's business model and growth prospects. The shares were listed on January 22, 2019, on the BSE SME platform, marking the company's successful transition from private to public ownership.

The proceeds from the IPO were primarily utilized to part-finance the setting up of a 25 MW Solar Power Project at Sudi, Samiyala and Tanchha villages in Amod Tehsil, Bharuch District, Gujarat, along with general corporate purposes.

## THE GROWTH PHASE: BUILDING SCALE AND EXPERTISE (2019-2021)



### OPERATIONAL EXPANSION AND CAPACITY BUILDING

Following its successful public listing, KPI Green Energy focused on aggressive capacity expansion and operational excellence. The company systematically increased its solar power generation capacity while diversifying its business model to include both IPP and Captive Power Producer (CPP) segments.

2019 marked the completion of the company's 25 MW solar project at full capacity, significantly boosting its power generation capabilities and revenue potential. The company also installed a 315 KW solar power project, demonstrating its ability to execute projects across different scales.

During this period, the company strengthened its technical capabilities and built a robust project execution framework. It received various approvals and certifications that enhanced its credibility in the market, including GEDA Registration Certificates and CEIG approvals for its expanding infrastructure.

### FINANCIAL PERFORMANCE AND MARKET RECOGNITION

The company's financial performance during this growth phase was impressive. According to market data, KPI Green Energy's revenue increased from

₹34.51 crore in March 2019 to over ₹100 crore by 2021, demonstrating the scalability of its business model.

The company's focus on maintaining healthy profit margins while scaling operations earned it recognition in the industry. It received several awards, including the Solar Innovation & Excellence Award in 2016, the Sthapatya Award from the Institute of Civil Engineers & Architects in 2017 and the Udyog Award in 2018.

## THE MIGRATION SUCCESS: FROM SME TO MAINBOARD

### MEETING MIGRATION REQUIREMENTS

The transition from SME platform to mainboard listing represents one of the most significant milestones in any company's public market journey. For KPI Green Energy, this migration required meeting stringent regulatory requirements related to financial performance, corporate governance and market capitalization.

The company successfully met all the criteria for mainboard migration, including:

- Maintaining consistent profitability over multiple financial years
- Achieving minimum public float requirements
- Demonstrating strong corporate governance practices
- Meeting minimum market capitalization thresholds
- Maintaining regular compliance with all regulatory requirements

### OFFICIAL MIGRATION TO MAINBOARD

On July 24, 2021, KPI Green Energy achieved a major milestone by successfully migrating from the BSE SME platform to both the BSE Main Board and NSE Main Board. This migration was approved by the respective stock exchanges after thorough evaluation of the company's financial performance, compliance record and growth trajectory.

The migration to mainboard trading brought several significant advantages:

- **Enhanced Liquidity:** Access to a larger pool of institutional and retail investors
- **Improved Visibility:** Greater analyst coverage and media attention
- **Better Valuation:** Potential for higher valuations due to the mainboard premium
- **Institutional Access:** Ability to attract investments from mutual funds, insurance companies and foreign institutional investors
- **Lower Cost of Capital:** Improved access to debt and equity financing at competitive rates

## NAME CHANGE AND BRAND EVOLUTION

In April 2022, the company underwent a significant rebranding exercise, changing its name from KPI Global Infrastructure Limited to KPI Green Energy Limited. This name change reflected the company's complete transformation from a general infrastructure company to a focused renewable energy player.

The rebranding exercise was strategically important as it:

- Clearly communicated the company's core business focus to investors
- Aligned the corporate identity with the renewable energy sector
- Enhanced brand recognition in the green energy space
- Differentiated the company from traditional infrastructure players

## ACCELERATED GROWTH: THE MAINBOARD ERA (2021-2025)

### SCALING OPERATIONS AND DIVERSIFICATION

Following its mainboard migration, KPI Green Energy entered a phase of accelerated growth and strategic diversification. The company expanded

its operations across multiple business segments, including Independent Power Producer (IPP), Captive Power Producer (CPP) and Operations & Maintenance (O&M) services.

### BUSINESS SEGMENT PERFORMANCE:

- **CPP Segment:** Currently accounts for approximately 87% of total revenue, focusing on captive solar plant solutions for industrial clients
- **IPP Segment:** Contributes about 13% of revenue but offers significantly higher margins (85-90% EBITDA margin compared to 20-22% for CPP)
- **Hybrid Projects:** Successfully commissioned 81 MW in hybrid projects with over 1.1 GW in the pipeline

## FINANCIAL PERFORMANCE EXCELLENCE

The company's financial performance post-mainboard listing has been exceptional:

### REVENUE GROWTH:

- **FY2019:** ₹34.51 crore
- **FY2021:** ₹103.94 crore
- **FY2023:** ₹647.04 crore
- **FY2025:** ₹1,735.45 crore

### PROFITABILITY EXPANSION:

- **Net Profit FY2019:** ₹8.90 crore
- **Net Profit FY2025:** ₹325.28 crore
- EPS growth from ₹4.93 (FY2019) to ₹16.23 (FY2025)

## RECENT STRATEGIC DEVELOPMENTS

### 2024-2025 HIGHLIGHTS:

#### CAPITAL RAISING INITIATIVES:

- Completed ₹1,000 crore QIP in August 2024 at ₹935 per share, demonstrating strong institutional investor confidence
- Issued ₹670 crore Green Bonds with an 8.5% coupon rate in September 2025, enhanced by a GuarantCo guarantee

- Secured ₹3,200 crore loan from State Bank of India at 8.45% interest rate for 20 years

#### CAPACITY EXPANSION:

- Total operational capacity exceeds 473 MW as of Q1 FY25.
- Pipeline projects of over 2.4 GW across IPP and CPP segments
- Recent order wins include 300 MW from Coal India and 96 MW from Aditya Birla Renewables

#### CORPORATE ACTIONS:

- 1:2 Bonus Issue approved in 2024
- Stock split reducing face value from ₹10 to ₹5
- Regular dividend distributions demonstrate a commitment to shareholder returns

## STRATEGIC BUSINESS MODEL EVOLUTION



## INDEPENDENT POWER PRODUCER (IPP) FOCUS

KPI Green Energy has strategically pivoted toward expanding its IPP portfolio, recognizing the higher profitability and long-term cash flow visibility this business model offers. The company currently has 1.5 GW of IPP projects under development, expected to become operational over the next two years.

Dr. Faruk G. Patel, Chairman and Managing Director, has outlined ambitious targets: "By 2027, we will finish all our projects in hand in IPP, which will generate about 10 billion rupees in revenue".

The IPP business model provides:

- 25-year Power Purchase Agreements ensuring long-term revenue visibility
- Higher EBITDA margins of 85-90% compared to 20-22% in CPP
- Annuity-like income streams provide financial stability
- Better return on capital employed, enhancing shareholder value

## TECHNOLOGY AND INNOVATION

The company has invested significantly in technological advancement and operational efficiency:

- IBM Maximo Renewables deployment for enhanced asset management
- Hybrid power solutions combining solar and wind for improved grid stability
- Advanced monitoring systems through the KP Network Operations Centre
- Green Hydrogen initiatives through subsidiary KPI Green Hydrogen & Ammonia Pvt Limited

## MARKET POSITION AND COMPETITIVE ADVANTAGES

### INDUSTRY LEADERSHIP

KPI Green Energy has established itself as a leading player in India's renewable energy sector with several competitive advantages:

#### SCALE AND CAPACITY:

- Owns Gujarat's largest private solar park
- Over 2 GW renewable energy portfolio across solar, wind and hybrid technologies
- 10,200+ acres of landbank available for future development

#### GEOGRAPHIC PRESENCE:

- Operations across 16 Indian states
- Strategic presence in Gujarat, India's leading renewable energy state

- Diversified project portfolio, reducing geographic concentration risk

#### **CUSTOMER BASE:**

- Over 250 satisfied customers across various industries
- Repeat business from established clients, demonstrating customer satisfaction
- Strong relationships with state utilities and private companies

### **FINANCIAL STRENGTH AND CAPITAL ALLOCATION**

The company's robust financial position enables continued growth and expansion:

#### **BALANCE SHEET STRENGTH:**

- Market capitalization of approximately ₹9,600 crore as of September 2025
- Debt-to-equity ratio improved to 0.47 (consolidated) in FY2025
- Strong cash flow generation supporting organic growth

#### **STRATEGIC CAPITAL DEPLOYMENT:**

- ₹4,000 crore capex planned over FY26-27 for IPP projects
- Fully funded through QIP proceeds, internal accruals and debt facilities
- No immediate equity dilution requirements

### **CHALLENGES AND RISK MANAGEMENT**

#### **EXECUTION RISKS**

As with any growing renewable energy company, KPI Green Energy faces certain execution challenges:

#### **PROJECT DELIVERY:**

- Large-scale projects like the 200 MW GUVNL project require timely execution
- ₹907.56 crore investment with scheduled COD of November 2025

- Managing multiple projects simultaneously across different locations

#### **REGULATORY AND POLICY CHANGES:**

- Dependence on government policies and regulatory support
- Changes in solar/renewable energy policies could impact growth trajectory
- Grid connectivity and evacuation infrastructure dependencies

### **FINANCIAL AND OPERATIONAL MANAGEMENT**

#### **WORKING CAPITAL MANAGEMENT:**

- Scaling operations requires efficient working capital management
- Managing cash flows across multiple project execution timelines
- Balancing growth investments with profitability requirements

#### **COMPETITIVE PRESSURES:**

- Increasing competition in the renewable energy EPC space
- Price pressures in bidding for utility-scale projects
- Need for continuous technological upgradation



## FUTURE OUTLOOK AND STRATEGIC DIRECTION



### MISSION 10 GW BY 2030

KP Group, the parent conglomerate, has set an ambitious target of achieving 10 GW of renewable energy capacity by 2030. This goal represents a significant scaling up from the current portfolio and requires:

- Systematic capacity addition across solar, wind and hybrid technologies
- Strategic partnerships with technology providers and financial institutions
- Geographic expansion beyond current operational areas
- Innovation in project development and financing models

### EMERGING OPPORTUNITIES

#### GREEN HYDROGEN AND AMMONIA:

- Strategic partnership with AHES Co. Ltd., South Korea and GH2 Solar Ltd. for a 100,000 TPA green ammonia facility
- Positioning for India's emerging green hydrogen economy
- Potential for technology leadership in clean fuel production

#### ENERGY STORAGE INTEGRATION:

- Opportunities in battery energy storage systems (BESS)
- Grid-scale storage projects to complement renewable generation

- Hybrid solutions combining generation and storage

## STRATEGIC PARTNERSHIPS AND COLLABORATIONS

#### TECHNOLOGY PARTNERSHIPS:

- Delta Electronics India Private Limited for green energy transition solutions
- IBM partnership for advanced asset management and operational efficiency
- GuarantCo partnership for enhanced credit ratings and lower borrowing costs

#### FINANCIAL PARTNERSHIPS:

- State Bank of India's relationship for long-term project financing.
- Institutional investor relationships developed through QIP and bond issuances
- International financing possibilities for large-scale projects

## CORPORATE GOVERNANCE AND ESG LEADERSHIP

### SUSTAINABILITY FOCUS

KPI Green Energy has positioned itself as a leader in environmental, social and governance (ESG) practices:

#### ENVIRONMENTAL IMPACT:

- Significant carbon footprint reduction through renewable energy generation
- Grid decarbonization contribution supporting India's climate goals
- Clean energy transition leadership in the industrial segment

#### SOCIAL RESPONSIBILITY:

- KP Human Development Foundation for community development initiatives
- Local employment generation in rural areas where projects are located

- Skill development programs in renewable energy technologies

#### GOVERNANCE EXCELLENCE:

- Strong board composition with independent directors
- Transparent reporting and regular investor communications
- Compliance leadership demonstrated through successful mainboard migration

## LESSONS FROM THE KPI GREEN ENERGY SUCCESS STORY

### STRATEGIC VISION AND EXECUTION

The KPI Green Energy journey offers several key lessons for entrepreneurs and business leaders:

#### VISIONARY LEADERSHIP:

- Dr. Faruk Patel's foresight in entering renewable energy before it became mainstream
- Long-term thinking rather than short-term profit maximization
- Adaptability and evolution from traditional infrastructure to renewable energy

#### EXECUTION EXCELLENCE:

- Systematic scaling from 5 MW to over 470 MW capacity
- Quality project delivery, maintaining customer satisfaction and repeat business
- Financial discipline ensures profitable growth throughout the journey

## MARKET TIMING AND POSITIONING

### EARLY MARKET ENTRY:

- 2008 entry into the solar energy sector, ahead of policy support
- Geographic positioning in Gujarat, India's renewable energy leader
- Business model innovation combining IPP, CPP and O&M services

#### POLICY ALIGNMENT:

- Strategic alignment with government renewable energy policies
- Proactive compliance with evolving regulatory requirements
- Market leadership in implementing policy initiatives

## CONCLUSION:

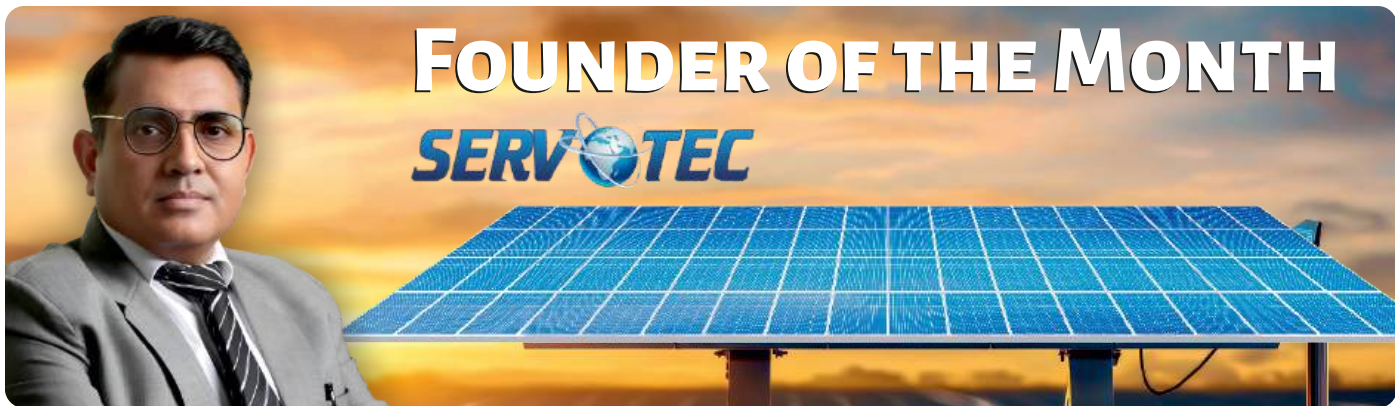
### A RENEWABLE ENERGY SUCCESS STORY

The transformation of KPI Green Energy from a modest solar venture in 2008 to a mainboard-listed renewable energy powerhouse represents one of India's most compelling corporate success stories. Under the visionary leadership of Dr. Faruk G. Patel, the company has successfully navigated the complex journey from private ownership through SME listing to mainboard prominence.

Today, with a market capitalization exceeding ₹9,600 crore, revenue approaching ₹2,000 crore and a pipeline of over 2.4 GW, KPI Green Energy stands as a testament to the power of entrepreneurial vision combined with disciplined execution. The company's journey from a ₹39.94 crore SME IPO in 2019 to a billion-dollar renewable energy enterprise demonstrates the tremendous growth potential in India's clean energy transition.

As India moves toward its ambitious target of 500 GW non-fossil fuel capacity by 2030, KPI Green Energy is well-positioned to play a significant role in this transformation. The company's strategic focus on high-margin IPP business, combined with its strong execution capabilities in the CPP segment, provides a robust foundation for sustained growth.

The KPI Green Energy story serves as an inspiration for other SME companies aspiring for a mainboard listing and sustainable growth. It demonstrates that with the right vision, execution capabilities and market positioning, companies can successfully navigate the journey from small-scale operations to industry leadership while creating substantial value for all stakeholders.



# FOUNDER OF THE MONTH

**SERVOTECH**

## **RAMAN BHATIA: A JOURNEY FROM ₹45 TO ₹5000 CRORES**

At just 15 years old, when most teenagers are concerned with studies and friends, Raman Bhatia made a life-changing decision that would shape his entrepreneurial destiny. Born into a well-established family where his father, Manohar Lal Bhatia, had already built a successful business empire, young Raman could have easily joined the family enterprise. However, driven by an inherent desire to create something of his own, he chose the harder path of independence.

"My father was well-established and everything was going well. But we believed that the same blood ran through us, so I felt I should do it myself," Bhatia recalls. When he expressed his desire to start his own venture, his father presented him with a simple challenge: "First, pay your school fees on your own, then we'll see". The school fees at that time were just ₹900, but for a 15-year-old with no income, it might as well have been ₹9 million.

This challenge became the catalyst for Raman's entrepreneurial journey. Starting with just ₹45, he began selling newspapers, earning small commissions from distribution. The young entrepreneur didn't stop there – he ventured into various businesses, including running an auto-rickshaw, operating video game parlors and repairing televisions. These weren't born out of desperation but from a burning ambition to become wealthy and successful on his own terms.

## **FROM BHATIA ELECTRONICS TO SERVOTECH: THE FOUNDATION YEARS**

In 1991, at the age of 22, Raman established his first formal business venture. By the mid-1990s, he had opened Bhatia Electronics in Sultanpuri, New Delhi, focusing on manufacturing and selling inverters – a product that was relatively new to Indian households despite the country's persistent power outage problems.

The early journey had moments of success as well as setbacks. His hot-selling inverters initially gave him confidence, but life had other plans. Within a year, all the inverters he had sold began failing, threatening to destroy his nascent business. This crisis could have been the end of his entrepreneurial dreams, but Raman's resilient nature shone through. He quickly sought technology transfer from an institute in Kochi to develop better inverters and launched a new range under the "Servotech" brand.

This setback-to-comeback story became a defining characteristic of Raman's journey. "I turned a calamity into a challenge, a challenge into an opportunity and an opportunity into an accomplishment," he reflects on his website.

By 1996, his revenue had surpassed his father's business, validating his decision to forge an independent path. The success gave him the confidence to formalize his operations, leading to the incorporation of Servotech Power Systems Private Limited on September 24, 2004.

## **BUILDING THE EMPIRE: STRATEGIC EXPANSION AND PRODUCT DIVERSIFICATION**

The incorporation of Servotech marked the beginning of a systematic expansion strategy. In 2005, the company shifted its factory to a tax-exempt zone in Himachal Pradesh and established its first branch office in Uttar Pradesh. By 2006, a full-fledged R&D center was operational in Delhi, showcasing Raman's commitment to innovation.

The period between 2004 and 2006 witnessed significant business expansion as Raman entered the retail sector, partnering with major chains like BigBazaar Spencers, Croma, More and banking institutions, including Kotak, HDFC and others, to deploy inverters, stabilizers and UPS systems. His products found applications across diverse sectors, from retail chains like Pantaloon and Big Bazaar to the banking sector with clients like ICICI Prudential and Kotak Mahindra.

However, the 2008 recession posed another major challenge. Instead of retreating, Raman saw an opportunity. "Everyone was in 'money-saving' mode and no one wanted to spend even a penny on anything. I tried to capitalize on the opportunity by bringing products that would help companies save power and money," he explains. This opened the door for him to enter the world of LED lighting and Variable Frequency Drive (VFD) technology.

By 2011, Servotech had launched its LED manufacturing plant in Delhi and began producing solar products, including Solar PCU, Solar Street Lights and Solar LED Lights. This diversification into renewable energy solutions would later become the company's defining characteristic.

## **THE IPO JOURNEY: FROM PRIVATE TO PUBLIC**

### **PREPARATION AND CONVERSION**

The company's journey toward going public truly began in 2017. On April 29, 2017, Servotech Power

Systems Private Limited was converted into a public limited company, with a fresh certificate of incorporation issued on May 24, 2017. This conversion marked a crucial milestone in the company's evolution from a family-owned business to a professionally managed public entity.

The decision to go public wasn't just about raising capital – it represented Raman's vision to scale operations and establish Servotech as a major player in India's renewable energy sector. By 2016, the company had crossed the ₹50 crore turnover mark, setting the stage for its public debut.

### **THE SME IPO LAUNCH**

Servotech's Initial Public Offering was launched on the NSE SME platform (NSE Emerge) with subscription dates from August 9-14, 2017. The IPO details reflected the company's ambitious yet measured approach:

- **Issue Size:** ₹15.13 crores
- **Issue Price:** ₹31 per equity share
- **Face Value:** ₹10 per share
- **Minimum Lot Size:** 4,000 shares
- **Fresh Issue:** 4,880,000 shares
- **Offer for Sale:** Nil

The funds raised were earmarked for working capital requirements, general corporate purposes and issue-related expenses. Notably, the IPO was a 100% fresh issue, meaning all proceeds would go directly to the company rather than existing shareholders cashing out.



## MARKET RESPONSE AND LISTING

On August 24, 2017, Servotech made its debut on the NSE Emerge platform. The shares were listed at ₹31.85, representing a modest premium of approximately 2.7% over the issue price. While the listing wasn't spectacular, it provided the foundation for the company's future growth.

The IPO represented a significant personal milestone for Raman Bhatia. From starting with ₹45 at age 15, he had built a company valued at over ₹57 crores at listing. More importantly, the public listing brought transparency, governance standards and access to capital markets that would fuel the company's next phase of growth.

## SME TO MAINBOARD MIGRATION: A PRESTIGIOUS ACHIEVEMENT



## BUILDING THE FOUNDATION FOR MIGRATION

Post-IPO, Servotech focused on strengthening its financial performance and operational capabilities. The company's strategic initiatives during 2018-2021 laid the groundwork for its eventual migration to the mainboard:

- **Product Innovation:** Continued expansion in solar products, LED lighting and power solutions
- **Financial Performance:** Steady revenue growth and improved profitability
- **Market Presence:** Expanded customer base across government agencies and private sector clients
- **Quality Certifications:** Obtained various certifications and approvals from state-level nodal agencies

## THE MIGRATION DECISION

By 2021, Servotech had achieved the financial and operational metrics required for mainboard migration. On May 27, 2021, the Board of Directors approved the migration from NSE Emerge to the Main Board of NSE. The decision was driven by several factors:

- **Enhanced Liquidity:** Access to a larger pool of institutional and retail investors
- **Increased Visibility:** Better analyst coverage and media attention
- **Credibility:** The prestige associated with a mainboard listing
- **Growth Capital:** Access to larger capital raising opportunities

## THE MIGRATION PROCESS

The migration process required shareholder approval through a postal ballot. As per regulations, the resolution needed to be passed as a special resolution and importantly, votes cast by non-promoter shareholders in favor had to be at least twice the number of votes against.

The process was completed successfully and on September 2, 2021, Servotech officially migrated to the NSE mainboard. This made Servotech one of the successful companies to complete the prestigious journey from SME to mainboard, joining the ranks of other successful migrators like E2E Networks and Thejo Engineering.

## IMPACT OF MIGRATION

The migration had immediate and long-term benefits:

- **Market Capitalization Growth:** Post-migration, the company's market cap expanded significantly
- **Institutional Interest:** Increased participation from mutual funds and institutional investors
- **Liquidity Improvement:** Higher daily trading volumes and better price discovery
- **Strategic Opportunities:** Enhanced ability to raise growth capital and pursue acquisitions

## COVID-19: TURNING CRISIS INTO OPPORTUNITY



### RESPONDING TO NATIONAL EMERGENCY

The COVID-19 pandemic presented both challenges and opportunities for Servotech. When India faced an acute oxygen shortage during the second wave, Raman Bhatia experienced personal tragedy – losing a loved one due to a lack of medical-grade oxygen. This personal loss became the driving force behind Servotech's pivot into healthcare products.

The company launched the #O2FORALL initiative, focusing on manufacturing and distributing medical-grade oxygen concentrators. Despite facing challenges, including fourfold increases in raw material costs and black market issues, Servotech persevered in its mission to make quality oxygen concentrators accessible to all.

### PRODUCT DIVERSIFICATION DURING THE PANDEMIC

Servotech's response to COVID-19 showcased the company's agility and social responsibility:

- **Oxygen Concentrators:** Developed medical-grade oxygen concentrators in partnerships with IIT Jammu, IISER Bhopal and Vikram Sarabhai Space Centre and ISRO.
- **UV-C Disinfection Products:** Launched a comprehensive range of UV-C germicidal lamps and disinfection robots.

- **German Partnership:** Secured investment from the German government for setting up UV-C disinfection product manufacturing facilities.
- **Social Impact:** Partnered with Smile Foundation to provide oxygen concentrators worth over ₹2.5 crores.

## VISION 2027: THE ROAD AHEAD

### STRATEGIC TRANSFORMATION

In December 2024, the company rebranded itself as "Servotech Renewable Power System Limited," reflecting its evolution from a traditional power solutions provider to a comprehensive renewable energy company. This rebranding aligned with Raman's vision of positioning the company as a leader in India's clean energy transition.

### EV CHARGING REVOLUTION

Under Raman's leadership, Servotech has emerged as a major player in India's EV charging infrastructure:

- **Manufacturing Capability:** Established dedicated facilities for producing power modules, control circuits and PLCs for EV chargers.
- **Scale of Operations:** Successfully installed over 2,400 EV chargers in collaboration with oil marketing companies.
- **Technology Partnership:** Entered partnerships with French company Watt & Well for EV charger component development.
- **Product Range:** Offers DC EV chargers with power capacities of 240 kW and 360 kW.

### GLOBAL EXPANSION STRATEGY

Raman's ambitions extend far beyond India. In May 2025, Servotech appointed Errol Musk (father of Elon Musk) to its Global Advisory Board, signaling serious international expansion plans. This strategic appointment aligns with the company's "Vision 2027" to become a global leader in sustainable energy solutions.

The company's international initiatives include:

- **African Markets:** Expansion into Mauritius through partnership with Enovra Energy Solutions.
- **German Projects:** The EnerMAAS project for solar-powered EV charging infrastructure in Germany.
- **Manufacturing for Export:** Focus on "Make in India" products for global markets.

## AMBITIOUS TARGETS

Raman has set ambitious targets for Servotech's future:

- **Rural Transformation:** Transform over 2 million rural households with affordable renewable energy solutions.
- **EV Infrastructure:** Install over 100,000 fast EV charging stations across India in the next five years.
- **Solar Manufacturing:** Establish solar cell and module manufacturing facilities to capitalize on India's domestic manufacturing mandate.
- **Market Leadership:** Achieve a global leadership position in sustainable energy solutions by 2027.

## FINANCIAL PERFORMANCE AND MARKET RECOGNITION

### GROWTH TRAJECTORY

Servotech's financial performance under Raman's leadership has been impressive:

- **Revenue Growth:** From ₹82.32 crores in Fy2017 to ₹676.80 crores in FY2025.
- **Profitability:** Net profit grew from ₹5.1 crores in Fy2017 to ₹33.47 crores in FY2025.
- **Earnings Growth:** Average annual earnings growth of 57.8% over the past five years.
- **Market Cap:** Current market capitalization of approximately ₹3,029 crores (as of September 2025).

## STOCK PERFORMANCE

From its listing price of ₹31.85 in 2017, Servotech's stock has delivered impressive returns:

- **Multi-bagger Returns:** The Stock has generated over 374% returns from the issue price.
- **Market Recognition:** Listed among top-performing SME-to-mainboard migrators.
- **Investor Confidence:** Consistent institutional interest and retail investor participation.

## AWARDS AND RECOGNITION

Raman Bhatia's entrepreneurial journey has earned him numerous accolades:

- **CNBC-TV18 Award:** "Chota Business bade Sapne" winner in 2010, where he shared his 2027 vision.
- **Green Entrepreneur:** Won "Green Entrepreneur of the Year" by Entrepreneur India Magazine in 2016.
- **Manufacturing Excellence:** "Best Emerging Manufacturer Of LED Lights & Solar Products In Delhi/NCR" in 2016.
- **Industry Recognition:** Nominated for best inverter company by IMRB in 2004.

## LEADERSHIP PHILOSOPHY AND PERSONAL VALUES

### INNOVATION-DRIVEN APPROACH

Raman's leadership philosophy centers on continuous innovation and adaptation. His ability to pivot during crises – from inverter failures in the 1990s to the COVID-19 response – demonstrates a leader who views challenges as opportunities for growth and innovation.

### SOCIAL RESPONSIBILITY

Beyond business success, Raman has consistently demonstrated commitment to social causes:

- **COVID-19 Response:** Personal involvement in oxygen concentrator distribution during national emergency

- **Environmental Mission:** Focus on renewable energy and sustainable solutions
- **Rural Development:** Initiatives to transform rural households through affordable clean energy
- **Employment Generation:** Focus on domestic manufacturing to create jobs

## FUTURE VISION

Raman's vision extends beyond traditional business metrics. He envisions Servotech as a catalyst for India's transition to a sustainable energy ecosystem, contributing to the country's goals of energy independence and environmental sustainability.

## THE TRANSFORMATION STORY: PERSONAL AND PROFESSIONAL



### FROM STRUGGLE TO SUCCESS

Raman Bhatia's journey from selling newspapers for ₹45 to building a ₹5000 crore company represents one of India's most inspiring entrepreneurial success stories. His transformation isn't just about financial success – it's about resilience, innovation and the courage to pursue dreams despite obstacles.

### IMPACT ON INDIAN INDUSTRY

Through Servotech, Raman has contributed significantly to India's industrial landscape:

- **Technology Advancement:** Pioneered several innovations in power solutions and renewable energy
- **Employment Generation:** Created thousands of direct and indirect jobs

- **Export Promotion:** Contributed to India's "Make in India" initiative through manufacturing for global markets
- **Clean Energy Transition:** Played a crucial role in India's renewable energy and EV adoption journey

## CONCLUSION: A LEGACY IN THE MAKING

Raman Bhatia's story is far from over. At 45, he continues to drive Servotech toward new heights, with Vision 2027 representing not just corporate goals but a personal mission to contribute to India's sustainable development. His journey from a 15-year-old newspaper vendor to the Managing Director of an NSE-listed renewable energy company serves as an inspiration for aspiring entrepreneurs across India.

The IPO journey that began in 2017 was not just about raising capital or achieving a listing – it was about legitimizing a dream that started with ₹45. The migration from SME to mainboard in 2021 represented recognition of the company's growth and potential. Today, with global advisors like Errol Musk and ambitious expansion plans, Raman Bhatia is positioning Servotech not just as an Indian success story but as a global leader in sustainable energy solutions.

His story teaches us that entrepreneurial success isn't just about the destination – it's about the courage to begin, the resilience to continue through failures and the vision to transform challenges into opportunities. From the streets of Delhi, where he sold newspapers, to the boardrooms where he now shapes India's energy future, Raman Bhatia exemplifies the spirit of entrepreneurship that drives India's economic transformation.

As he continues to build toward his Vision 2027, Raman Bhatia remains a founder worth watching – not just for his business acumen, but for his commitment to using entrepreneurship as a force for positive change in society and the environment.

# TOP 10 SME IPO HEROES OF 2025

The SME IPO segment in 2025 has witnessed extraordinary momentum, raising an impressive ₹7,877 crores across 171 listings by September. This remarkable growth trajectory - from just ₹159 crores in 2020 to nearly ₹7,000 crores in 2025 - represents a staggering 40-fold increase that has transformed the Indian capital markets landscape. With 118 SME IPOs delivering positive returns and 14 becoming multibaggers, the sector has created unprecedented wealth for investors while showcasing India's entrepreneurial spirit.

## RANKING METHODOLOGY

Our comprehensive ranking evaluates SME IPOs based on three critical parameters:

**Performance (40%):** Subscription rates, listing gains, current returns and sustained price appreciation

**Innovation (35%):** Technological advancement, business model uniqueness and market disruption potential

**Impact (25%):** Industry transformation, employment generation and contribution to economic growth

## THE TOP 10 SME IPO HEROES OF 2025

### 1. FABTECH TECHNOLOGIES CLEANROOMS LIMITED

**RANK SCORE:** 95/100

#### PERFORMANCE METRICS:

- **Subscription:** 740.45x overall subscription
- **Listing Gains:** 90% on debut (₹85 to ₹161.50)
- **Current Returns:** 399% from issue price (₹85 to ₹424)
- **Issue Size:** ₹27.74 crores

#### INNOVATION IMPACT:

Fabtech Technologies has revolutionized the cleanroom industry with advanced modular clean-



room solutions and specialized furniture. The company's focus on polyurethane foam panels and epoxy resin technology addresses the growing demand in the pharmaceutical, biotechnology and semiconductor sectors. Their innovations directly support India's Make in India initiative in critical manufacturing sectors.

#### MARKET IMPACT:

Operating in a high-growth sector valued at USD 277.4 million in 2023 with a 6.8% CAGR, Fabtech's solutions are essential for India's pharmaceutical and electronics manufacturing expansion. The company's success has paved the way for other B2B manufacturing SMEs to access capital markets.

### 2. AUSTERE SYSTEMS LIMITED

**RANK SCORE:** 92/100

#### PERFORMANCE METRICS:

- **Subscription:** Record-breaking 1,077.12x overall subscription
- **NII Subscription:** Unprecedented 2,149.54x
- **Listing Gains:** 44.22% (₹55 to ₹79.30)
- **Issue Size:** ₹15.57 crores

#### INNOVATION IMPACT:

Based in Pune, Austere Systems specializes in cutting-edge IT services and software development solutions for startups and enterprises. Their comprehensive array of services includes

AI-powered solutions, cloud infrastructure and digital transformation services that are reshaping how businesses operate in the digital age.

#### MARKET IMPACT:

Austere Systems achieved the highest subscription rate of any SME IPO in 2025, demonstrating unprecedented investor confidence. The company received over 3.17 lakh applications for just 28.3 lakh shares, creating a new benchmark for retail investor participation in the SME segment.

### 3. FLYSBS AVIATION LIMITED

**RANK SCORE:** 89/100

#### PERFORMANCE METRICS:

- **Subscription:** 318.82x overall subscription
- **Listing Gains:** 90% (₹225 to ₹427.50)
- **Current Performance:** Trading at approximately ₹577.95
- **Issue Size:** ₹102.53 crores

#### INNOVATION IMPACT:

FlySBS Aviation operates in India's rapidly expanding private aviation sector, providing non-scheduled air charter services. The company has demonstrated remarkable financial growth with revenue surging 83% from ₹106.72 crores to ₹195.38 crores, while PAT increased 153% from ₹11.25 crores to ₹28.41 crores.

#### MARKET IMPACT:

With India's aviation market valued at \$1,011 billion in 2023 and expected to grow at 6-8% CAGR till 2029, FlySBS is strategically positioned to capitalize on the growing demand for private aviation services. The company's success highlights the potential in India's evolving transportation sector.

### 4. CRYOGENIC OGS LIMITED

**RANK SCORE:** 86/100

#### PERFORMANCE METRICS:

- **Subscription:** 695.02x overall subscription
- **Listing Gains:** 99.49% (₹47 to ₹93.50)

- **Current Returns:** Approximately 247% from issue price
- **Issue Size:** ₹17.77 crores

#### INNOVATION IMPACT:

Cryogenic OGS operates in the specialized cryogenic equipment sector with impressive financial metrics, including 21.12% ROE, 28.93% ROCE and 18.61% PAT margin. The company demonstrated strong revenue growth of 31.63% from ₹25.67 crores to ₹33.79 crores while maintaining zero debt.

#### MARKET IMPACT:

Operating in a niche but critical sector supporting India's industrial gas and healthcare infrastructure, Cryogenic OGS's success demonstrates the market's appetite for specialized technology companies with strong fundamentals and debt-free operations.

### 5. SATKARTAR SHOPPING LIMITED

**RANK SCORE:** 83/100

#### PERFORMANCE METRICS:

- **Subscription:** 952.71x overall subscription
- **Listing Gains:** 99.44% (₹81 to ₹153.90)
- **Current Performance:** Trading at ₹162.60
- **Issue Size:** ₹33.80 crores

#### INNOVATION IMPACT:

SatKartar Shopping operates in the high-growth Ayurveda-based healthcare sector, offering natural wellness solutions through a direct-to-consumer model. The company leverages digital marketing platforms, including Google and Meta applications, to reach consumers across India.

#### MARKET IMPACT:

With India's Ayurvedic products market valued at \$7.65 billion in 2023 and expected to grow at 18.4% CAGR through 2029, SatKartar is perfectly positioned to benefit from the increasing consumer preference for natural healthcare products. The company's success validates the potential of traditional Indian healthcare systems in modern markets.

## 6. PARMESHWAR METAL LIMITED

**RANK SCORE:** 80/100

### PERFORMANCE METRICS:

- **Subscription:** 607.14x overall subscription
- **Listing Gains:** 45.44%
- **Issue Performance:** Strong retail and institutional participation
- **Sector:** Metal processing and manufacturing

### INNOVATION IMPACT:

Parmeshwar Metal operates in India's critical metals sector, contributing to the country's infrastructure development and manufacturing capabilities. The company's operations support various downstream industries, including automotive, construction and industrial applications.

### MARKET IMPACT:

The company's successful IPO demonstrates strong investor confidence in India's metal processing sector, particularly companies that focus on value-added products and efficient operations. This success encourages other metal sector SMEs to consider public listing.

## 7. BLT LOGISTICS LIMITED

**RANK SCORE:** 77/100

### PERFORMANCE METRICS:

- **Subscription:** 560.91x overall subscription
- **Listing Gains:** 27.32%
- **Issue Size:** Focused on the logistics sector growth
- **Sector:** Transportation and logistics

### INNOVATION IMPACT:

BLT Logistics operates in India's rapidly expanding logistics sector, providing essential supply chain solutions. The company's services support e-commerce growth, manufacturing distribution and India's overall economic development through efficient goods movement.

### MARKET IMPACT:

With India's logistics sector expected to grow significantly due to e-commerce expansion and manufacturing growth, BLT Logistics' successful IPO validates investor interest in well-managed logistics companies that can capitalize on India's supply chain modernization.

## 8. CURRENT INFRAPROJECTS LIMITED

**RANK SCORE:** 74/100

### PERFORMANCE METRICS:

- **Subscription:** 379.52x overall subscription
- **Listing Gains:** 90.94%
- **Sector:** Infrastructure development
- **Focus:** Construction and infrastructure projects

### INNOVATION IMPACT:

Current Infraprojects contribute to India's infrastructure development through construction and project management services. The company's operations support India's ambitious infrastructure expansion plans, including highways, urban development and industrial projects.

### MARKET IMPACT:

The company's strong performance reflects investor confidence in India's infrastructure boom. With the government's focus on infrastructure development and private sector participation, Current Infraprojects represents the potential for infrastructure SMEs to access capital markets successfully.

## 9. MEDISTEP HEALTHCARE LIMITED

**RANK SCORE:** 71/100

### PERFORMANCE METRICS:

- **Subscription:** 375.29x overall subscription
- **Listing Gains:** 17.09%
- **Sector:** Healthcare services and products
- **Innovation:** Healthcare technology solutions

#### INNOVATION IMPACT:

Medistep Healthcare operates in India's expanding healthcare sector, providing medical services and healthcare solutions. The company's focus on accessible healthcare aligns with India's healthcare infrastructure development goals.

#### MARKET IMPACT:

With India's healthcare sector witnessing unprecedented growth post-pandemic, Medistep's successful IPO demonstrates the market's recognition of healthcare companies' long-term potential. The company's listing encourages other healthcare SMEs to consider public markets for growth capital.

### 10. AVAX APPARELS AND ORNAMENTS LIMITED

**RANK SCORE:** 68/100

#### PERFORMANCE METRICS:

- **Subscription:** 259.81x overall subscription
- **Listing Gains:** 90% (₹70 to ₹133)
- **Issue Size:** ₹1.92 crores
- **Unique Model:** Dual business segments

#### INNOVATION IMPACT:

Avax Apparels operates a unique dual-business model combining wholesale trading of knitted cloth and online retail of silver ornaments. The company leverages its geographical advantage in Punjab's textile hub while serving a pan-India customer base for silver jewelry.

#### MARKET IMPACT:

Despite being one of the smallest IPOs by size, Avax Apparels' exceptional performance (turning early investors into multi-baggers) demonstrates that even micro-enterprises can access capital markets successfully. The company's success story encourages other small businesses to consider the IPO route for growth funding.

### SME IPOs: WHAT'S NEXT

The success of SME IPO heroes has laid a strong foundation for India's SME capital markets. Backed by government support, rising investor interest and entrepreneurial momentum, the segment is set for sustained growth. Tech will continue to dominate, with healthcare and manufacturing also offering promise. The top 10 SME IPOs of 2025 showcase the innovation, spirit and growth potential shaping India's dynamic economy.



***STRATEGY***  
***&***  
***EDUCATION ZONE***



# FOUNDERS' MASTERCLASS

## PREPARING FOR AN SME IPO

When you're building a business, there comes a point where ambition outgrows private capital. Bank loans feel limited, angel investors keep asking for exits and growth opportunities demand larger funds. For many small and medium enterprises (SMEs) in India, the SME IPO route has emerged as the ultimate leap – a chance to raise capital, build credibility and join the league of listed companies.

But the journey to an SME IPO isn't just about filing a prospectus and ringing the bell. It's a transformation – financial, structural and cultural. Founders who have successfully navigated this path often describe it as a “masterclass in discipline,” one that tests not just your balance sheet but also your mindset.

In this feature, we dive deep into what it takes for a founder to prepare for an SME IPO – covering finance, compliance, investors and the critical role of IPO consultants – with insights, real-world lessons and practical tips for entrepreneurs who are eyeing the public markets.

### THE PROMISE OF AN SME IPO

The SME IPO platform, launched by NSE and BSE in 2012, was designed to give high-potential smaller businesses access to equity capital. Over the past decade, hundreds of SMEs – from textile exporters in Surat to IT firms in Pune – have tapped this route.

Why does it matter?

- **Capital for growth:** Expansion, R&D, debt repayment, acquisitions.
- **Credibility:** Being listed gives SMEs an institutional reputation boost.
- **Liquidity for early investors:** Angels and Vcs get an exit path.
- **Wealth creation:** Founders and employees see tangible value for their equity.

Yet, this dream comes with homework. Going public isn't just a funding event – it's an audit of your company's financial health, compliance culture and governance practices.

### ACT I: FINANCE – GETTING YOUR HOUSE IN ORDER

For most SMEs, finance is the first big hurdle on the IPO track. Public investors demand numbers that are not just profitable, but also trustworthy, transparent and consistent.

#### 1. CLEAN AND AUDITED FINANCIALS

- **Three years of records:** SEBI regulations require at least three years of audited financial statements.
- **Accounting discipline:** No shortcuts, no “adjustments” for IPO optics. The numbers must reflect reality.

- **Tax compliance:** Any disputes with the tax authorities can delay or derail the IPO process.

“If you want public investors to trust you, your books must speak the truth. No creative accounting, no grey areas,” says a Mumbai-based merchant banker who has guided 25 SME IPOs.

## 2. ROBUST PROFITABILITY

While not every SME IPO comes from a high-margin business, consistent profitability gives confidence. Investors don't just look at revenue – they analyze EBITDA margins, debt-equity ratio and cash flow stability.

### Tip:

Don't chase top-line growth alone. Show that your unit economics work and that profits are sustainable even under market pressures.

## 3. CAPITAL STRUCTURE REVIEW

A pre-IPO review of your equity, debt and shareholder agreements is essential. Any messy structures – like too many convertible instruments or family disputes over shares – must be cleaned up before filing.

## 4. INTERNAL CONTROLS

Public investors expect more than just numbers; they expect systems. Setting up internal controls, MIS (management information systems) and ERP systems shows maturity and readiness to scale.

## ACT II: COMPLIANCE – ENTERING THE WORLD OF REGULATION

IPO is where founders first encounter the weight of regulation. Compliance is not a checklist to tick off – it's the foundation of credibility in the eyes of both investors and regulators.

### 1. ELIGIBILITY & SEBI RULES

- Net tangible assets of at least ₹1.5 crore.
- Post-issue paid-up capital not exceeding ₹25 crore.
- Track record of distributable profits in at least two of the last three years.

Meeting these thresholds is non-negotiable. Founders must understand the eligibility framework early and plan accordingly.

## 2. MERCHANT BANKER & ADVISORS

The SME IPO process is led by a SEBI-registered merchant banker, who acts as the bridge between your company, the regulator and investors.

Other key players:

- Legal advisors (for due diligence)
- Auditors (for financial reporting)
- Registrars and transfer agents
- Public relations and IPO marketing agencies
- IPO consultants (strategic guides for end-to-end preparation)

## 3. CORPORATE GOVERNANCE

Once you're listed, you can no longer run the business like a family shop. Governance rules include:

- Independent directors on your board.
- Audit committees with defined roles.
- Disclosure obligations – quarterly results, material announcements, insider trading codes.

For many SMEs, this is the biggest cultural shift. “The promoter can no longer be the only decision-maker. Independent oversight becomes part of your DNA,” notes a compliance expert.

## 4. TRANSPARENCY IN PROSPECTUS

The Draft Red Herring Prospectus (DRHP) is your calling card to investors. It must disclose not just financials but also:

- Risks
- Business model
- Competition landscape
- Promoter background

Any gaps or misstatements can lead to rejection or future litigation.

## ACT III: INVESTORS – WINNING THEIR TRUST



Once finance and compliance are sorted, the real test begins: convincing investors. Unlike private funding, where a few VCs can write big cheques, IPOs involve hundreds of retail and institutional investors evaluating your story.

### 1. CRAFTING THE EQUITY STORY

Numbers are critical, but narrative sells. Investors want to know:

- What makes your business unique?
- How big is the market opportunity?
- What moat or competitive advantage protects your margins?
- How will IPO funds accelerate growth?

A strong equity story ties financial performance with future potential.

### 2. ROADSHOWS & INVESTOR MEETS

Merchant bankers arrange roadshows, analyst calls and investor interactions. Founders must be articulate, transparent and confident in answering tough questions.

Investors may ask:

- How resilient is your business in downturns?
- How will you manage working capital after expansion?
- What's your dividend policy?

Preparation is key. Founders who walk in with clarity often win trust.

### 3. PRICING STRATEGY

IPO pricing can make or break the issue. Overpricing deters investors, while underpricing leaves money on the table. The merchant banker typically uses a mix of valuation multiples, peer comparison and demand analysis to fix the price band.

### 4. AFTER LISTING – INVESTOR RELATIONS

The IPO is not the end. It's the beginning of a new responsibility – managing investor relations. Timely disclosures, transparent communication and quarterly results will define whether your stock sustains or struggles post-listing.

## FOUNDER LESSONS: REAL STORIES FROM SME IPOs

### CASE 1: TEXTILE EXPORTER FROM SURAT

A family-run textile exporter cleaned up its finances, brought in an independent CFO and listed on NSE Emerge. The IPO was oversubscribed 12 times. Lesson? Professionalization before listing.

### CASE 2: IT FIRM FROM PUNE

The firm had strong revenues but weak compliance practices. They rushed the DRHP, only to face SEBI queries that delayed the listing by six months. Lesson? Don't underestimate compliance.

### CASE 3: PHARMA SME FROM GUJARAT

This company invested heavily in investor relations post-listing. Regular updates, clear communication and dividend payouts helped its stock deliver 300% returns in two years. Lesson? Investor trust compounds.

## THE ROLE OF IPO CONSULTANTS – YOUR SILENT PARTNERS

For first-time founders, the IPO landscape can feel overwhelming. Between SEBI rules, merchant banker interactions, investor expectations and post-listing disclosures, the process is like navigating a maze. That's where IPO consultants step in.

Unlike merchant bankers, who focus on execution and fundraising, consultants act as strategic partners for founders. Their role includes:

- IPO readiness assessment (financial, compliance, governance).
- Structuring advice on capital, shareholding and promoter dilution.
- Handholding through documentation (DRHP drafting, disclosures, legal prep).
- Founder training for roadshows and investor presentations.
- Post-listing guidance on investor relations and compliance culture.

In short, IPO consultants simplify complexity. They allow founders to focus on running the business while ensuring the listing process moves smoothly.

## THE FOUNDER'S MINDSET: FROM PRIVATE TO PUBLIC

Preparing for an SME IPO isn't just about systems; it's about mindset.

- **Discipline:** Every expense, every disclosure is under the scanner.
- **Transparency:** You can no longer hide behind closed doors.
- **Patience:** IPO processes take months, sometimes years.
- **Adaptability:** Governance norms may feel restrictive, but they build long-term trust.

**As one founder put it:** "An SME IPO doesn't just raise money. It raises your standards."

## THE MASTERCLASS CHECKLIST

For founders eyeing an SME IPO, here's a simplified IPO readiness checklist:

- 3 years of clean, audited financials
- Strong profitability and sustainable margins

- Healthy capital structure
- Compliance with SEBI eligibility criteria
- Appointment of merchant banker and advisors
- Independent directors and governance systems
- Draft Red Herring Prospectus with full disclosures
- Clear equity story and use of funds
- Investor roadshows and communication strategy
- Post-listing investor relations plan
- Engagement with an experienced IPO consultant

## CLOSING THOUGHTS

The SME IPO journey is not for the faint-hearted. It demands the rigor of finance, the discipline of compliance and the art of investor persuasion. But for founders who embrace this challenge, the rewards go far beyond capital.

A successful IPO elevates your business into the public league, opens doors to global investors and sets the stage for sustained growth. More importantly, it transforms you as a founder – from a private entrepreneur to a public leader.

And in this journey, having the right partners makes all the difference. While merchant bankers execute, it is often the IPO consultant who quietly shapes the founder's readiness, ensures smoother compliance and aligns the company's story with investor expectations.

Think of them as your co-pilot in this masterclass – ensuring that when the bell rings, you're not just raising funds but also raising your company's stature to new heights.

That, truly, is the essence of the Founders' Masterclass.



# INDIA'S JOURNEY TOWARD BECOMING A GLOBAL FINANCIAL HUB



## INTRODUCTION — THE DREAM OF A GLOBAL FINANCIAL INDIA

India has always been a land of dreams, ambition and enterprise. From the busy markets of Mumbai to the corporate corridors of Bengaluru, one vision has been steadily taking shape – the dream of becoming a truly global financial powerhouse. For decades, India's financial system was largely domestic, catering mainly to local investors, government projects and large public sector companies. Dalal Street was famous, yes, but it was largely an Indian story – a story limited within the country's borders.

The 1950s and 1960s focused on development through state-led initiatives. Before liberalization, India's GDP growth averaged just 3.5% annually. The country faced a severe balance of payments crisis in 1991, with foreign exchange reserves plummeting to less than \$6 billion – barely enough to cover two weeks of imports. The fiscal deficit had soared to 8% of GDP, while inflation rates were in double digits. India was literally on the edge of sovereign default.

But crises often open the door to new opportunities. The New Economic Policy of 1991, introduced under Prime Minister P.V. Narasimha Rao and Finance Minister Dr. Manmohan Singh, marked a transformative shift from a closed, centrally planned economy to a liberalized, market-oriented one. This wasn't just policy reform – it was an economic revolution.

The results were dramatic:

- **GDP Growth:** From 3.5% pre-1991 to an average of 6-7% post-reforms.
- **GDP Expansion:** From \$270 billion (1991) to \$2.9 trillion (2020).
- **FDI Boom:** From \$97 million (1991) to \$81 billion (FY 2024-25).
- **Forex Strength:** From \$5.8 billion (1991) to over \$700 billion (2024).

Yet, becoming a global financial hub requires more than just reforms – it demands vision, confidence and world-class infrastructure. India realized that to truly connect with the world, it needed infrastructure that could support international investors, global listings and cross-border capital flows. This vision gave birth to GIFT City, India's International Financial Services Centre – a city designed to compete with global hubs like Singapore, Dubai and Hong Kong.

The introduction of world-class infrastructure, digital systems and investor-friendly policies signaled a new era. India was no longer just offering opportunities for domestic growth; it was inviting global investors to be part of its story. And the heart of this transformation was the IPO market – the gateway for Indian companies to raise capital, gain credibility and reach investors across borders.

## FROM DOMESTIC REFORMS TO GLOBAL ASPIRATIONS

India's journey toward becoming a global financial hub truly accelerated after the 1991 economic reforms. The liberalization process took apart the “License Raj” and reduced the public sector's dominance, laying the foundation for India's rapid economic growth in subsequent decades.

The reforms of 1991 didn't just stabilize India's economy – they redefined it. The numbers tell a powerful story of transformation that spans decades and has reshaped India's place in the global economy. Let's see;

### THE SCALE OF TRANSFORMATION:

- **Trade Integration:** Within 10 years, India doubled its engagement with the world – as trade in goods and services grew from 17.2% to 30.6% of GDP, signaling a bold new era of globalization.
- **Poverty Reduction:** Poverty declined from 36% in 1993-94 to 26.1% in 1999-00, marking one of the first visible gains of liberalization.
- **Telecom Revolution:** The sector expanded dramatically, with multiple competing service providers replacing the government monopoly.
- **Aviation Boom:** The Open Skies Policy of 1991 led to a massive expansion in the civil aviation industry.

Alongside these macroeconomic reforms, the financial sector underwent a fundamental transformation. This transformation is now ruling across domestic and international companies both and that is SEBI.

The Securities and Exchange Board of India (SEBI) was established in 1988 as a non-statutory body to regulate and promote the securities market. The government granted SEBI statutory powers on April 12, 1992, through the enactment of the SEBI Act, 1992. This marked a turning point in India's financial history, empowering SEBI to protect investors, ensure transparency and oversee the orderly growth of the capital markets. This was crucial: global investors would only consider India if they could trust its markets.

Let's look at the impact SEBI created in the early 2000s:

### SEBI'S REVOLUTIONARY IMPACT:

- **Paperless Trading:** SEBI streamlined settlement efficiency by introducing the T+5 rolling cycle in July 2001, followed by T+3 in April 2002 and T+2 in April 2003 – significantly reducing the time taken to complete trades.
- **Dematerialization:** Eliminated physical certificates through the Depositories Act 1996, ending postal delays, theft and forgery.
- **Investor Protection:** Raised the retail investor limit from ₹1 lakh to ₹2 lakh, encouraging greater participation from individual investors in the capital markets.
- **Enhanced Powers:** Awarded new regulatory powers in 2014, including search and seizure operations.

What seemed like small steps turned out to be powerful milestones – earning SEBI the trust of investors and inspiring countless small companies to explore the market with confidence.

Meanwhile, exchanges modernized dramatically. This transformation of India's trading landscape found its true expression in two powerful institutions – BSE and NSE – the twin engines of the country's capital market revolution.

The Bombay Stock Exchange (BSE), established in 1875, is Asia's oldest stock exchange and a cornerstone of India's financial system. It revolutionized capital markets through technological innovation, transparency and efficiency, transforming Dalal Street into a global symbol of financial progress.

The National Stock Exchange (NSE), founded in 1992, is India's leading and most advanced stock exchange, pioneering fully automated, electronic trading. It brought transparency, speed and accessibility to millions of investors, making India's capital market globally competitive and technologically future-ready.

After SEBI's arrival, India's trading world witnessed a technological revolution – one that redefined speed, transparency and trust in the markets. Let's see:

### TECHNOLOGY REVOLUTION IN TRADING:

- **NSE Infrastructure:** Currently supports over 219,015 trading terminals across India, ensuring seamless market access and connectivity for brokers and investors nationwide.
- **Real-Time Data:** NSE delivers multi-level real-time market data – including Level 1, Level 2, Level 3 and tick-by-tick updates – enabling faster, more informed trading decisions.
- **AI Integration:** BSE now leverages AI-generated insights to enhance investor awareness, sharing intelligent messages such as “The scrip's PE has consistently remained above 50 over the last four quarters.”
- **Website Modernization:** Both exchanges have significantly upgraded their digital platforms to enhance user experience and transparency, with BSE's most recent major revamp completed in 2018.

The RBI strengthened banking systems, improved currency stability and supported capital market reforms. These coordinated steps created a solid foundation – India now had regulated markets, transparent exchanges and growing investor confidence.

At the same time, India's IPO market was quietly evolving. From listing large public sector enterprises in the early 1990s, the market gradually saw private companies, SMEs and emerging technology firms entering the public space. By introducing digital systems, electronic trading and robust merchant banking services, India built a framework where IPOs could attract both domestic and international investors. This laid the foundation for global credibility.

The reforms and modernization of this period were not just about numbers or infrastructure. They represented a shift in mindset – India was no longer inward-looking. The country began

thinking like a global financial player: creating systems, rules and infrastructure that could connect domestic ambition with international capital.

This period of reform set the stage for India's next leap: building world-class infrastructure for global finance, with projects like GIFT City acting as gateways for international investors and cross-border IPOs. The ambition was clear – India was ready not only to grow internally but to invite the world to be part of its financial journey.

### BUILDING GLOBAL-GRADE INFRASTRUCTURE: GIFT CITY AND BEYOND

As India's reforms laid the foundation for trust and efficiency, the next challenge was creating infrastructure that could meet global standards. Investors from around the world look not just for opportunities but for systems, facilities and ease of doing business that compete with leading financial hubs like Singapore, Dubai, or Hong Kong. India's answer to this challenge came in the form of Gujarat International Finance Tec-City, or GIFT City.

Located between Ahmedabad and Gandhinagar, GIFT City was imagined as more than just a financial district – it was India's first International Financial Services Centre (IFSC). The goal was bold: to provide a one-stop global financial hub where international and domestic investors, companies and banks could operate seamlessly, in both Indian and foreign currencies, under world-class regulations.



At the heart of GIFT City's appeal are IFSC units, which offer a range of benefits designed to attract global capital:

- Tax incentives for businesses and investors make operations cost-effective.
- Foreign currency trading options enable companies to raise funds in dollars, euros, or other currencies.
- Global fund structures that allow international investors to participate in Indian growth.
- Foreign listings for companies aiming to tap global markets without leaving India.

All of this is made possible by the International Financial Services Centre Authority (IFSCA), which works closely with SEBI and RBI. The IFSCA ensures that rules are streamlined, approvals are fast and India's financial framework aligns with global best practices. Its coordination with SEBI allows companies listed domestically to explore cross-border IPOs, while RBI's oversight ensures currency stability and financial prudence.

GIFT City is not just about buildings and offices. It represents a vision of India as a global financial participant. The city has attracted international banks, fund managers, insurance companies and fintech firms, all contributing to a vibrant ecosystem. For Indian companies, it provides a gateway to global capital, allowing them to raise funds efficiently, list internationally and access investors worldwide.

### **GIFT CITY: BY THE NUMBERS (2025)**

- **Total Area:** 886 acres (359 hectares)
- **IFSC Zone:** 261 acres (106 hectares)
- **Domestic Zone:** 625 acres
- **Operational Buildings:** 25 buildings with over 700 offices
- **Employment:** 25,000+ people currently, expanding to 150,000 jobs by 2030

The transformation has been remarkable. In March 2025, GIFT City ranked 46th on the Global Financial Centres Index (GFCI), a significant improve-

ment from previous years. It secured the top rank in reputational advantage, ranked 40th in fintech and is placed fifth among 15 emerging centers expected to grow in importance.

### **FINANCIAL ECOSYSTEM GROWTH:**

- **32 Banks:** Including 14 foreign banks (JP Morgan, Standard Chartered, Deutsche Bank, Citibank, HSBC, Barclays) and 17 domestic banks
- **Banking Transactions:** Cumulative banking transactions worth \$1,321 billion
- **Asset Size:** Banks hold assets worth \$90 billion
- **Capital Market:** Over 150 capital market intermediaries
- **Insurance:** 47 insurance and reinsurance firms
- **Alternative Investments:** Over 250 Alternative Investment Funds (AIFs)
- **FinTech:** 32 FinTech and TechFin entities
- **Trading Volume:** GIFT NIFTY recorded a monthly turnover of \$102.35 billion in May 2025

### **INFRASTRUCTURE EXCELLENCE:**

- **Smart City Features:** Automated waste collection, district cooling plant, underground utility tunnel, 24/7 drinking water supply
- **Connectivity:** Metro connectivity between Ahmedabad, GIFT City and Gandhinagar; 15 minutes from the proposed bullet train terminal; 20 minutes from the international airport
- **Technology Hub:** Houses Singapore Telemedia's Tier IV data center with 825 racks and Yotta's AI-powered data center
- **Green Buildings:** Focus on eco-friendly infrastructure with energy-efficient systems.

### **Economic Projections:**

The ever-increasing GIFT City economic growth has the potential to contribute up to 1% of India's GDP by 2025, according to the National Institute of Public Finance and Policy. With India's GDP projected to reach \$7 trillion by 2030, this represents a significant contribution to the national economy.

## INDIA'S IPO MARKET: THE NEW WINDOW TO THE WORLD



In India's journey toward becoming a global financial hub, IPOs have emerged as one of the most visible and powerful tools. They are not just a way for companies to raise capital – they are a statement of credibility, transparency and ambition. Over the past decade, the Indian IPO market has witnessed unprecedented growth, attracting domestic investors and increasingly catching the eye of global players.

Historically, IPOs in India were dominated by large public sector enterprises or traditional industrial companies. But today, the landscape has dramatically shifted. The mainboard and SME platforms on BSE and NSE have opened doors for technology firms, startups and innovative companies to go-public. Record fundraising, oversubscription trends and high-profile listings show that investors – both domestic and international – see Indian IPOs as a gateway to growth.

Global investors have started taking notice. Foreign Portfolio Investors (FPIs) are increasingly participating in Indian IPOs, drawn by India's growth story, digital adoption and a maturing regulatory framework. The rise of dual listings and overseas IPOs – such as those by Flipkart, Zerodha and Ola Electric exploring international markets – shows Indian companies are now thinking globally, using IPOs as a bridge to international capital.

2025 has been a landmark year – not only in numbers but in global perception.

### 2025: A RECORD-BREAKING YEAR:

- **First Half Performance:** In the first half of 2025, Indian companies collectively raised \$4.6 billion through 108 IPOs, reflecting strong investor confidence and a vibrant capital market.
- **Global Ranking:** India secured 22% share of global IPO activity in Q1 2025, remaining the second-largest IPO market globally after the US.
- **Pipeline Strength:** Nearly 162 companies are gearing up for IPOs, collectively aiming to raise a record ₹2.4 lakh crore from the market.
- **SEBI Approvals:** In the market, 71 companies have secured SEBI approval to raise around ₹1.14 lakh crore.

As India's IPO landscape continues to shine, 2025 has seen several remarkable success stories – companies that captured investor imagination, broke fundraising records and redefined what it means to go public in India.

### MAJOR IPO SUCCESS STORIES (2025):

- **HDB Financial Services:** ₹12,500 crore
- **Hexaware Technologies:** ₹8,750 crore, the largest Q1 2025 IPO
- **LG Electronics India:** ₹11,607 crore offering
- **Tata Capital Ltd:** Largest proposed issue seeking ₹15,511.87 crore
- **Credila Financial Services:** ₹5,000 crore
- **National Securities Depository Ltd (NSDL):** ₹4,010.95 crore

### MONTHLY MOMENTUM:

- **October 2025:** October 2025 has emerged as a record-breaking month with over ₹50,000 crore in IPO fundraising expected, significantly surpassing the July 2025 target of ₹20,565
- **January-September 2025:** From January to September 2025, companies raised ₹85,241 crore, up 45% YoY, with September alone seeing 53 SME IPOs raising ₹2,309 crore – the highest monthly volume and value so far.
- **Pipeline Growth:** The IPO pipeline has grown from 118 filings in H1 2025 to over 162 companies, with

75 having SEBI approval and 90+ in progress. Key upcoming IPOs include Reliance Jio, Canara HSBC Life, Hero FinCorp, Credila (₹5,000 crore), Zepto, Lenskart and Groww.

### **HISTORICAL PERSPECTIVE:**

- **2024 Performance:** Indian firms raised \$20.5 billion via public offerings
- **All-Time High:** India raised ₹1,75,501 crore through IPOs in 2024
- **2025 Projection:** Market expected to raise ₹1.5-1.75 trillion (\$17-20 billion), potentially exceeding 2024's record

The regulatory ecosystem has evolved to support this global vision. SEBI has expedited IPO approvals, with the regulator already approving public offerings worth \$13 billion, while an additional \$18.7 billion awaits approval. The introduction of confidential filing options has seen 17 firms choose this route in 2025, compared to just 2 in 2024.

SME IPOs, in particular, have become a launchpad for India's new-age companies. These smaller companies, once limited to local funding, can now raise capital from a wide pool of investors and gain credibility. Many SMEs eventually graduate to the mainboard, sometimes exploring international listing options. This ecosystem ensures that innovation and entrepreneurship in India are no longer confined by geography or capital limitations.

IPOs also serve as a mirror of India's growth story. They showcase sectors that are innovating, generating employment and contributing to GDP growth. For global investors, IPOs provide an easy entry point into India's market, offering both transparency and growth potential.

In essence, India's IPO market has transformed from a domestic fundraising mechanism into a global window, showing the world that Indian companies are ready, capable and ambitious. With strong regulations, supportive infrastructure and rising investor confidence, IPOs are now a key instrument connecting Indian innovation with global capital, helping India step confidently onto the international financial stage.

## **GLOBAL CAPITAL MEETS INDIAN INNOVATION**

As India's IPO market matures and infrastructure evolves, the country is increasingly drawing global capital into its financial ecosystem. Today, India is not just raising domestic funds – it is actively participating in global capital flows, showcasing its companies, innovation and markets to the world.

One of the most visible signs of this global integration is the rising Foreign Portfolio Investment (FPI) and Foreign Direct Investment (FDI) in India. Investors from the United States, Europe and Asia are placing their trust in Indian markets, attracted by high growth potential, regulatory reforms and transparency. These investments span multiple sectors – from technology and consumer goods to renewable energy and financial services – reflecting the diversity and resilience of the Indian economy.

### **FOREIGN DIRECT INVESTMENT SURGE:**

- **FY 2024-25 Achievement:** India recorded \$81.04 billion FDI inflow, marking a 14% increase from \$71.28 billion in FY 2023-24.
- **Cumulative Impact:** Since April 2000, India has attracted \$1.09 trillion in cumulative FDI inflows.
- **Manufacturing Growth:** FDI in India's manufacturing sector increased by 18%, reaching \$19.04 billion in FY 2024-25, highlighting the sector's growing global appeal and investor confidence in India's production capabilities.
- **Sectoral Leadership:** The Services sector attracted 19% of total FDI, followed by computer software and hardware (16%).

### **SOURCE COUNTRY DIVERSIFICATION:**

- **Singapore:** Leading source with 30% share
- **Mauritius:** Second with 17% share
- **United States:** Third with 11% share
- **Global Reach:** Number of source countries increased from 89 in FY 2013-14 to 112 in FY 2024-25

### Q1 FY 2026 Momentum:

India's FDI equity inflows for April-June 2025 surged by 13% to ₹1,59,428 crore (\$18.62 billion), demonstrating continued investor confidence.

### Foreign Portfolio Investment (FPI) Trends:

Historical data shows that Foreign Portfolio Institutional Investors have invested around ₹12.51 trillion (\$171.81 billion) in India between FY02-18. The total market capitalization of BSE-listed companies rose to ₹142.25 trillion (\$1.95 trillion) in 2017-18.

India's modern exchanges are no longer local players; they are now gaining strong global recognition.

### STOCK EXCHANGE GLOBAL RECOGNITION:

- **NSE Achievement:** Became the world's fifth-largest stock exchange by market capitalization at \$5.7 trillion.
- **Global Ranking:** In December 2023, India's combined equity markets reached US\$4.33 trillion in market capitalization, slightly surpassing Hong Kong's US\$4.29 trillion, making India the 4th-largest equity market globally.
- **Trading Volume:** NSE supports 219,015 trading terminals nationwide.

### DIGITAL INNOVATION BRIDGE:

India's fintech revolution has created seamless connectivity for global investors:

- **UPI Success:** UPI now processes over 20 billion transactions every month, valued at more than ₹25 lakh crore – a testament to India's digital payment revolution and its global leadership in fintech innovation.
- **Global Adoption:** UPI is now integrated in 7 countries, including the UAE, Singapore and France.
- **Market Share:** India processes 46% of global real-time payments.

Global capital has found its match in Indian innovation – a union fueling growth, redefining finance and propelling India toward its vision of becoming a global financial powerhouse.

## CHALLENGES ON THE ROAD TO GLOBAL FINANCIAL LEADERSHIP



While India's progress is remarkable, several challenges must be navigated carefully to achieve global financial hub status.

### Regulatory Complexity:

Despite reforms, regulatory overlap between SEBI, RBI, IFSCA and the Ministry of Finance can create confusion. Global investors require clarity and consistency – any regulatory uncertainty can slow capital inflows. The government has addressed this by establishing a High-Level Committee for Regulatory Reforms in the Union Budget 2025-26.

### Infrastructure and Competition Gaps:

India faces tough competition from established hubs. While GIFT City has climbed to 46th position in GFCI, it still trails far behind Singapore (4th globally) and Hong Kong (3rd globally). However, progress is noticeable – top dealmakers in India earn 37% more than their Singapore and Hong Kong counterparts, indicating strong domestic demand.

### POLICY REFORMS PROGRESS:

The Union Budget 2025-26 introduced several game-changing reforms:

- **Insurance Liberalization:** FDI limit increased from 74% to 100%
- **Rural Credit Innovation:** Launch of 'Grameen Credit Score' framework.
- **KYC Simplification:** Revamped Central KYC registry rollout

- **Infrastructure Investment:** Capital investment outlay increased to ₹11.21 lakh crore (\$128.64 billion)

#### Taxation and Currency Challenges:

While reforms have simplified processes, global investors still compare India with other hubs where taxation is more straightforward. The government has responded with a 10-year tax exemption for GIFT City entities and a 100% tax holiday for Off-shore Banking Units starting April 2023.

## THE FUTURE — TOWARD AN INTEGRATED, BORDERLESS CAPITAL MARKET



**India's vision for the future is ambitious:** a fully integrated, borderless financial market where "Make in India, List Globally; Invest from Anywhere, Trade Everywhere" becomes reality.

#### Digital Infrastructure Advancement:

The Reserve Bank of India's exploration of the digital rupee (CBDC) will revolutionize cross-border transactions, making them faster, cheaper and more transparent. This will significantly ease international participation in Indian IPOs.

#### GIFT CITY'S EXPANSION VISION:

- **Employment Growth:** Plans to expand from 25,000 to 150,000 jobs over the next five years.
- **Sectoral Focus:** Primarily centered on FinTech and technology-driven roles, with GIFT City attracting global banks, startups and financial institutions.
- **GDP Contribution:** Potential to contribute up to 1% of India's GDP by 2025.

#### Technology Integration:

Both BSE and NSE are heavily investing in AI, machine learning, blockchain and autonomous

databases. BSE's revenue reached ₹3,212 crore in 2025, with substantial investments planned for digital transformation.

#### GLOBAL CONNECTIVITY GOALS:

- **T+0 Settlement:** India aims for same-day settlement and with the long-term goal of achieving instant or real-time settlement, making its capital markets among the fastest and most efficient globally.
- **International Listings:** A growing trend of dual listings and overseas IPOs is reshaping how Indian companies access global capital.
- **Cross-Border Funds:** Enhanced structures allowing global investor participation, which make it easier for global investors and institutions to participate in Indian markets.

India is progressing toward a seamlessly connected global financial ecosystem. Through T+0 settlements, international listings and cross-border fund structures, it is positioning itself as a key architect of a transparent, technology-driven and borderless capital market.

## CONCLUSION — INDIA'S MOMENT ON THE GLOBAL FINANCIAL STAGE

India's transformation from a domestic-focused market to a rising global financial powerhouse represents one of the most remarkable economic achievements of the modern era. The numbers speak volumes:

#### QUANTIFIED SUCCESS:

- **GDP Growth:** From \$270 billion in 1991 to a projected \$7 trillion by 2030
- **FDI Achievement:** \$1.09 trillion cumulative inflows since 2000
- **IPO Market:** \$20.5 billion raised in 2024, making India the second-largest globally
- **Digital Payments:** 20 billion UPI transactions monthly, 46% of global real-time payments
- **Stock Exchange Ranking:** NSE at 5th globally with \$5.7 trillion market cap

### GIFT City's Remarkable Journey:

From barren land to India's first operational smart city, housing 32 banks, 150+ capital market intermediaries, 47 insurance firms and 250+ AIFs. Its climb to 46th position in GFCI, with top rank in reputational advantage, demonstrates global recognition.

### Future Trajectory:

With 162 companies planning IPOs worth ₹2.4 lakh crore and GIFT City expanding to 150,000 jobs by 2030, India's financial ecosystem is scaling rapidly. The government's commitment is evident in the ₹11.21 lakh crore infrastructure investment allocation.

**The vision is clear:** India is creating a borderless, integrated capital market where domestic innovation meets international resources. From processing 46% of global real-time digital payments to hosting world-class financial infrastructure in GIFT City, India has demonstrated that it's not just participating in global finance – it's redefining it.

The transformation is measurable, the momentum is undeniable and the destination is within sight. India's moment on the global financial stage has arrived and with IPOs, digital innovation and world-class infrastructure as the foundation, the country is ready to become one of the world's leading financial hubs within this decade.

From Dalal Street's historic floors to GIFT City's futuristic towers, from UPI's revolutionary payments to record-breaking IPO fundraising, India's financial journey represents more than economic success – it's a testament to what vision, execution and unwavering ambition can achieve when a nation decides to dream big and deliver even bigger.

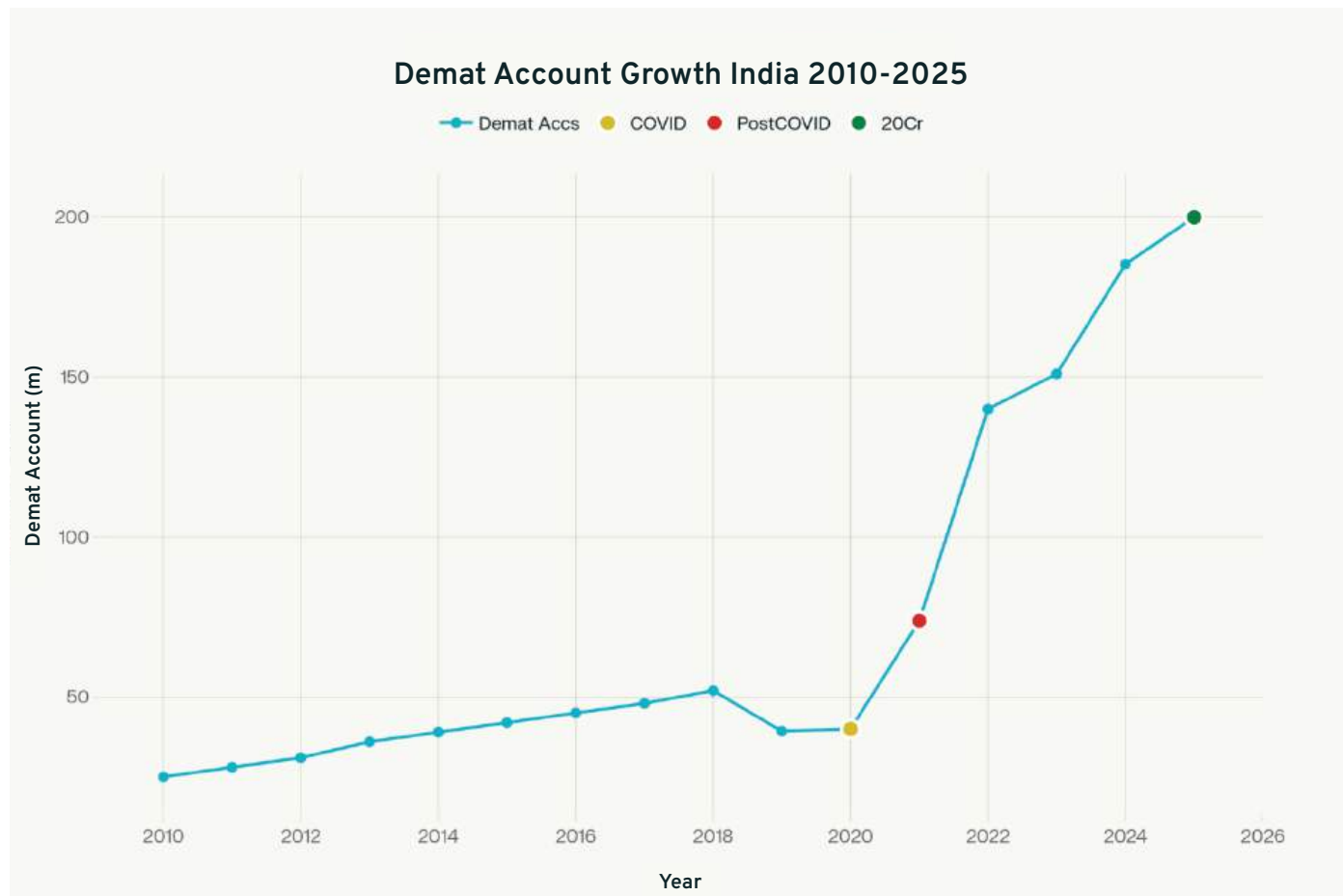


# THE RISE OF DEMAT ACCOUNTS IN INDIA: A 15-YEAR JOURNEY

India's demat account ecosystem has undergone a remarkable transformation, evolving from a modest 25 million accounts in 2010 to crossing the historic 200 million milestone in August 2025. This extraordinary journey represents not just numerical growth but a fundamental shift in how Indians approach wealth creation and financial participation, establishing the country as a global leader in retail investor engagement.



## HISTORICAL GROWTH PATH: FROM FOUNDATION TO REVOLUTION (2010-2025)



### DEMAT ACCOUNT GROWTH IN INDIA: HISTORICAL TREND FROM 2010-2025

The evolution of India's demat account landscape can be distinctly categorized into several transformative phases, each marked by unique catalysts and unprecedented growth dynamics.

## FOUNDATION PHASE (2010-2019)

The duration between 2010 & 2019 is known as the foundational decade of the Indian demat account growth history, where demat accounts grew steadily with an 8-10% annual expansion from being just 2.5 crore in 2010 to 3.93 crore accounts in 2019. During this period, the major developments were the establishment of strong depository infra- structure by the Indian depositories NSDL and CDSL, gradual digitization of the trading process and expanding the broker networks throughout the major indian cities. However, this period also witnessed significant volatility, which included a 24.4% decline in 2019 to 3.93 crore accounts due to different economic uncertainties reducing investor confidence.

## THE COVID REVOLUTION (2020-2022)

The pandemic became an inflection point that permanently altered India's investment landscape. Starting with 40 million accounts in March 2020, the country experienced an explosive 84.5% year-over-year surge in 2021, reaching 73.8 million accounts. This momentum continued into 2022 with a remarkable 89.7% growth, culminating in 140 million accounts. Multiple factors converged to create this perfect storm: lockdown-induced savings accumulation, historically low interest rates making equities attractive, widespread

adoption of digital trading platforms and a generation of first-time investors embracing market participation.

## SUSTAINED EXPANSION (2023-2025)

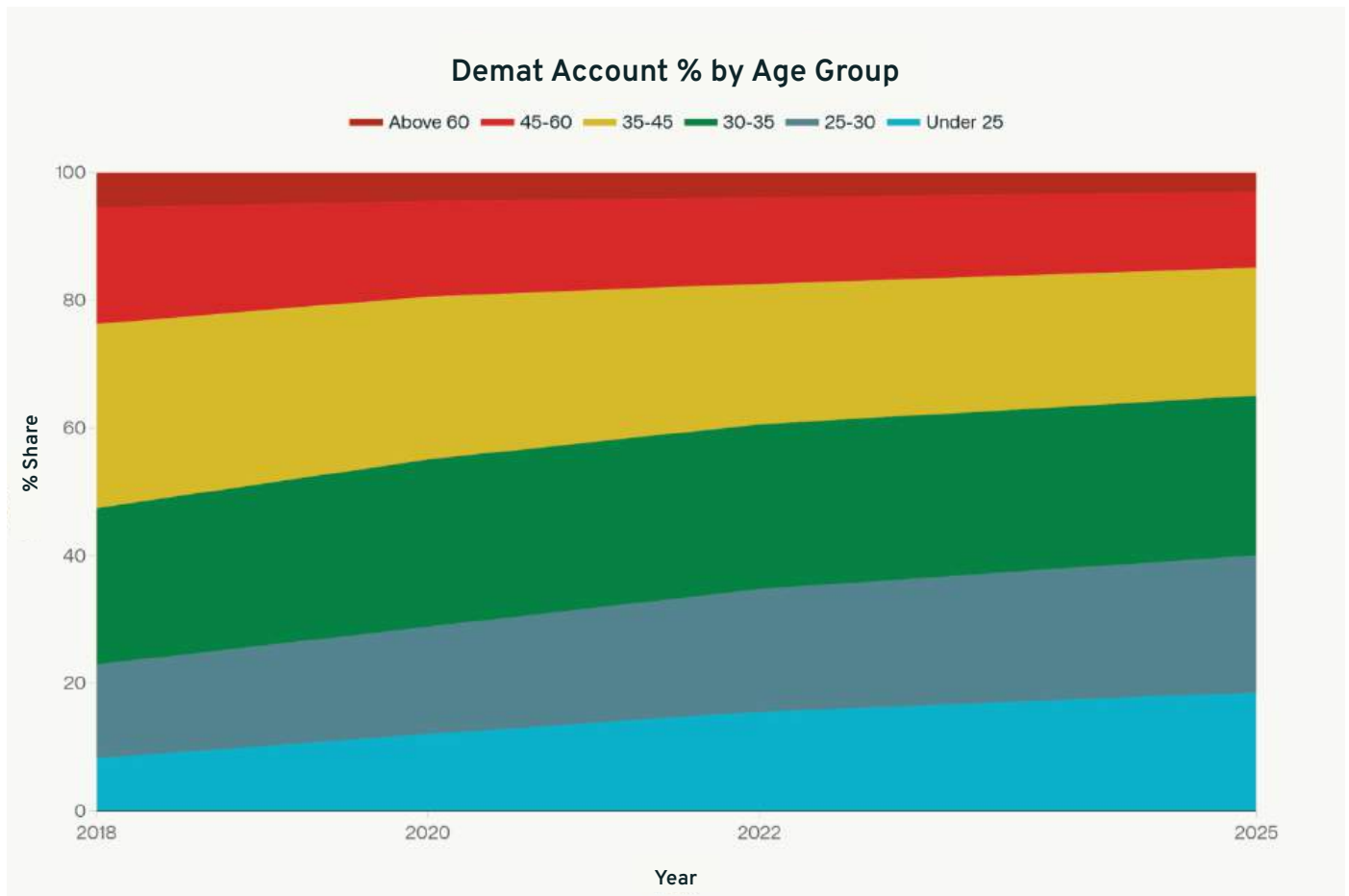
The post-pandemic period demonstrated the structural stability of India's retail investor revolution. Despite operating from a significantly higher base, the market continued strong expansion with 151 million accounts in 2023 and a record 185.3 million by end- 2024. The peak achievement came in Fy25 with an unprecedented 41.1 million new account additions, representing the highest annual increase in absolute terms. This period was characterized by sustained IPO activity, consistent market performance and deepening financial inclusion across tier-2 and tier-3 cities.

## THE MILESTONE YEAR (2025)

The journey toward 200 million accounts in 2025 revealed both the resilience and volatility of India's retail investor base. The year began with strong momentum, adding 2.8 million accounts in January, but experienced a 21-month low of just 0.9 million additions in February due to market corrections and reduced IPO activity. Recovery began in May with 2.2 million additions, followed by 2.5 million in June, ultimately crossing the 199.14 million mark by the end of June 2025 and surpassing 200 million by August 2025.



# DEMOGRAPHIC REVOLUTION



## DEMOGRAPHIC EVOLUTION OF DEMAT ACCOUNT HOLDERS BY AGE GROUPS (2018-2025)

The most striking transformation has been the dramatic demographic shift toward younger investors, fundamentally altering India's investment culture and behavior patterns.

### AGE DISTRIBUTION EVOLUTION

Young investors under 30 have nearly doubled their market representation from 22.9% in 2018 to 40% in 2025, with the under-25 segment alone growing from 8.2% to 18.5%. This shift reflects several convergent factors: India's demographic dividend with 65% of the population under 35, increasing disposable income among working millennials, digital nativity enabling seamless platform adoption and changing attitudes toward traditional investment vehicles.

### GEOGRAPHIC DEMOCRATIZATION

The growth story extends far beyond metropolitan centers, with tier-2 and tier-3 cities contributing over 50% of new account additions. Maharashtra leads with 40 million accounts (17% share), followed by Uttar Pradesh with 25 million (11%), but the real revolution lies in smaller cities previously underrepresented in financial markets. Cities like Raipur, Kochi, Bhopal and Ranga Reddy now feature prominently in trading volumes, reflecting the democratization of capital market access.



## AUGUST 2025 MARKET SNAPSHOT

As of August 2025, India's demat account ecosystem encompasses:

- **Total accounts:** 200+ million
- **Monthly addition rate:** 1.5-2 million
- **Market penetration:** 11.2% of population
- **Average portfolio size:** ₹8.5 lakh

## GENDER PARTICIPATION PROGRESS

While significant gender gaps persist, progress is evident with women representing 25% of new investors in FY25, up from historical lows. However, overall female participation remains at just 10.1%, indicating substantial room for improvement through targeted financial literacy programs and culturally sensitive product offerings.

## KEY DEMOGRAPHIC INSIGHTS

- Median investor age declined from 38 years (2018) to 32 years (2024)
- 75% of new account openings are driven by individuals under 30
- 45% of young Indians prefer stocks as their primary investment choice
- The 18-21 age group shows the highest appetite for growth assets, with 72% favoring stocks

This youth-driven transformation reflects India's demographic dividend, where over 65% of the population is under 35 years. However, challenges remain, particularly the persistent gender gap with only 10.1% of investors being women, despite 34% expressing plans to increase equity exposure.

## CURRENT MARKET DYNAMICS

As of 2025, India's demat account ecosystem exhibits several notable characteristics:

## DEPOSITORY LANDSCAPE

The two major depositories show distinct market positions:

- **CDSL:** 152.9 million accounts (80% market share in retail segment)
- **NSDL:** 39.45 million accounts (86.81% of total securities by value)

## GLOBAL STANDING

India now ranks 9th globally in total demat accounts, with the number comparable to the population of Bangladesh. More significantly, India accounts for nearly 60% of global equity derivatives volumes, highlighting the sophisticated trading behavior of its retail investor base.

## TECHNOLOGY AND DIGITAL TRANSFORMATION

The growth surge has been underpinned by significant technological advancements:

## DIGITAL INFRASTRUCTURE

- 68% of respondents rely on digital platforms for investing and financial learning
- Zero-commission trading platforms have democratized market access
- UPI integration has simplified transaction processes

- T+1 settlement cycles have enhanced market efficiency
- **AI and Machine Learning:** Personalized investment recommendations and risk assessment tools.
- **Mobile-First Platforms:** Intuitive interfaces designed for smartphone-native users.

## PLATFORM INNOVATION



Leading platforms like Zerodha, Groww and Angel One have revolutionized retail investing through:

- Clean mobile interfaces
- Fast KYC processes
- Educational content integration
- AI-powered investment insights

## DIGITAL TRANSFORMATION IMPACT

Mobile app usage reaches 95% among young investors, compared to 45% among seniors, highlighting the critical role of user experience

in driving adoption. Digital payment adoption stands at 92% for young investors, enabling seamless transaction processing and account management.

## ECONOMIC IMPACT AND MARKET DEVELOPMENT

The retail investor revolution has had profound implications for India's capital markets:

### MARKET CAPITALIZATION GROWTH

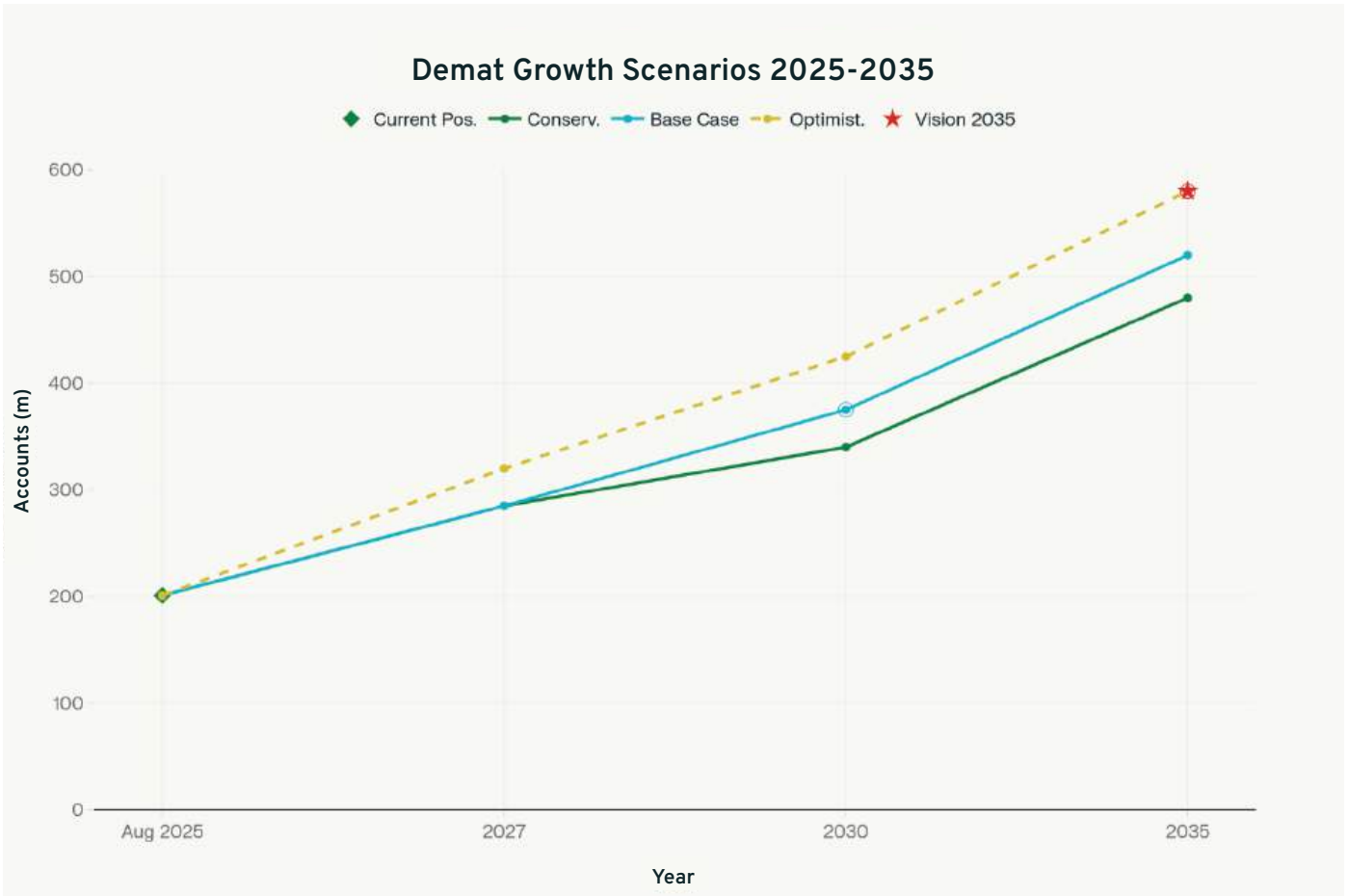
- **Current market cap:** \$4.5 trillion
- **Global ranking:** 4th largest equity market
- **NSE market cap:** Increased 6x to ₹441 lakh crore since Fy14

### CAPITAL MOBILIZATION

- **Funds raised in 2024:** ₹1.67 lakh crore, up from ₹12,068 crore in FY14
- **Record IPO activity:** 91 companies raised ₹1.59 trillion in 2024
- **Systematic Investment Plans (SIPs):** Monthly flows of ₹25,000 crore



# FUTURE PROJECTIONS AND STRATEGIC VISION



## MULTI-SCENARIO FUTURE PROJECTIONS: DEMAT ACCOUNT GROWTH IN INDIA (2025-2035)

Looking ahead, India's demat account growth trajectory appears positioned for continued expansion, albeit at more sustainable rates reflecting market maturation and regulatory prudence.

### 2030 BASE CASE SCENARIO

Multiple indicators support a base case projection of 375 million demat accounts by 2030:

**Market Penetration:** Growth from 11.2% currently to 28.5% by 2030, still significantly below developed market levels of 45-50%.

**Demographic Tailwinds:** Continued benefit from 65% of the population under 35 years, providing a sustained pipeline of potential investors.

**Economic Growth:** India's trajectory toward \$7.3 trillion GDP by 2030, supporting corporate earnings growth and market expansion.

**Unique Investors:** Expansion from 118 million currently to 225 million by 2030, indicating improved account-to-investor ratios.

### 2035 VISION: MATURE MARKET ACHIEVEMENT

The long-term vision targets 580 million accounts by 2035, representing 42% market penetration and positioning India among global leaders in retail equity participation. This scenario assumes:

**Structural Reforms:** Successful implementation of pension system changes, enabling equity allocation.

**Rural Penetration:** Expansion of digital infrastructure and financial literacy to underserved markets.

**Product Innovation:** Development of localized investment products catering to diverse risk profiles and cultural preferences.

## **GROWTH MODERATION AND QUALITY FOCUS**

Projected compound annual growth rates (CAGR) of 12.4% (base case) to 15.1% (optimistic) represent moderation from the extraordinary 28.5% post-COVID CAGR (2021-2025). This deceleration reflects:

**Base Effect:** Higher absolute numbers naturally reduce percentage growth rates.

**Market Maturation:** Evolution from speculation-driven to investment-oriented participation.

**Regulatory Prudence:** SEBI's balanced approach prioritizing sustainability over growth velocity.

**Quality Enhancement:** Focus on investor education and long-term wealth creation over account quantity.

## **KEY GROWTH DRIVERS AND STRATEGIC ENABLERS**

### **DEMOGRAPHIC DIVIDEND (35% CONTRIBUTION)**

India's 65% population under 35 years provides an unparalleled demographic advantage among major economies. This cohort exhibits higher digital adoption, risk tolerance and long-term investment horizon compared to older generations.

### **DIGITAL INFRASTRUCTURE EVOLUTION (25% CONTRIBUTION)**

5G network deployment, UPI ecosystem maturation and fintech innovation continue lowering barriers to entry while enhancing user experience across urban and rural markets.



### **ECONOMIC GROWTH MOMENTUM (20% CONTRIBUTION)**

India's position to become the world's third-largest economy by 2030 provides fundamental support for corporate earnings growth, market capitalization expansion and investor confidence.

### **REGULATORY SUPPORT FRAMEWORK (15% CONTRIBUTION)**

SEBI's investor-friendly policies, enhanced protection measures and market infrastructure improvements create a conducive environment for sustainable growth while maintaining market integrity.

## **CHALLENGES AND RISK FACTORS**

Despite the optimistic outlook, several challenges could impact future growth:

### **MARKET RISKS**

- Volatility impact on retail sentiment, particularly given that 90% of F&O traders lost money in recent studies
- Concentration risk in popular stocks and sectors
- Over-speculation in derivatives markets requires regulatory attention



## STRUCTURAL CHALLENGES

- Financial literacy gaps remain significant despite growing awareness
- Gender participation disparity needs targeted intervention
- Rural penetration requires continued infrastructure development
- Regulatory balancing act between growth promotion and investor protection

## GLOBAL FACTORS

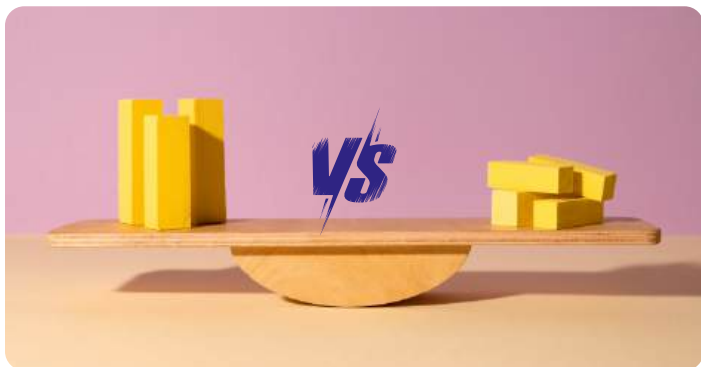
- Foreign portfolio investor flows can impact market sentiment
- Geopolitical tensions affecting global risk appetite
- Economic cycles influence domestic consumption and investment

## GLOBAL CONTEXT AND COMPETITIVE POSITIONING

India's 11.2% equity market penetration remains substantially below developed markets like the USA (45-50%) and Japan (55-60%), indicating significant growth potential. However, the country has achieved remarkable progress compared to China (15-20%) and most emerging markets, establishing itself as a global leader in retail investor engagement and digital trading adoption.

The 200+ million demat accounts milestone positions India among the world's largest retail trading communities, comparable to the entire population of Brazil and representing nearly 15% of global equity market participants. This scale provides India with significant advantages in market development, technology innovation and financial inclusion initiatives.

# SME vs MAINBOARD IPOs: STEP-BY-STEP COMPARISON GUIDE



The Indian capital market has evolved to accommodate businesses of all sizes, creating distinct pathways for companies to go public. Understanding the fundamental differences between Small and Medium Enterprise (SME) IPOs and Mainboard IPOs is crucial for entrepreneurs, investors and market participants who want to make informed decisions in today's dynamic financial landscape.

## UNDERSTANDING THE TWO PLATFORMS

### WHAT ARE SME IPOs?

SME IPOs are specially designed for smaller companies seeking to raise capital through public offerings on dedicated platforms like BSE SME and NSE Emerge. These IPOs cater to businesses with post-issue paid-up capital not exceeding ₹25 crores, providing them with an accessible route to public markets without the strict requirements of mainboard listings.

### WHAT ARE MAINBOARD IPOs?

Mainboard IPOs are traditional public offerings meant for larger, more established companies that list on primary stock exchanges like NSE and BSE. These companies must have a minimum post-issue paid-up capital of ₹10 crores and meet more rigorous eligibility criteria.

## ELIGIBILITY CRITERIA: THE FOUNDATION

### SME IPO REQUIREMENTS

For an SME IPO, companies must satisfy several key criteria:

#### CAPITAL REQUIREMENTS:

- Post-issue paid-up capital should not exceed ₹25 crores
- Net worth of at least (₹1 crore for 2 preceding financial years for BSE SME & ₹3 crore excluding revaluation reserves for NSE SME)
- Net tangible assets worth ₹3 crores, with at least 50% held in India

#### TRACK RECORD:

- Minimum 3 years of operational track record
- Positive cash accruals (EBITDA) from operations for at least 2 out of 3 preceding financial years
- Recent SEBI amendments now require a minimum operating profit (EBITDA) of ₹1 crore for at least 2 out of the last 3 financial years

#### FINANCIAL HEALTH:

- Positive net worth
- No defaults in loan repayments to banks or NBFCs in the last 3 years
- The entire promoter shareholding must be in dematerialised form

### MAINBOARD IPO REQUIREMENTS

Mainboard IPOs have more stringent eligibility criteria :

#### CAPITAL REQUIREMENTS:

- Minimum post-issue paid-up capital of ₹10 crores
- Market capitalisation of at least ₹25 crores

#### TRACK RECORD:

- At least 3 years of track record for the applicant or the promoting company
- Positive EBITDA in each of the three preceding financial years

#### FINANCIAL STANDARDS:

- Net worth of at least ₹1 crores in each of the three preceding financial years
- Minimum 1,000 public shareholders required

## APPLICATION AND INVESTMENT PROCESS

### SME IPO INVESTMENT STRUCTURE

The investment structure for SME IPOs has undergone significant changes in 2025 :

#### NEW INVESTMENT CATEGORIES:

- **Individual Investors:** Minimum 2 lots (exceeding ₹2 lakhs)
- **Employees/Shareholders/Policyholders:** Minimum 2 lots, maximum ₹5 lakhs
- **Non-Institutional Investors (NIIs) and Qualified Institutional Buyers (QIBs):** Minimum 2 lots

#### KEY CHANGES:

- The previous retail category has been renamed to "Individual Investor"
- The cut-off price option has been removed
- No bid modification or cancellation allowed once placed
- Bidding closes at 4:00 PM on the final day, with UPI mandate confirmation by 5:00 PM

### MAINBOARD IPO INVESTMENT CATEGORIES

Mainboard IPOs maintain traditional investor categories :

#### RETAIL INDIVIDUAL INVESTORS (RIIs):

- Investment up to ₹2 lakhs
- Minimum 35% quota reserved
- Guaranteed allotment of at least one lot

#### HIGH NET WORTH INDIVIDUALS (HNIs):

- Investment above ₹2 lakhs
- Typically 15% quota is reserved
- Proportionate allotment system

#### QUALIFIED INSTITUTIONAL BUYERS (QIBs):

- Professional investors, like mutual funds and insurance companies
- Minimum 50% quota reserved
- Includes anchor investors with a ₹10 crore minimum investment

## REGULATORY AND COMPLIANCE FRAMEWORK

### UNDERWRITING REQUIREMENTS

#### SME IPOs:

- 100% underwriting is mandatory
- Merchant bankers must underwrite at least 15% using their own funds
- This ensures that unsold shares are purchased, preventing issue failure

#### MAINBOARD IPOs:

- Underwriting is not mandatory
- Companies can choose partial or no underwriting based on demand
- Greater flexibility in structuring the offering

### MARKET MAKING OBLIGATIONS

#### SME IPOs:

- Mandatory market making for 3 years from the listing date
- Market makers must provide two-way quotes for at least 75% of trading time
- Companies must allocate 5% of the issue size to market makers
- Up to 5 market makers allowed per stock

#### MAINBOARD IPOs:

- No universal market-making requirement
- Market making depends on exchange-specific norms
- Greater natural liquidity due to a larger investor base

## REPORTING AND COMPLIANCE

### SME IPOs:

- Half-yearly financial reporting is required
- Lighter compliance burden compared to the mainboard
- The company must maintain an active website

### MAINBOARD IPOs:

- Quarterly financial reporting is mandatory
- Comprehensive compliance requirements, including corporate governance reports
- More stringent disclosure norms and regulatory oversight

## TRADING AND LIQUIDITY CHARACTERISTICS

### TRADING MECHANICS

#### SME IPOs:

- Listed on NSE Emerge or BSE SME platforms
- Minimum trading lot of ₹1 lakh
- Limited to designated SME platforms
- Smaller investor base leading to lower liquidity

#### MAINBOARD IPOs:

- Listed on both NSE and BSE simultaneously
- Minimum trading unit of 1 share
- Broader investor participation
- Higher liquidity and trading volumes

### MIGRATION OPPORTUNITIES

SME companies can migrate to the mainboard after meeting specific criteria:

#### MIGRATION REQUIREMENTS:

- Minimum 3 years of listing on the SME platform
- Paid-up capital of ₹10 crores or more
- Market capitalisation of ₹25 crores or more
- At least 1,000 public shareholders for NSE (250 for BSE)

- Positive cash accruals and profit after tax
- Clean regulatory track record

Recent changes have made migration criteria more stringent, with BSE requiring an average EBITDA of ₹15 crores over three years and enhanced liquidity requirements.

## COST IMPLICATIONS

### SME IPO COSTS

The total cost of an SME IPO typically ranges from 7% to 15% of the issue size :

#### MAJOR COST COMPONENTS:

- **Merchant banker fees:** 2-5% of issue size
- **Legal costs:** ₹10-25 lakhs
- **Auditor fees:** ₹5-20 lakhs
- **Marketing expenses:** ₹10-15 lakhs
- **Exchange listing fees:** ₹50,000 one-time
- **Total minimum cost:** ₹40-50 lakhs

#### ONGOING COSTS:

- **Annual listing fees:** ₹25,000 or 0.01% of market cap
- Market-making fees for 3 years (paid upfront)

### MAINBOARD IPO COSTS

Mainboard IPOs typically involve higher absolute costs but a lower percentage of issue size :

#### MERCHANT BANKING FEES:

- Generally, 2-3% of issue size for larger offerings
- Fixed costs of ₹25-30 lakhs for merchant banking services

#### ADDITIONAL COSTS:

- Higher marketing and roadshow expenses
- More extensive legal and compliance costs
- Greater regulatory filing fees

## RECENT REGULATORY CHANGES

SEBI has introduced several amendments to strengthen the SME IPO framework:

### KEY 2024-2025 CHANGES

#### ELIGIBILITY TIGHTENING:

- Minimum EBITDA requirement of ₹1 crore
- Restrictions on convertible securities
- One-year cooling period for promoter changes
- Enhanced due diligence requirements

#### INVESTMENT PROCESS UPDATES:

- Increased minimum application size to ₹2 lakhs
- Elimination of retail category distinction
- Mandatory lottery system for HNI allotments
- Stricter bidding process controls

#### CORPORATE GOVERNANCE:

- Enhanced disclosure requirements
- Limits on offer-for-sale to 20% of the issue size
- Caps on general corporate purpose funds
- Mandatory monitoring agency for issues above ₹50 crores

## STRATEGIC CONSIDERATIONS

### WHEN TO CHOOSE SME IPO

Companies should consider the SME route when they:

- Have capital requirements under ₹25 crores
- Want faster listing process (3-6 months vs 6-12 months)
- Prefer lighter compliance requirements initially
- Plan to migrate to the mainboard in the future
- Need market-making support for liquidity

### WHEN TO OPT FOR MAINBOARD IPO

Mainboard IPOs are suitable for companies that:

- Meet the higher capital and track record requirements

- Want access to a larger institutional investor base
- Can handle extensive compliance requirements
- Seek maximum market visibility and credibility
- Have established business operations and proven profitability

## FUTURE OUTLOOK

The distinction between SME and mainboard IPOs continues to evolve with regulatory changes aimed at investor protection and market development. SEBI's recent amendments reflect a commitment to maintaining quality standards while providing growth opportunities for smaller enterprises.

The migration pathway from SME to mainboard remains an attractive option for successful SME-listed companies, though the enhanced criteria ensure only financially robust companies make this transition. This creates a natural progression pathway for growing businesses in the Indian capital market ecosystem.

For investors, understanding these differences is crucial for making informed investment decisions. SME IPOs offer opportunities to invest in emerging businesses with high growth potential, while mainboard IPOs provide access to established companies with proven track records and greater liquidity.

The Indian capital market's dual structure successfully serves different segments of the economy, from emerging SMEs seeking growth capital to established corporations requiring large-scale funding. As regulatory frameworks continue to evolve, both platforms will likely become more efficient and investor-friendly, contributing to the overall development of India's capital markets.

This comprehensive comparison provides investors and companies with the essential knowledge needed to navigate the choice between SME and mainboard IPO routes, ensuring informed decisions aligned with their specific requirements and growth objectives.

# TERM OF THE MONTH: **MARKET MAKER IN IPOs**



## WHO IS A MARKET MAKER IN THE IPO?

When a company goes public via an Initial Public Offering (IPO), its shares are offered to the public (institutions, retail investors). After the IPO, these shares begin trading on a stock exchange. A market maker is an entity – typically a registered stockbroker or trading member – whose job is to provide liquidity and orderly trading for those shares once listed. In simpler terms, a market maker agrees to continuously quote both buy and sell prices (a two-way quote), so that there are always willing buyers and sellers. This helps avoid situations where shares can only be sold (or bought) by some, but not the other, causing volatility or price jumps.

In India, this role is especially formalised for SME IPOs (Small & Medium Enterprise IPOs). For these smaller or newer companies, one of SEBI's requirements is often that a market maker be appointed for a certain period (for example, three years) to ensure liquidity.

## WHY MARKET MAKERS MATTER FOR FOUNDERS & BUSINESSES GOING PUBLIC

For founders or promoters thinking of IPO, here is why having a good market maker matters, beyond just regulatory compliance:

### 1. **LIQUIDITY AND INVESTOR CONFIDENCE**

Investors dislike having to buy shares that are hard to sell. If, post-IPO, the share is thinly traded (few buyers/sellers), an investor might fear being stuck or getting a bad price. Knowing there's a market maker who will provide buy/sell quotes gives confidence. This helps in attracting better subscriptions during IPO (especially from institutional or anchor investors) and better aftermarket behaviour.

### 2. **PRICE STABILITY & REDUCED VOLATILITY**

Without a market maker, price swings on listing day or early days can be extreme. Market makers help absorb small mismatches in supply/demand. If many want to sell immediately, they buy; if many want to buy, they sell from inventory. This dampens wild moves.

### 3. **BETTER PRICE DISCOVERY**

Through their quoting and trading, market makers help in discovering what the "right" market price is after IPO. They bridge the gap between what people expect, what insiders think and what demand is in the market.

### 4. **REGULATORY REQUIREMENT & REPUTATIONAL IMPACT**

For SME IPOs, SEBI requires the appointment of a market maker for a period (e.g., three years). Not

fulfilling these can lead to non-compliance, regulatory costs, or damage to confidence. For mainboard IPOs, though a market maker may not always be mandatory, having a strong one improves credibility among investors.

### 5. EASIER EXIT FOR EXISTING INVESTORS/ PROMOTERS

Founders and early investors often look for exit options. If trading is liquid post-listing, the exit becomes easier without depressing the price. Market makers help by maintaining liquidity, which helps reduce the “exit cost.”

## WHAT SEBI / INDIAN RULES SAY



FEATURE	SME IPOs	MAINBOARD IPOs / REGULAR LARGE IPOs
Requirement for market making	Mandatory for SME IPOs, usually for 3 years.	Not always mandatory; it depends on the exchange or type of listing.
Obligation	Two-way quote (market maker must continuously quote buy and sell) for a large fraction of trading time (sometimes ~75%).	Less prescriptive; depends on norms or voluntary agreements.
Inventory/holdings	Market makers may need to hold some inventory to enable the buy side.	Similar principles, but scale and obligation can vary.
Allocation of shares	In SME IPOs, sometimes a portion of the issue size is allocated to market makers or certain incentives are provided.	Usually not standard; depends on arrangements.

## HOW A MARKET MAKER MAKES A GOOD IPO MORE LIKELY TO SUCCEED

Putting theory into practice, here are how founders can leverage market makers to improve IPO outcomes:

### 1. CHOOSE A CAPABLE MARKET MAKER

Not all market makers are equal. Some have deeper pockets, better experience and better reach among institutional and retail brokers. A stronger maker can provide tighter spreads, absorb demand better and maintain depth.

### 2. PLAN FOR AFTER-IPO SUPPORT

Having funds/inventory, risk capital and willingness to quote even during volatile times matters. If the market maker withdraws or gives weak quotes just after the IPO, liquidity dries up, affecting investor sentiment and potentially the stock price.

### 3. COMMUNICATE CLEARLY WITH INVESTORS

Tell prospective investors who the market maker is, what obligations exist and how long the support will be there. This transparency helps in marketing the IPO. Many retail and institutional investors like to know that there is a “safety net” of sorts.

#### 4. PRICE APPROPRIATELY, KEEPING IN MIND THE POST-IPO ENVIRONMENT

Even with a good IPO story and a market maker, if the IPO is priced too aggressively, demand may be weak, or listing performance may be disappointing. So realistic valuation plus strong liquidity support go hand in hand.

#### 5. ENSURE REGULATORY, OPERATIONAL COMPLIANCE

Meeting SEBI's conditions, exchange conditions and making sure the market maker is registered and able to fulfil obligations (financial strength, risk management).

### RISKS, LIMITATIONS & WHAT CAN GO WRONG

Even with a good market maker, things can go wrong. Founders should know the pitfalls:

- **Cost of maintaining liquidity:** Market makers take risks. They may hold inventory when demand is low, or be forced to buy when the price falls. This cost or loss might reflect in terms offered to them, or in higher fees.
- **Spread might remain wide:** If demand/supply is thin, the market maker might quote wide bid-ask spreads (the difference between buy and sell price). That means although there is liquidity, it's expensive for investors.
- **Over-dependence:** If most trades are mediated by the market maker rather than genuine market interest, you may get misleading sentiment. At some point, you want organic liquidity; otherwise, investor expectations may misalign.
- **Regulatory risk:** If the market maker fails obligations, or market conditions change (e.g. SEBI changes rules), there may be penalties or investor backlash.
- **Perception issues:** Some investors may see the presence of a market maker as masking weak underlying demand. So, the IPO story itself must be strong; market maker is supplemental, not a substitute.

### DRAWING LESSONS FROM SUCCESSFUL IPOs & WHAT FOUNDERS SHOULD DO

Though direct attribution to market makers is rare in public case studies, lessons can be drawn from IPOs that did well and some that underperformed:

- IPOs that are well-subscribed, list at or above the issue price and have good post-listing trading generally have good preparation: clean financials, credible underwriters, good marketing and backup liquidity. The market maker is part of that toolkit.
- Companies that underperformed often suffer from a lack of resale demand, high expectations, or weak post-IPO support. Sometimes, even though the IPO got subscribed, after listing, volumes remained low. This is painful for investors and reduces trust in future offerings.
- **Founders should think long term:** market maker support for 2–3 years helps build trust, gets investors familiar with trading the shares and helps in price continuity. When market maker obligations end (as in SME IPOs after 3 years), the company should by then have achieved reasonable trading volumes.

### PRACTICAL STEPS FOR A FOUNDER OR BUSINESS THINKING OF AN IPO

If you are considering an IPO (SME or otherwise), here's a checklist relating to market makers:

#### 1. EVALUATE PROSPECTIVE MARKET MAKERS

Check their track record, how many stocks they are making market for, how tight their spreads are and how big their inventory/capital is.

#### 2. INCLUDE THE MARKET MAKER IN IPO PLANNING FROM DAY ONE

In discussions with investment bankers, legal advisors, prepare the structure (fees, inventory requirements, duration) and include it in the prospectus.

### 3. COMMUNICATE IN THE IPO PROSPECTUS & ROADSHOW

Let investors know about liquidity plans, market maker commitments; this transparency helps in valuation, investor trust.

### 4. AGREE ON PRICING OF SHARES RESERVED FOR MARKET MAKER (IF APPLICABLE) AND FEE STRUCTURE

Sometimes, a portion of shares or some incentives are offered to market makers; ensure that this is negotiated fairly, so that the cost does not burden the company excessively.

### 5. MONITOR POST-LISTING ACTIVELY

Track whether trading is happening, whether spreads are reasonable and whether the market maker is fulfilling obligations. If not, engage or consider ways to ensure better liquidity (maybe through more marketing, investor relations).

### 6. PLAN FOR THE END OF THE MANDATED PERIOD

For SME IPOs, after the mandated period (e.g. 3 years), when the market maker requirement may lapse, think about what continuity of trading you expect and how to maintain investor interest.

## CONCLUSION

The market maker in an IPO is like a supporting pillar: not the star of the show (that's usually the business, its growth story, financials, leadership), but essential for ensuring the house stands strong. For founders and promoters, understanding the role, choosing a good market maker and building a roadmap for post-IPO liquidity can make the difference between an IPO that looks good on paper vs one that delivers long-term value.

A successful IPO is not just about how many subscribed when shares were offered—it's also about how the share behaves in the market after listing. Good liquidity, stability, confidence and manageable volatility all matter—and market makers play a central role in achieving these.



# MISTAKES FOUNDERS STILL MAKE

## PRICING, LIQUIDITY & INVESTOR CONNECT

Going public is one of the most important milestones in the journey of any company. An IPO does not just bring fresh capital; it transforms the company into a public institution, accountable to thousands of shareholders. Yet, despite the growing maturity of India's capital markets, many founders continue to repeat some avoidable mistakes. These mistakes are not about compliance or documentation – most companies now hire investment bankers and consultants for that. The real blind spots are pricing, liquidity and investor connect.

In this piece, we will explore why these three aspects matter, how mistakes continue to happen and what founders can do differently to ensure their IPO is not just successful on listing day but sustainable in the long run.

### 1. THE PRICING PUZZLE: BETWEEN AMBITION AND REALITY

Pricing an IPO is both an art and a science. Founders naturally want to command the highest valuation possible – after all, they have built the company with sweat and sacrifice. But markets do not reward emotion. They look at fundamentals, comparables and investor sentiment.

#### COMMON MISTAKES IN PRICING

- **Overvaluing the company:** Founders often push for valuations that reflect future growth rather than current strength. While ambition is natural, markets punish overpricing. An IPO priced too aggressively risks poor subscription or post-listing underperformance.
- **Ignoring peer comparison:** Even if the company has strong growth prospects, investors will benchmark against listed peers in the same sector. A wide mismatch leads to resistance.



- **Relying only on bankers:** Bankers are motivated to close the deal at the highest possible price. Founders must cross-check independently, balancing banker enthusiasm with market reality.

#### CASE IN POINT

We have seen examples where hyped IPOs listed at lower-than-expected premiums, or even at a discount, simply because the pricing was unrealistic. On the other hand, companies that priced conservatively often rewarded investors, creating goodwill and strong post-listing performance.

**Lesson for Founders:** It is better to leave some money on the table than to leave investors disappointed.

### 2. LIQUIDITY – THE SILENT FACTOR MANY IGNORE

Liquidity in IPOs refers to how easily shares can be bought and sold after listing. For founders, this may seem like a secondary issue – as long as the IPO is subscribed, what's the problem? But in reality, liquidity is what sustains market confidence in the stock.

#### WHY LIQUIDITY MATTERS

- **Attracts institutional investors:** Funds and large investors prefer stocks where they can enter and exit without sharp price movements.

- **Stabilises the share price:** If only a small float is available and locked tightly, the stock becomes vulnerable to manipulation or sudden volatility.
- **Enhances long-term credibility:** A liquid stock is seen as trustworthy and transparent.

### COMMON LIQUIDITY MISTAKES

- **Small free float:** Founders sometimes hold back too much equity, leaving only a tiny portion for public investors. While this protects promoter control, it reduces market activity.
- **Ignoring post-IPO trading:** After listing, if very few trades happen, even good companies struggle to maintain momentum.
- **Over-reliance on anchor investors:** While anchors give early confidence, too much allocation to them can reduce liquidity for retail and institutional buyers in the open market.

### FOUNDER TAKEAWAY

Liquidity is not just a by-product; it must be planned. Ensuring a healthy free float and encouraging wider participation is key.

## 3. INVESTOR CONNECT – MORE THAN ROADSHOWS

Many founders underestimate the importance of investor communication. They believe one round of roadshows and presentations is enough. But investors want clarity, consistency and credibility.

### COMMON MISTAKES IN INVESTOR CONNECT

- **Over-promising in presentations:** Founders sometimes showcase projections that sound unrealistic. Once actual results fall short, credibility suffers.
- **Lack of transparency:** Avoiding tough questions or hiding challenges creates distrust. Investors prefer realistic communication over glossy presentations.
- **Limited engagement beyond IPO:** After listing, many promoters reduce investor interaction. This is a mistake. Quarterly calls, updates and proactive communication strengthen long-term trust.

### CHANGING INVESTOR EXPECTATIONS

Today's investors, especially in India's growing IPO market, are more informed than ever. They track sector trends, governance standards and ESG compliance. Founders must realise that investor connect is no longer a one-time exercise but a continuous responsibility.

## THE FOUNDER'S BALANCING ACT

Pricing, liquidity and investor connect are not isolated issues – they are interconnected. Let us see how:

- If pricing is realistic, more investors will subscribe, automatically improving liquidity.
- If liquidity is strong, more investors will remain engaged, deepening trust in the company.
- If investor connect is transparent, the market will accept pricing and support liquidity even during volatile periods.

This balance is where founders often falter. Focusing too much on valuation while ignoring liquidity and communication weakens the long-term IPO story.

## PRACTICAL TIPS FOR FOUNDERS

To avoid these mistakes, founders can adopt a structured approach:

### 1. PRICING DISCIPLINE

- Benchmark valuations against listed peers.
- Consider market cycles – avoid launching IPOs in bearish phases.
- Involve independent advisors, not just bankers, for realistic feedback.

### 2. LIQUIDITY PLANNING

- Maintain a healthy free float – do not restrict too much equity.
- Allocate spreads across retail, HNI and institutional categories.
- Encourage long-term investors rather than speculative short-term ones.

### 3. STRONG INVESTOR CONNECT

- Be consistent in messaging before, during and after IPO.
- Share realistic growth stories – investors value honesty more than hype.
- Utilise quarterly updates, digital investor meetings and media interactions to maintain visibility.

### WHY THESE MISTAKES STILL HAPPEN

Despite repeated lessons from past IPOs, these mistakes persist for three reasons:

1. **Founder emotion** – years of effort make them overvalue their company.
2. **Market pressure** – bankers and consultants often push for higher valuations to maximise short-term gains.
3. **Lack of experience** – first-time founders are new to public market dynamics and underestimate factors like liquidity and investor connect.

This is where IPO consultants and advisors play a critical role. Beyond compliance and documentation, they guide founders on strategy, positioning and market communication. Their external perspective helps balance ambition with market reality.

### CONCLUSION

India's IPO market is entering a new golden phase, with SMEs, startups and traditional companies all exploring public listings. The opportunities are vast – but so are the risks of repeating old mistakes. Pricing, liquidity and investor connect may sound like technical terms, but they hold the power to make or break an IPO.

**For founders, the lesson is simple:** do not treat an IPO as just a fundraising event. Treat it as the start of a long-term relationship with the market. Get the pricing right, ensure healthy liquidity and build strong investor trust – and the IPO will not just succeed on Day One but create lasting value for years to come.





## IPO MYTHS BUSTED: VOL. 5

Despite strong growth in SME IPOs, many myths still float in the market. These misconceptions stop founders from exploring the SME route and confuse investors who are new to the segment. Let's bust the five most common myths one by one.

### MYTH 1: SME IPOs ARE ONLY FOR SMALL FIRMS

#### The Reality:

SME platforms are not just for tiny businesses. Many companies with a turnover of ₹25-250 crore have successfully listed and grown. The platform is designed for emerging enterprises, not necessarily "small" firms. In fact, several SMEs later migrate to the mainboard once they cross thresholds.

SME IPOs are about growth potential, not just company size.

### MYTH 2: NO LIQUIDITY IN SME SHARES

#### The Reality:

Liquidity in SME shares can indeed be thinner compared to the mainboard. But this does not mean "no liquidity." SEBI has made market makers mandatory in SME IPOs to ensure trading support. Plus, as retail participation has increased in recent years, many SME IPOs are now seeing active daily trading.

Liquidity is improving with awareness, a wider investor base and regional participation.

### MYTH 3: MAINBOARD INVESTORS AVOID SMEs

#### The Reality:

Many investors who usually invest in mainboard IPOs also allocate funds to SME IPOs, especially HNIs and experienced traders. They see SMEs as

early-stage opportunities where strong businesses can deliver higher long-term returns.

Yes, SME IPOs attract more regional investors, but mainboard players are increasingly interested in the space.

### MYTH 4: ONLY FAMILY BUSINESSES LIST ON SME PLATFORMS

#### The Reality:

While family-owned businesses have been early adopters, the landscape is changing fast. Today, startups, professionally run enterprises and even tech firms are choosing SME IPOs. Sectors like IT services, pharma, manufacturing and consumer products have active representation.

SME IPOs are no longer only about family-run businesses – they are about ambitious enterprises looking for growth capital.

### MYTH 5: COMPLIANCE IS TOO TOUGH FOR SMEs

#### The Reality:

SME IPO compliance is structured, but not impossible. In fact, SEBI and stock exchanges have simplified eligibility norms, document requirements and migration processes. With the right IPO consultant and merchant banker, SMEs can manage compliance smoothly.

Rather than a barrier, compliance acts as a trust-builder for investors, showing that the company meets minimum governance standards.

### FINAL WORD

SME IPOs are a powerful funding route for ambitious companies across India. They are not limited to "small" firms, illiquid shares, or family businesses. With increasing awareness, better regulation and rising investor appetite, these myths are quickly losing ground.

For founders, the takeaway is simple: don't let misconceptions stop you. The SME IPO platform is a genuine gateway to growth, credibility and capital.

# ***TOOLKIT & RESOURCE ZONE***



# JARGON BUSTER – A TO Z OF IPO TERMS



The IPO journey is full of technical terms—and this time, we decode the “J to L” essentials. From the role of Lead Managers & Legal Advisors to critical rules like LODR and investor-focused concepts like Lot Size and Lock-in Period, these aren’t just compliance points but the very levers that decide IPO credibility, success and post-listing stability.

## LEAD MANAGER / BRLM (BOOK RUNNING LEAD MANAGER)

### Definition:

The merchant banker(s) appointed by the company to manage the entire IPO process. They “run the book” of bids, coordinate with SEBI, stock exchanges and investors.

### Purpose:

To act as the chief architect of the IPO—from drafting documents to marketing the issue.

### Importance in IPO:

Founders rely on BRLMs for structuring, valuation, regulatory approvals and investor outreach. Investors trust IPOs more when reputed banks are lead managers.

### Process:

- Drafting and filing DRHP and RHP.
- Coordinating book building and allotment.
- Managing compliance with SEBI and exchanges.

### Impact:

Strong lead managers build investor trust, ensure smooth subscriptions and reduce regulatory hurdles.

### Example:

Kotak Mahindra, Axis Capital and ICICI Securities often act as BRLMs for India’s biggest IPOs.

## LEGAL ADVISOR

### Definition:

Specialist law firms or counsels advising the company and bankers on legal aspects of the IPO.

### Purpose:

To ensure the IPO complies with company law, securities law and contract law.

### Importance in IPO:

They safeguard the company from litigation and ensure disclosures are accurate and watertight.

### Process:

- Vetting contracts, agreements and compliance.
- Reviewing DRHP/RHP for legal accuracy.
- Supporting SEBI queries.

### Impact:

Reduces risk of lawsuits, regulatory penalties, or post-IPO disputes.

### Example:

AZB & Partners and Cyril Amarchand Mangaldas are among India’s top IPO legal advisors.

## LISTING

### Definition:

The formal admission of a company’s shares to trade on a recognized stock exchange.

### Purpose:

To provide liquidity and tradability to investors.

### Importance in IPO:

Listing marks the transition from private to public ownership.

### Process:

- Stock exchange approval.
- Allotment and credit of shares to investors' demat accounts.
- First trade on listing day.

### Impact:

A successful listing boosts brand value, liquidity and investor confidence.

### Example:

Nykaa's listing in 2021 was a landmark moment for India's startup ecosystem.

## LISTING DATE

### Definition:

The date when the company's shares are officially available for trading on stock exchanges.

### Purpose:

Acts as the D-Day for founders, investors and markets.

### Importance in IPO:

Price movement on listing day signals market sentiment and can make or break investor trust.

### Process:

Usually 6 working days after the issue closes (T+6).

### Impact:

A strong premium signals success; a discount may dent credibility.

### Example:

IRCTC listed in 2019 with a 101% premium on its listing date.

## LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS (LODR)

### Definition:

A SEBI regulation mandating listed companies to follow continuous disclosure, governance and compliance norms.

### Purpose:

To ensure transparency and protect investors post-listing.

### Importance in IPO:

Compliance with LODR builds credibility and avoids penalties.

### Process:

- Quarterly results filing.
- Related-party disclosures.
- Corporate governance practices.

### Impact:

Keeps investors informed and builds long-term trust.

### Example:

SEBI penalized several companies for non-compliance with LODR in recent years.

## LOCK-IN PERIOD

### Definition:

A period during which certain shareholders (promoters, pre-IPO investors) cannot sell their shares.

### Purpose:

To prevent excessive selling pressure immediately after listing.

### Importance in IPO:

Assures retail investors that promoters retain "skin in the game."

### Process:

- Promoters: typically locked for 3 years (minimum).
- Pre-IPO investors: 6 months to 1 year depending on category.

### Impact:

Protects stock price from sudden volatility.

### Example:

Zomato promoters faced lock-in restrictions post-IPO in 2021.

## LOT SIZE / BID LOT

### Definition:

The minimum number of shares that an investor can bid for in an IPO.

**Purpose:**

To standardize bidding and ensure fair participation.

**Importance in IPO:**

Retail investors calculate investment amounts based on lot size.

**Process:**

- Defined in the RHP.
- Investors apply in multiples of lot size.

**Impact:**

Affects retail affordability and overall subscription.

**Example:**

In LIC IPO, the lot size was 15 shares.

**FINAL NOTE**

Each of these terms—from Lead Managers to Lot Size—represents more than a compliance step. They shape transparency, trust and trading confidence. For founders, they’re tools to avoid pitfalls; for investors, they’re signposts to smarter participation in India’s fast-evolving IPO market.





# RESEARCH CORNER

## ARE SME IPOs A TREND OR A BUBBLE?

If you've been tracking the Indian stock market lately, you'd know there's one segment that everyone is talking about—SME IPOs.

In just the last couple of years, we've seen small and mid-sized companies from Tier-2 and Tier-3 cities raise money through IPOs, attract massive oversubscriptions and deliver jaw-dropping listing gains. The buzz is so strong that many investors now believe SME IPOs are the new gold rush.

But here's the million-rupee question: are SME IPOs really a long-term trend, or are we looking at a bubble that could burst any day? Let's break it down.

### WHY SME IPOs ARE WINNING HEARTS

So why is everyone—from small-town entrepreneurs to seasoned HNIs—suddenly hooked on SME IPOs?

#### 1. Dedicated Platforms:

BSE SME and NSE Emerge have created a proper ecosystem just for smaller companies. It's no longer about competing with giants on the mainboard—SMEs have their own stage.

#### 2. Big Funding Gap = Big Opportunity:

MSMEs in India face a massive funding shortfall. Banks aren't always supportive and private equity doesn't reach every small firm. SME IPOs give them a clean, regulated way to raise growth capital.

#### 3. New Market Geography:

Earlier, IPOs were mostly metro-driven. Now, we're seeing businesses from Surat, Jaipur and Rajkot stepping up. It's making capital markets truly pan-India.

#### 4. The Success Stories:

Everyone loves a winner's tale. From SMEs doubling investors' money on listing day to companies scaling up after going public, these stories fuel fresh participation.

**Bottom line:** the rise of SME IPOs isn't an accident. It's rooted in real structural shifts and policy support.

### THE FLIP SIDE: WHERE THINGS GET RISKY

Of course, no story is all sunshine. SME IPOs have their fair share of red flags, too.

- **Pricing Pressure:** Some companies are demanding steep valuations that don't match their earnings. Investors are often paying a "hope premium" rather than backing proven fundamentals.

- **Liquidity Illusion:** SEBI has made market makers compulsory to keep shares tradeable. But in reality, liquidity in many SME counters is thin. Prices can swing wildly on very low volumes.
- **Governance Gaps:** A lot of issuers are still family-run with limited professional systems. Weak disclosures or poor governance can spook investors down the line.
- **Retail Frenzy:** Oversubscription often comes from retail herding. People jump in because “everyone else is,” not because they studied the company. Social media hype only adds fuel to this fire.
- **Short-Term Thinking:** Too many investors see SME IPOs as quick-flip opportunities. If the listing gain doesn’t deliver, trust in the whole segment can take a hit.

Sound familiar? It should—because history shows us this pattern often ends in sharp corrections.

## EARLY WARNING SIGNS TO WATCH

How do you know if things are heating up too much? A few signals are already visible:

- IPOs of weak businesses are still oversubscribed heavily.
- Sharp drops in stock prices within weeks of blockbuster listings.
- Retail investors are dominating, while institutional investors stay away.
- Buzz more about “listing gains” than long-term value.

These are not confirmations of a bubble yet—but they’re definitely red flags.

## A QUICK LOOK BACK: HISTORY SPEAKS

This isn’t the first time we’ve seen such euphoria.

- In the 1990s, small-cap IPOs mushroomed everywhere. Many flamed out after governance lapses and scams came to light.

- In the 2000s, mid-cap IPOs were launched at sky-high valuations. When the global financial crisis hit, prices collapsed and investors lost confidence.

For many of us, the SME IPO boom today may look like a fresh version of those cycles. The key question is: will we learn from history, or repeat it?

## WHAT FOUNDERS SHOULD REMEMBER

For entrepreneurs thinking of going public on the SME platform, here’s some advice:

- Don’t see IPOs only as fundraising. It’s also about building credibility and brand.
- Keep valuations realistic. Nothing kills investor trust faster than overpricing.
- Strengthen governance. Once you’re listed, transparency is not optional.

**Think long-term:** investors will respect you more if you treat the IPO as a starting line, not the finish.

## WHAT INVESTORS SHOULD ASK

If you’re an investor eyeing SME IPOs, don’t just look at subscription numbers. Ask yourself:

- Is the company’s business model solid and easy to understand?
- Do the financials justify the price being asked?
- How strong is the promoter’s credibility?
- Will there be enough liquidity to exit later if required?
- Does the company have the potential to migrate to the mainboard?

These questions can help you separate hype-driven offers from genuinely strong ones.

## REGULATORS’ ROLE

SEBI and exchanges deserve credit for building the SME IPO ecosystem. But going forward, a few things need sharper focus:

- Stricter checks on IPO pricing.
- Better disclosure norms for SME companies.

- Vigilance against price manipulation in low-volume counters.
- Continuous investor education, so people don't blindly chase hype.

This will help SME IPOs grow responsibly instead of becoming another speculative playground.

### SO, TREND OR BUBBLE?

Here's the honest take: SME IPOs are both.

They are a real trend because they solve a genuine funding gap, bring smaller businesses into the capital market and deepen financial inclusion. But at the same time, they carry bubble-like elements—overpricing, herd behaviour and thin liquidity—that can't be ignored.

**Think of it this way:** SME IPOs are a solid engine with some speculative froth on top. The engine is real, but if the froth gets too thick, it could stall the ride.

## CONCLUSION

The SME IPO boom is one of the most exciting developments in India's financial markets in years. For the first time, smaller businesses from smaller towns have direct access to public capital and investors have a chance to back the next wave of champions.

But excitement should not blind us to reality. If companies chase unrealistic valuations, if investors pile in without research and if regulators let hype overshadow fundamentals, the bubble risk becomes very real.

Handled responsibly, SME IPOs can become a transformative pillar of India's capital market story. Handled recklessly, they could become another cautionary tale.

The choice lies with all of us—founders, investors and regulators.



# YOU ASKED, WE ANSWERED

## SME IPO FAQs FOR FOUNDERS

Every edition, we bring you the most pressing questions that founders and readers ask us. This time, the spotlight is on SME IPOs—covering migration to the mainboard, listing costs, liquidity challenges and the investor mix. Here are simple, practical answers to guide founders through the SME listing journey with clarity and confidence.

### Can SMEs migrate to the mainboard?

#### Answer:

Yes, SMEs listed on the SME exchange can migrate to the mainboard once they meet eligibility criteria like minimum net worth, profitability and track record. This move helps SMEs access larger pools of capital, attract institutional investors and gain higher visibility in the market.

#### Founder Tip:

Plan early—ensure consistent financial reporting, corporate governance and compliance with SEBI rules, so the transition to the mainboard is smooth when the time comes.

#### Example:

Companies like K.P. Energy and CCL Products successfully moved from NSE SME to the mainboard, gaining access to bigger investors and better liquidity.

### What is the cost of an SME IPO listing?

#### Answer:

The cost of an SME IPO is generally lower than a mainboard IPO, but it includes regulatory fees, merchant banker fees, legal and audit charges, printing/distribution of prospectus and listing fees.

#### Founder Tip:

Budget realistically for all expenses, including post-listing compliance. Partnering with an experienced IPO consultant can optimise costs and ensure you don't overspend on avoidable areas.



#### Typical Cost Components:

- Merchant Banker / BRLM fees
- SEBI filing and listing fees
- Legal and due diligence expenses
- Marketing and roadshow expenses
- IPO Consultancy Expenses

### Is liquidity really a challenge?

#### Answer:

Liquidity can be lower for SMEs compared to mainboard companies because the investor base is smaller and trading volumes are limited. However, SME exchanges have mechanisms like market makers to improve trading activity and ensure smoother price discovery.

#### Founder Tip:

Engage with market makers and maintain investor communication post-listing. Consistent performance and transparency can gradually improve liquidity.

#### Example:

Many SME IPOs, such as Vikas EcoTech, saw increased trading activity after consistent investor updates and corporate performance disclosures.

## Who invests in SME IPOs?

### Answer:

Investors in SME IPOs include:

- **Retail Investors:** Individuals seeking growth opportunities in emerging businesses.
- **High Net-Worth Individuals (HNIs):** Looking for early-stage exposure.
- **Institutional Investors:** Occasionally participate in larger SME issues.
- **Market Makers:** Facilitate liquidity and provide support during initial trading.

### Founder Tip:

Customise your investor communication to retail and HNI investors. Focus on storytelling—growth

potential, product uniqueness and regional advantage often resonate more than just numbers.

### Example:

SMEs in Tier-2 and Tier-3 cities have attracted enthusiastic retail participation, demonstrating that local and small-scale investors can form a strong investment base.

## CLOSING NOTE

An SME IPO is more than just a fundraising event—it's a gateway to scale, visibility and long-term credibility. From migration to the mainboard to building liquidity and investor trust, every step matters. For founders, clarity on these basics is the first step toward a successful public journey.

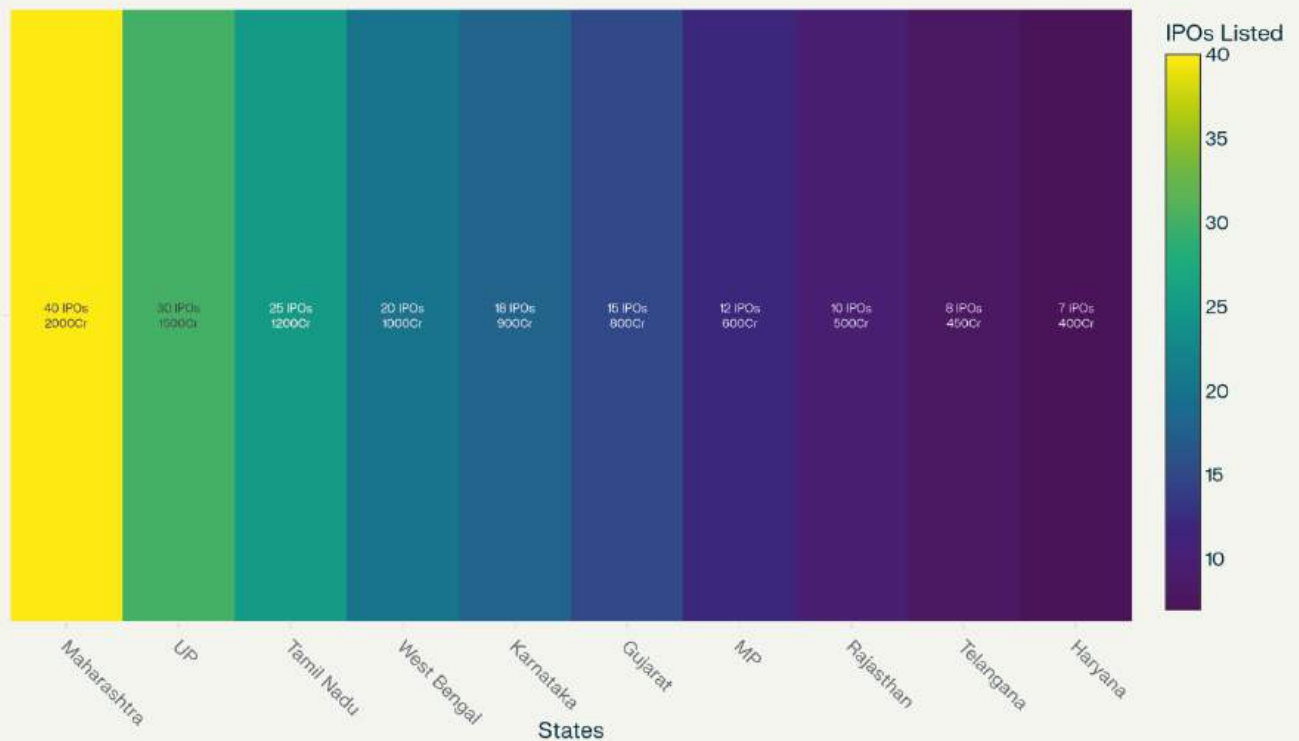


# HEATMAP: STATES LEADING SME LISTINGS IN INDIA

Small and Medium Enterprises (SMEs) form the backbone of India's economy, generating employment and driving innovation. SME listings on stock exchanges empower these businesses by providing access to critical capital for growth. In 2025, the SME IPO market continues to show strong activity, with certain states leading the way in listing volumes and capital raised.



### States Leading SME Listings India 2025



## OVERVIEW OF SME LISTINGS IN 2025

This year witnessed around 177 SME IPOs listing on platforms like BSE SME and NSE Emerge, collectively raising over ₹8,200 crore. These listings represent a critical source of funding for emerging enterprises across India. However, the pace of listings is concentrated largely in a few states with well-established SME ecosystems.

## TOP STATES LEADING SME IPOs

Maharashtra stands out as the front-runner with 40 SME IPOs raising ₹2,000 crore in capital, reflecting its role as an industrial and commercial hub. Uttar Pradesh follows with 30 listings generating ₹1,500 crore, supported by a growing base of registered SMEs. Other leading states include Tamil Nadu (25 IPOs, ₹1,200 crore), West Bengal (20 IPOs, ₹1,000 crore) and Karnataka (18 IPOs, ₹900 crore).

The concentration of SME IPOs in these states correlates with their large numbers of registered SMEs—Maharashtra alone accounts for about 80 lakh registered SMEs, providing a strong pipeline for capital market participation.

## KEY DATA SNAPSHOT (2025)



STATE	SME IPOs LISTED	CAPITAL RAISED (₹ CRORE)	REGISTERED SMEs (LAKHS)
Maharashtra	40	2,000	80
Uttar Pradesh	30	1,500	65
Tamil Nadu	25	1,200	49
West Bengal	20	1,000	43
Karnataka	18	900	41

## FACTORS DRIVING SME LISTING CONCENTRATION

Several factors contribute to the dominance of these states in SME IPO activity:

- **Robust Industrial Infrastructure:** Well-developed manufacturing and services sectors provide fertile ground for SMEs.
- **Government Support:** State-level policies promoting entrepreneurship, ease of doing business and MSME funding schemes.

- **Investor Awareness:** Higher investor participation and awareness contribute to successful SME IPOs.
- **Large SME Base:** A higher number of registered SMEs increases the pool of potential IPO candidates.

## STRATEGIC LESSONS FOR INVESTORS & REGULATORS

For investors, focusing on these regions can help identify promising SME IPO opportunities backed by strong local business environments. Policy-makers can leverage these insights to design region-specific initiatives to stimulate SME growth and incentivize listings in underrepresented states.

## CONCLUSION

The SME IPO market in 2025 highlights a concentrated but growing ecosystem with Maharashtra, Uttar Pradesh, Tamil Nadu, West Bengal and Karnataka leading the charge. Their combined strength in SME registrations and capital market access is driving substantial entrepreneurial growth, making them key states to watch for SME investment and policy development.



# SECTOR WATCH

## TEXTILES, MANUFACTURING & AGRI-TECH: POWERING THE SME IPO REVOLUTION



India's SME IPO market has been buzzing. But behind the numbers lies a fascinating story of sectoral shifts. Three industries – Textiles, Manufacturing and Agri-Tech – have emerged as star performers. They're not only raising capital through SME IPOs but also reshaping how investors view India's growth story beyond metros.

This "Sector Watch" dives deep into what's driving these industries, how SMEs are using IPOs to scale and what founders and investors should look out for.

### 1. TEXTILES: REINVENTING A LEGACY SECTOR

Textiles is one of India's oldest industries, employing millions across tier-2 and tier-3 cities. For decades, the story was about low-margin exports and fragmented supply chains. But a quiet transformation is underway:

- **Value Addition:** SMEs are moving from plain yarn and fabric to technical textiles, fashion wear and niche fabrics with higher margins.
- **Sustainability Push:** ESG-compliant processes – organic cotton, waterless dyeing, circular fashion – are becoming mainstream.

- **Government Support:** Schemes like PM-MITRA parks and PLI for technical textiles are giving SMEs world-class infrastructure.

#### SME IPO Angle:

Textile SMEs have been among the earliest adopters of SME IPO platforms. In FY 2023-24 alone, more than 20 textile-linked companies tapped BSE SME/NSE Emerge. Many of these raised modest sums (₹10-30 crore) but used the proceeds to fund modern looms, branding and export marketing.

#### CASE STUDY: GOYAL KNITWEAR LTD (BSE SME, 2023)



- Raised ₹24 crore to invest in sustainable dyeing units.
- Shares listed at 48% premium; post-IPO exports grew 35% within a year.

**Takeaway for Founders:** In textiles, branding + technology + ESG are key to premium valuations on SME platforms.

## 2. MANUFACTURING: MSMEs GOING HIGH-TECH

India's manufacturing backbone is built on MSMEs – auto components, industrial machinery and electrical equipment. Historically, many were ancillaries dependent on a few large clients. Today, that's changing:

- **Automation & Industry 4.0:** Even small manufacturers are adopting robotics, IoT sensors and predictive maintenance.
- **Diversification:** Moving from single-client contracts to diversified export portfolios.
- **Domestic Demand Boom:** Infrastructure push, EV adoption and Make-in-India are expanding the home market.

### SME IPO Angle:

Manufacturing SMEs have raised some of the largest issues on SME platforms, with oversubscription often exceeding 50x. Investors are drawn to strong order books, asset creation and government tailwinds.

### CASE STUDY: VIKAS PRECISION COMPONENTS (NSE EMERGE, 2022)

- Raised ₹40 crore to automate its auto-parts plant.
- Within 18 months of listing, margins improved by 300 bps and the company applied for main-board migration.

**Takeaway for Founders:** Manufacturing SMEs with automation, exports and clean governance are the new favourites of SME IPO investors.



## 3. AGRI-TECH: FROM FARM TO FINTECH

Agri-Tech is the newest and perhaps most exciting entrant. Traditionally, agriculture-linked SMEs dealt with seeds, fertilisers, or simple processing. Now, a new wave of tech-driven startups is reaching the SME IPO pipeline:

- **Digital Marketplaces:** Platforms connecting farmers directly with buyers.
- **Smart Inputs:** Precision irrigation, drones for spraying and AI-based crop advisory.
- **Food Processing & Exports:** SMEs moving into branded organic foods, nutraceuticals and ready-to-eat exports.

### SME IPO Angle:

Agri-Tech issues are smaller (₹10–15 crore) but attract heavy oversubscription because they blend impact + profitability. Investors see growth potential in rural digitisation and export markets.

### CASE STUDY: GREENHARVEST AGRITECH LTD (NSE EMERGE, 2023)

- A precision-farming input company from Nashik.
- Raised ₹12 crore; stock listed at 75% premium and attracted impact-focused mutual funds post-listing.

**Takeaway for Founders:** Agri-Tech SMEs need to showcase scalability, digital adoption and traceability to stand out on SME platforms.



## COMMON THREADS ACROSS THE THREE SECTORS

### 1. Tier-2 & Tier-3 Cities as Growth Hubs:

Most of these SMEs are not from Mumbai or Bengaluru but from places like Surat, Ludhiana, Rajkot, Coimbatore and Nashik. SME IPO platforms are literally taking India's heartland to Dalal Street.

### 2. Use of Funds for Modernisation:

Rather than debt repayment alone, proceeds are used for automation, R&D, brand building and ESG compliance.

### 3. Investors Want Governance:

Whether textiles or agri-tech, investors reward SMEs with clean audits, transparent disclosures and strong promoter reputations.

## INVESTOR PERSPECTIVE

For retail and HNI investors, these sectors offer:

- **Diversification:** Exposure to niche industries not present on the mainboard indices.
- **Growth Potential:** Many SMEs are at an inflection point of scale.
- **ESG & Impact Angle:** Particularly in textiles and agri-tech.

**But risks remain:** liquidity can be low and governance varies widely. Due diligence is crucial.

## FOUNDER TIPS TO TAP SME IPOs IN THESE SECTORS

- **Start Compliance Early:** SME investors scrutinise financials and disclosures.
- **Tell a Growth Story:** Link IPO proceeds to tangible expansion plans.
- **Highlight Differentiators:** ESG, tech adoption, or export pipeline.
- **Engage Tier-2 Brokers & Analysts:** They help create buzz among local investors.

## OUTLOOK: WHAT'S NEXT?

- **Textiles:** Watch for technical textile SMEs migrating to the mainboard in 2025–26.
- **Manufacturing:** EV and defence suppliers likely to dominate upcoming SME IPOs.
- **Agri-Tech:** Expect hybrid models – farm fintech plus processing – to enter SME exchanges.

These sectors show that SME IPOs are not a passing trend but part of a structural shift in India's capital markets.

## CONCLUSION

Textiles, Manufacturing and Agri-Tech are not only vital to India's economy but also defining the next wave of SME IPO success stories. For founders, the message is clear: align with technology, governance and growth; for investors, this is a rare chance to ride India's grassroots entrepreneurship journey.

As Dalal Street expands beyond metros, these sectors will be at the forefront of India's inclusive capital market revolution.



# DATA, TRENDS & VISUALS



# MARKET SNAPSHOT

## IPO LAUNCH HIGHLIGHTS – CAPITAL RAISED & PERFORMANCE OVERVIEW



### MAINBOARD IPOs SNAPSHOT

September 2025 had 33 companies raising about ₹13,300 Crore. Investors showed strong interest in sectors like recycling, consumer products, clean energy and industry. This month had steady and careful IPO launches, with companies testing the market softly. The interest stayed good as the festivals and year-end times are coming.

COMPANY NAME	IPO DATE	ISSUE SIZE (₹ CR)	LISTING GAIN (%)	CURRENT GAIN (%)	SUBSCRIPTION (x)
VMS TMT Ltd.	Sep 17 – Sep 19, 2025	148.5	-4.38%	-17.91%	102.24
GK Energy Ltd.	Sep 19 – Sep 23, 2025	464.26	9.63%	6.05%	93.58
Amanta Healthcare Ltd.	Sep 1 – Sep 3, 2025	126	12.50%	8.37%	82.6
Trualt Bioenergy Ltd.	Sep 25 – Sep 29, 2025	839.28	7.05%	7.03%	75.02
Atlanta Electricals Ltd.	Sep 22 – Sep 24, 2025	687.34	9.20%	5.18%	72.16
Shringar House of Mangalsutra Ltd.	Sep 10 – Sep 12, 2025	400.95	12.05%	8.64%	69.81
Seshaasai Technologies Ltd.	Sep 23 – Sep 25, 2025	813.07	-2.73%	-2.72%	69.64

COMPANY NAME	IPO DATE	ISSUE SIZE (₹ CR)	LISTING GAIN (%)	CURRENT GAIN (%)	SUBSCRIPTION (X)
Solarworld Energy Solutions Ltd.	Sep 23 - Sep 25, 2025	490	-7.83%	-7.92%	68.49
Jinkushal Industries Ltd.	Sep 25 - Sep 29, 2025	116.15	-4.49%	-4.5%	65.09
Urban Co. Ltd.	Sep 10 - Sep 12, 2025	1,900.24	61.97%	62.62%	42.55
Jaro Institute of Technology Management & Research Ltd.	Sep 23 - Sep 25, 2025	450	-16.38%	-16.29%	23.2
Anand Rathi Share & Stock Brokers Ltd.	Sep 23 - Sep 25, 2025	745	7.62%	7.64%	21.83
Dev Accelerator Ltd.	Sep 10 - Sep 12, 2025	143.35	5%	-15.07%	17.6
Jain Resource Recycling Ltd.	Sep 24 - Sep 26, 2025	1,250.00	31.28%	34.16%	16.76
Saatvik Green Energy Ltd.	Sep 19 - Sep 23, 2025	900	-5.23%	-5.81%	5.59
Euro Pratik Sales Ltd.	Sep 16 - Sep 18, 2025	451.31	0.56%	0.89%	4.09
Epack Prefab Technologies Ltd.	Sep 24 - Sep 26, 2025	504	-4.78%	-8.92%	3.14
Ganesh Consumer Products Ltd.	Sep 22 - Sep 24, 2025	408.8	-8.60%	-11.41%	2.68
Ivalue Infosolutions Ltd.	Sep 18 - Sep 22, 2025	560.29	-5.74%	-6.56%	1.82
Pace Digitek Ltd.	Sep 26 - Sep 30, 2025	819.15	-0.46%	-0.68%	1.68
BMW Ventures Ltd.	Sep 24 - Sep 26, 2025	231.66	-28.9%	-30.72%	1.5

## SME IPOs SNAPSHOT

September 2025 saw a strong wave of SME IPO activity in India, marked by enthusiastic investor participation across sectors such as technology, healthcare, manufacturing and services. A total of 56 SME IPOs collectively raised ₹2,052.24 Crore, reflecting robust market appetite for smaller yet high-potential companies.

COMPANY NAME	IPO DATE	ISSUE SIZE (₹ CR)	LISTING GAIN (%)	CURRENT GAIN (%)	SUBSCRIPTION (X)
Austere Systems Ltd.	Sep 03 - Sep 09, 2025	15.57	44.22%	3.40%	1,076.99
echD Cybersecurity Ltd.	Sep 15 - Sep 17, 2025	38.99	99.48%	166.99%	718.3
Airfloa Rail Technology Ltd.	Sep 11 - Sep 15, 2025	91.1	99.50%	133.64%	301.52
L.T. Elevator Ltd.	Sep 12 - Sep 16, 2025	39.37	83.21%	73.68%	182.95
Sampat Aluminium Ltd.	Sep 17 - Sep 19, 2025	30.53	-4.04%	-21.75%	169.09
JD Cables Ltd.	Sep 18 - Sep 22, 2025	95.99	3.88%	-8.09%	12778
Goel Construction Co. Ltd.	Sep 02 - Sep 09, 2025	100.15	20.76%	20.30%	124.34
Optivalue Tek Consulting Ltd.	Sep 02 - Sep 04, 2025	51.82	22.14%	16.67%	64.45
Jay Ambe Supermarkets Ltd.	Sep 10 - Sep 12, 2025	18.45	6.35%	62.76%	64.13
Karbonsteel Engineering Ltd.	Sep 09 - Sep 11, 2025	59.3	22.23%	9.37%	76.59



## KEY INSIGHTS: SEPTEMBER 2025 MAINBOARD & SME IPOs

### MAINBOARD HIGHLIGHTS

**Biggest Mainboard IPO:** Urban Co. Ltd.  
(₹1,900.24 Cr)

**Best Mainboard Gainer:** Urban Co. Ltd. (+61.97%)

**Worst Mainboard Performer:** Jaro Institute of Technology Management & Research Ltd.  
(-16.38%)

**Most Subscribed Mainboard IPO:** VMS TMT Ltd.  
(102.24x)

**Total Fundraising by Mainboard IPOs:** ₹13,300 Cr

### SME IPO HIGHLIGHTS

**Most Subscribed SME IPO:** Austere Systems Ltd.  
(1,076.99x)

**Best SME Gainer:** Airfloa Rail Technology Ltd.  
(+99.50%)

**Worst SME Performer:** Krupalu Metals Ltd. (-40%)

**Total Fundraising by SME IPOs:** ₹2,052 Cr

September 2025 demonstrated strong investor interest across both Mainboard and SME IPOs. While marquee Mainboard companies such as Urban Co. delivered stellar listing gains, the SME segment also showcased high oversubscription and impressive early returns, particularly for high-growth tech and infrastructure players.



# INVESTOR PULSE: SEPTEMBER 2025 – FII & DII FLOW AND MARKET TRENDS

## FII/DII ACTIVITY OVERVIEW (SEPTEMBER 2025)

SEGMENT	GROSS PURCHASE (₹ CR)	GROSS SALES (₹ CR)	NET PURCHASE/SALE (₹ CR)
FII Cash	2,78,843.46	3,14,144.82	-35,301.36
DII Cash	3,26,751.09	2,61,407.50	65,343.59

- **FII flows:** Foreign institutional investors were net sellers, offloading ₹35,301 crore in September 2025.
- **DII flows:** Domestic institutional investors were net buyers with significant inflows of ₹65,344 crore, showcasing strong local confidence.

## STOCK MARKET PERFORMANCE

- The BSE Sensex closed September at approximately 80,268, down modestly by 0.12% on the last trading day and reflecting volatility throughout the month.
- The NSE Nifty 50 ended near 24,611, marking pressure with losses leading up to RBI policy meetings and global concerns.

## VOLATILITY INDEX

- The India VIX hovered around 11 to 12 levels during September, representing a relatively low volatility environment and a calm investor sentiment despite the month's fluctuations. The VIX reached about 9.9 mid-September but rose slightly approaching the month-end.

## SECTOR TRENDS

- The market witnessed mixed sectoral performance:
- \* Banking and IT sectors showed some resilience, benefiting from domestic credit growth and global IT exports.

- \* Energy and Metals sectors underperformed due to global commodity price pressures and inflation worries.
- \* Pharma continued to see weak investor interest amid global regulatory uncertainty.
- \* Consumer durables gained on the anticipation of a strong festive demand.

## IPO & FUNDRAISING

- September 2025 saw a steady IPO market with multiple SME and mainboard IPOs raising an estimated ₹2,788 crore in the first 10 days alone. Key IPOs included Amanta Healthcare, Shringar House of Mangalsutra, Urban Company and several SME IPOs across the pharma, tech and construction sectors.
- Despite secondary market caution, the primary market retains robust investor participation, with an expected \$8 billion IPO pipeline looming for Q4 2025, including large upcoming offerings like Tata Capital and LG Electronics India.



## MARKET SENTIMENT & INVESTOR INSIGHTS

- FII selling pressure contributed to short-term volatility and limited gains for benchmark indices in September.
- Nonetheless, strong DII inflows supported the market, particularly midcaps and select large caps, reflecting strengthening domestic investor confidence.
- Positive domestic macroeconomic data and improving corporate earnings led to cautious optimism despite external headwinds.

## KEY TAKEAWAYS

- Significant FII outflows of ₹35,300 crore were more than offset by robust DII inflows of ₹65,300 crore in September.
- Sensex and Nifty ended the month under pressure, closing near 80,268 and 24,611, respectively, signaling cautious investor behaviour.
- India VIX remained low, highlighting subdued volatility amidst macro uncertainties.
- Banking, IT and consumer durables outperformed, while pharma, metals and energy lagged.
- IPO activity persisted strongly, with ₹2,788 crore mobilised early in the month and major IPO deals awaited in Q4 2025.





**WRAP-UP  
&  
PROMOTIONS**

# DOCUMENTATION INSIGHTS: PROSPECTUS & COMPLIANCE FOR SME IPOs

For many SME founders, the biggest hurdle in going public isn't raising capital – it's the paperwork. Preparing a prospectus, navigating SEBI regulations and staying compliant can feel like a mountain of legalese, accountants' notes and endless signatures.

Yet, mastering these documents is critical. Not only do they unlock investor trust, they also form the backbone of your company's credibility on Dalal Street. Let's break down what SME founders need to know, step by step.

## WHAT IS A PROSPECTUS?

A prospectus is essentially your company's story for investors – in legally compliant form.

- **Purpose:** To inform potential investors about your business, finances, risks and growth prospects.
- **Mandatory For:** Every SME IPO under SEBI regulations.
- **Legal Protection:** Once filed, statements in the prospectus are binding; misrepresentation can invite penalties.

Think of it as your IPO pitch in writing – more formal than a deck, but equally persuasive.

## KEY SECTIONS OF AN SME IPO PROSPECTUS

### 1. COMPANY OVERVIEW:

- History, founding team, corporate structure.
- Business model, revenue streams, market position.

### 2. FINANCIAL STATEMENTS:

- Last three years of audited financials (or as per SEBI requirement).
- Notes on revenue recognition, working capital, loans and contingencies.



### 3. RISK FACTORS:

- Industry risks, operational risks, regulatory changes and market competition.
- Must be specific to your business; generic lists don't help credibility.

### 4. OBJECTS OF THE ISSUE:

- How IPO proceeds will be used: expansion, debt repayment, working capital and acquisitions.
- Transparent allocation builds investor confidence.

### 5. MANAGEMENT DISCUSSION & ANALYSIS (MD & A):

- Operational performance, trends and future outlook.
- Helps investors see your vision beyond numbers.

### 6. SHAREHOLDING PATTERN:

- Promoter holdings, pre-IPO shareholders, ESOPs.

### 7. LEGAL & REGULATORY COMPLIANCE:

- Pending litigations, environmental, labour and statutory compliances.
- SEBI ensures all legal risks are disclosed.

### 8. MATERIAL CONTRACTS & RELATED PARTY TRANSACTIONS:

- Key agreements affecting operations or finances.

# COMPLIANCE CHECKLIST FOR SME IPOs

## 1. SEBI REGULATIONS:

- SEBI (ICDR) Regulations, Chapter XB, govern SME IPOs.
- Focus is on simplified disclosures, but accuracy is still mandatory.

## 2. STOCK EXCHANGE REQUIREMENTS:

- BSE SME or NSE Emerge will review and approve your prospectus.
- Stock exchanges act as gatekeepers, ensuring minimum standards.

## 3. MERCHANT BANKER & AUDITOR ROLE:

- A SEBI-registered merchant banker manages the IPO process, due diligence and filing.
- Auditors verify financial statements and confirm compliance with accounting standards.

## 4. LEGAL DUE DILIGENCE:

- Ensure all statutory approvals (GST, trade licenses, environmental clearances) are documented.
- Disclose ongoing litigation or regulatory issues.

## 5. CONTINUOUS DISCLOSURE POST-LISTING:

- Quarterly results, material events, related party transactions and board changes.
- Even SME-listed firms must comply – non-compliance affects reputation and valuation.

## COMMON MISTAKES FOUNDERS MAKE

### 1. OVERLOADING THE PROSPECTUS:

- Too much jargon, lengthy narratives. Keep it clear and investor-friendly.

### 2. HIDING RISKS:

- Trying to underplay operational or market risks can backfire legally and reputationally.

### 3. WEAK FINANCIAL NOTES:

- Ambiguity in revenue recognition, loans, or contingencies invites regulatory queries.

### 4. IGNORING POST-IPO COMPLIANCE:

- SMEs often assume the IPO is the end. Quarterly filings and disclosures are ongoing obligations.

### 5. RUSHED APPROVALS:

- Skipping merchant bankers or legal reviews to save time often leads to SEBI observations and delays.

## PRACTICAL TIPS FOR FOUNDERS

- **Start Early:** Draft the prospectus at least 6–9 months before the intended IPO.
- **Engage Experts:** Merchant bankers, auditors, legal advisors and company secretaries are crucial.
- **Simplify Language:** Investors respond better to clarity over verbosity.
- **Be Transparent:** Disclose all material information. Trust builds valuation.
- **Audit & Re-Audit:** Ensure financials are spotless; discrepancies are red flags.

## CASE STUDY: TIER-2 SUCCESS STORY

**Company:** Rachana Infrastructure Ltd (BSE SME, 2022)

- **Location:** Rajkot, Gujarat
- **IPO Size:** ₹20 crore
- **Key Documentation Success:** Clear allocation of IPO proceeds, detailed risk factors and precise financial reporting.

- **Outcome:** Oversubscribed 60x, migrated to mainboard in under 2 years.

**Lesson:** A well-prepared prospectus doesn't just satisfy SEBI – it creates investor confidence and ensures smooth migration.

## DIGITALIZATION & DOCUMENTATION



Modern SMEs are leveraging technology to simplify compliance:

- **ERP Integration:** Automatically generate financial reports for the prospectus.
- **E-filing Platforms:** Exchanges and SEBI portals streamline submissions.
- **Document Management:** Cloud storage ensures all legal, audit and board documents are accessible for due diligence.

Digital tools reduce errors, save time and improve transparency – crucial for SMEs where internal resources are limited.

## WHY COMPLIANCE IS NOT A BURDEN

Many founders see documentation and compliance as red tape. In reality:

- Proper documentation reduces the risk of legal trouble post-IPO.
- Transparent disclosures boost investor trust and oversubscription rates.
- A good compliance culture makes it easier to attract institutional investors later.

In short, compliance is an investment in credibility, not a bureaucratic hurdle.

## CONCLUSION

Documentation for SME IPOs is much more than filling forms – it's telling your story in a credible, verifiable way. From the prospectus to post-listing disclosures, each step builds investor trust, regulatory compliance and long-term growth potential.

Founders who plan early, engage experts, simplify disclosures and stay transparent tend to outperform. The IPO is not the end; continuous compliance is the real pathway to lasting success.

For SMEs aiming for Dalal Street, mastering documentation isn't optional – it's foundational to scaling, migrating to the mainboard and building investor confidence.



# MAINBOARD MIGRATION EXPLAINED



For many SME founders, listing on BSE SME or NSE Emerge is a thrilling milestone – access to capital, visibility and investor recognition. But the journey doesn't end there. The next big step is migrating to the mainboard, where bigger investors, higher liquidity and enhanced credibility await.

Mainboard migration is often referred to as the “graduation” of SMEs. Understanding the why, how and when can make the difference between a smooth transition and missed opportunities.

## WHY MIGRATE TO THE MAINBOARD?

### 1. Liquidity Boost:

SME platforms are great for raising capital, but post-listing trading volumes are often limited. The mainboard provides broader investor access, increasing daily trading and improving exit opportunities for early investors.

### 2. Valuation Uplift:

Companies on the mainboard often enjoy higher multiples because institutional investors participate and liquidity is better.

### 3. Institutional Interest:

Mutual funds, insurance funds and FPIs generally cannot invest in SME platforms. Mainboard migration opens these investor categories.

### 4. Brand Credibility:

Being a mainboard-listed company signals stability, governance and growth – useful for attracting talent, partners and clients.

### 5. Growth Capital:

Future fundraising through rights issues or follow-on offerings becomes easier on the mainboard.

## ELIGIBILITY CRITERIA FOR MIGRATION

SEBI regulations and exchange rules govern SME to mainboard migration. While specific criteria can vary, common requirements include:

- **Listing Tenure:** The Company must have been listed on the SME platform for at least two years.
- **Financial Track Record:**
  - \* Positive net worth and profits in the last two financial years.
  - \* Minimum net tangible assets and revenue thresholds as per SEBI and exchange norms.
- **Compliance:** Clean track record with no pending regulatory actions.
- **Corporate Governance:**
  - \* Appointment of independent directors, audit committee and nomination/ remuneration committees.
  - \* Annual reporting and disclosures in line with the mainboard requirements.
- **Public Shareholding:** Minimum 25% public float post-migration.

## THE MIGRATION PROCESS

### 1. Board Approval:

The company's board of directors approves the migration proposal and appoints advisers – merchant bankers, legal counsels and auditors.

## 2. Merchant Banker Engagement:

A SEBI-registered merchant banker prepares the draft red herring prospectus (DRHP) for migration, highlighting financials, governance and risk factors.

## 3. Exchange Application:

The company applies the BSE or NSE mainboard, including:

- \* Reviewed financials
- \* Shareholding patterns
- \* Compliance certificates

## 4. SEBI & Exchange Review:

Exchanges scrutinise documents, verify compliance and may seek clarifications.

## 5. Investor Communication:

Though not a fresh IPO, companies typically inform shareholders about the migration, since the listing venue and trading mechanism will change.

## 6. Final Approval & Listing:

Once the mainboard gives the green signal, SME shares start trading on the mainboard, often at a price close to or slightly adjusted from SME market price.

## CASE STUDIES: SUCCESSFUL MIGRATIONS

### 1. RACHANA INFRASTRUCTURE LTD (BSE SME, 2022 → MAINBOARD 2024)

- **Sector:** Infrastructure and construction.
- **Key Moves:** Strengthened compliance, audited profits and increased public float.
- **Outcome:** Smooth migration; post-listing liquidity improved 5x and institutional interest grew.

### 2. AMI ORGANICS (BSE SME, 2018 → MAINBOARD 2021)

- **Sector:** Specialty chemicals.
- **Key Moves:** Demonstrated consistent revenue growth and global export potential.
- **Outcome:** Share price appreciated 10x over 3 years; mainboard listing enabled access to foreign funds.

These examples show how planning, governance and clear communication are critical for a successful migration.

## BENEFITS BEYOND TRADING

Mainboard migration offers strategic advantages beyond liquidity and valuation:

1. **Enhanced Brand Image:** Helps in winning contracts, partnerships and talent.
2. **Global Exposure:** Foreign investors may take notice; cross-listing possibilities become real.
3. **Future Fundraising:** Easier to raise follow-on equity or convertibles.
2. **Institutional Credibility:** Rating agencies, banks and insurers often give better terms to mainboard-listed SMEs.

## COMMON CHALLENGES

Migration is not automatic. Founders often face:

- **Valuation Pressure:** Mainboard investors may value SMEs differently than retail-heavy SME platforms.
- **Compliance Upgrade:** Requires internal governance, reporting and audits at a higher standard.
- **Investor Relations:** Post-migration, communication frequency and quality expectations increase.
- **Liquidity Gaps:** Even on the mainboard, some SME shares may trade thinly initially.

**Tip:** Engaging a professional investor relations team and updating shareholders regularly smoothens the transition.



## PRACTICAL TIPS FOR FOUNDERS

1. **Start Early:** Begin governance and compliance improvements 1–2 years before migration.
2. **Audit & Documentation:** Ensure financials are impeccable; minor errors can delay approval.
3. **Shareholder Communication:** Keep investors informed about benefits and timeline.
4. **Engage Experts:** Merchant bankers, legal advisors and auditors are crucial.
5. **Benchmark Valuation:** Study comparable mainboard companies to set realistic expectations.

## OUTLOOK: WHY MIGRATION MATTERS

- With SME IPOs growing rapidly, mainboard migration is becoming the next logical milestone for ambitious founders.
- It signals a company's readiness for scale, attracts institutional capital and provides liquidity to early investors.

- For India's capital markets, this migration strengthens SME visibility and enhances market depth, making Dalal Street more inclusive.

## CONCLUSION

Mainboard migration is not just a procedural step – it's a strategic milestone. Done right, it transforms a promising SME into a credible, growth-ready enterprise with broader investor access, better valuation and stronger brand recognition.

For founders, the key takeaway is simple: prepare early, strengthen compliance and communicate clearly. SME IPOs are the launchpad, but mainboard migration is the runway for sustained growth.

Dalal Street recognizes ambition – and mainboard migration ensures your SME is not just seen, but taken seriously.



# FINAL WORD: ARE SME IPOs THE FOUNDATION OF INDIA'S \$10T DREAM?

As we wrap up this edition, one thing is crystal clear: SME IPOs are playing a pivotal role in shaping India's economic future. With more and more businesses from smaller cities stepping up to raise capital, we're witnessing the birth of a more inclusive and dynamic market. The rise of SME IPOs is not just about giving smaller companies access to funding, but it's also helping to build a robust economic foundation for India's ambitious \$10 trillion GDP goal.

From manufacturing to tech and services, the diversity of industries entering the IPO market speaks volumes about the growing maturity of India's small and medium enterprises. What was once reserved for large corporations is now becoming accessible to businesses of all sizes. The confidence shown by retail investors, paired with strong oversubscription rates, is a clear indication that India's SME sector is ready to lead the way forward.

Looking ahead, SME IPOs are set to be a major driver of economic growth. With a growing pipeline of IPOs and increasing investor participation, these listings are creating new opportunities, both for businesses and the broader economy. They are contributing not just to the financial markets but also to India's long-term economic transformation.

## KEY TAKEAWAYS

SME IPOs are increasingly becoming a driving force in India's capital markets, with businesses from all over the country stepping into the spotlight.

The focus is on quality, with well-prepared companies tapping the capital markets for growth.

Key sectors like manufacturing, technology and healthcare are leading the charge, demonstrating the sector's diversity.

Retail investor confidence continues to grow, with IPOs consistently oversubscribed.

The IPO pipeline is strong, with an optimistic outlook for the future.

SME IPOs are building a solid foundation for India's \$10 trillion dream, creating a more dynamic, inclusive economy.

SME IPOs are not just changing the way businesses access capital—they are helping India lay the groundwork for its next chapter of economic growth. The best is yet to come!



# ABOUT US

## IPO WORLD – MISSION & JOURNEY

At IPO World, our mission is simple yet powerful – to make capital markets accessible, transparent and empowering for everyone with entrepreneurial ambition.

**We began with one belief:** the IPO journey should belong to all – not just large corporations or financial elites. In a growing economy like India's, every visionary – from startup founders and family-run businesses to MSMEs and women entrepreneurs – deserves equal opportunity to grow through the public markets.

IPO World exists to bridge that gap – by transforming complex IPO and funding processes into clear, actionable guidance. Whether you're planning your first listing, exploring pre-IPO funding, or simply learning how public markets work, we are your trusted knowledge and execution partner.

Through our magazine, educational programs, expert webinars and hands-on consulting, IPO World is building an inclusive platform that supports transparency, financial literacy and growth in India's evolving capital ecosystem.

### WHAT WE OFFER

#### ADVISORY & IPO CONSULTING

- IPO Readiness Checklists & Founder Coaching
- DRHP & Due Diligence Support
- Board Structuring & Compliance Simplification
- ESG Strategy & Disclosure Preparation

#### FUNDING & CAPITAL STRUCTURING

- Pre-IPO Funding (Bridge Loans, Structured Equity)
- Land/Asset-Based Funding Solutions
- Strategic Investor & Anchor Investor Introductions



#### REGULATORY FILINGS & EXECUTION SUPPORT

- SEBI Filings, RTA Coordination
- UPI/ASBA Compliance Execution
- SME Board & Mainboard Listing Assistance
- Post-IPO Governance Support & Compliance

Our goal is not just to “get you listed” – **It's to help you build a long-term, successful market presence.**

#### EVENTS & WEBINARS

We host a year-round calendar of founder-focused events, educational webinars and expert workshops, including:

**IPO Clinics** – Interactive webinars on DRHP preparation, listing strategies and market readiness

**Sector Deep-Dives** – Panel discussions decoding IPO trends in tech, EVs, infra, consumer brands and more

**Investor Connects** – Curated sessions linking founders with VCs, anchor investors and merchant bankers

**Masterclasses** – Detailed workshops on legal compliances, valuation strategies and governance best practices

Stay connected with us at [www.indiaipo.in](http://www.indiaipo.in) for upcoming announcements.

# CONTACT OUR IPO & SME ADVISORY EXPERTS



SME IPOs are transforming India's financial markets by opening new avenues for businesses across Tier-2 and Tier-3 cities. Investors today look beyond just profits—they seek companies with solid governance, credible growth stories and regional impact. For SMEs in manufacturing, textiles, agri-tech and technology, now is the perfect time to explore public funding and scale your business sustainably.

At India IPO, our IPO & SME Advisory team supports founders and promoters throughout their listing journey. We combine in-depth market readiness assessments with tailor-made advisory on governance, compliance and investor communication—helping you present a compelling story to attract the right capital.

## OUR SERVICES FOR SME COMPANIES INCLUDE:

- **IPO Readiness:** Assessing your eligibility, assisting DRHP filing and managing SEBI compliance end-to-end.
- **Governance & Compliance:** Designing frameworks that build investor confidence and meet evolving regulatory requirements.
- **Capital & Valuation Strategy:** Structuring IPOs to balance growth funding and shareholder value.
- **Investor Engagement:** Crafting your narrative and supporting roadshows for retail and institutional outreach.

- **Post-Listing Support:** Continuous guidance on disclosures, compliance and investor relations to sustain trust.

Whether you are an auto parts manufacturer from Rajkot, a textile exporter from Surat, or an agri-tech innovator from Nashik—your growth story deserves the support to flourish on Dalal Street.

Reach out to us at [info@indiaipo.in](mailto:info@indiaipo.in) and take the next step in your SME IPO journey.

Because in today's market, strong governance and authentic growth stories are the keys to capital.

“

**“SMALL COMPANIES,  
BIG DREAMS – SME IPOs ARE  
INDIA’S SILENT REVOLUTION.”**

”

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# IPO



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