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SME & Microcap Exchange
Focused Wealth Creation

STEPTRADE CAPITAL

October 2025

SME & Microcap SUMMARY

Chanakya Opportunities Fund | StepTrade Revolution Fund

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Executive Summary:

In October 2025, the Indian capital markets posted strong gains amid signs of sustained domestic growth, positive reforms, and supportive macroeconomic fundamentals, while the broader economy remained resilient with high GDP growth and robust policy tailwinds.

Capital Market Update: October 2025

- NIFTY 50 (large-cap benchmark) rose by about ~**4.5%** in October (hit new 52-week highs during the month), Nifty Mid cap 100 rose by about **~5.8%** and Nifty small cap 100 rose by about **~4.7%**.
- Sector-wise, realty, IT, and banking led the uptrend, each rising 5-7% during the period. Pharma and metals also saw gains, while IT stocks were notably buoyed by trade deal optimism with the US.
- Foreign Portfolio Investors (FPIs) remained net sellers, but strong buying from Domestic Institutional Investors (DIIs) provided support.
- Consumer spending remained robust in essential goods and rural segments, helped by lower GST rates on key categories.
- Key policy factors included direct tax exemptions, ongoing GST reforms, and an accommodative monetary stance by the RBI, all boosting domestic demand.
- Despite of rate reduction, India's GST collections for October 2025 rose to ₹1.95 lakh crore, marking a 4.6% year-on-year growth driven by robust demand, festive season spending, and the positive impact of recent GST rate rationalisations.

In summary, October 2025 was a positive month for Indian capital markets and the economy, characterized by steady reforms, resilient macroeconomic trends, and broad-based equity gains despite global headwinds.

IPO Activity: October featured 35 SME IPOs on BSE and NSE raising ~Rs. 1300 crores with an average listing day gain of ~11%. During the first 6 months of this financial year i.e. from Apr'25 to Sep'25, 132 IPOs listed at an average listing day gain of ~13%. The average listing day gain in the month of Sep'25 was ~15% which decreased to ~11% in Oct'25. Average listing gains dropped from 60% in 2024 to about 11% in Oct'25, with many listings now trading below their issue prices, reflecting increased investor scrutiny and market volatility.

18 Mainboard IPOs featured in the month of October with an average listing day gain of ~2.07%. 18 companies raise a whopping ~Rs. 41,000 crores, with just 2 companies Tata Capital Ltd. and LG Electronics India Ltd. contributing to ~Rs. 27,000 crores. The first half of this financial year i.e. Apr'25 to Sep'25 saw a total of 57 IPOs listing at an average listing day gain of ~9%. The listing day gains in the month of Sep'25 alone was ~4% which further dropped to ~2% in Oct'25.

Global:

- **United States:**
  The S&P 500 in the US gained about 2.7%, with the Nasdaq up 5.07%, marking new record highs driven by mega-cap tech firms and a strong Q3 earnings season; 83% of S&P 500 companies beat earnings estimates.

  The Russell 2000, tracking US small-cap stocks, ended the month up 1.8%, supported primarily by growth-oriented names, while small-cap value indices saw marginal gains of only 0.3%.

  The S&P SmallCap 600 and S&P MidCap 400 both closed lower, down 0.95% and 0.53% respectively, as market strength concentrated in mega-cap and select technology stocks.

- **Eurozone:**
  European shares hit all-time highs mid-month, buoyed by signs of easing US–China trade tension and positive earnings momentum, but sentiment remained fragile due to industrial headwinds and currency volatility.

- **Asia:**

  Japan: The Nikkei 225 hit record highs, buoyed by the appointment of Sanae Takaichi as prime minister who pledged expansionary fiscal and monetary policies. A weakening yen further supported exporters and lifted market sentiment.

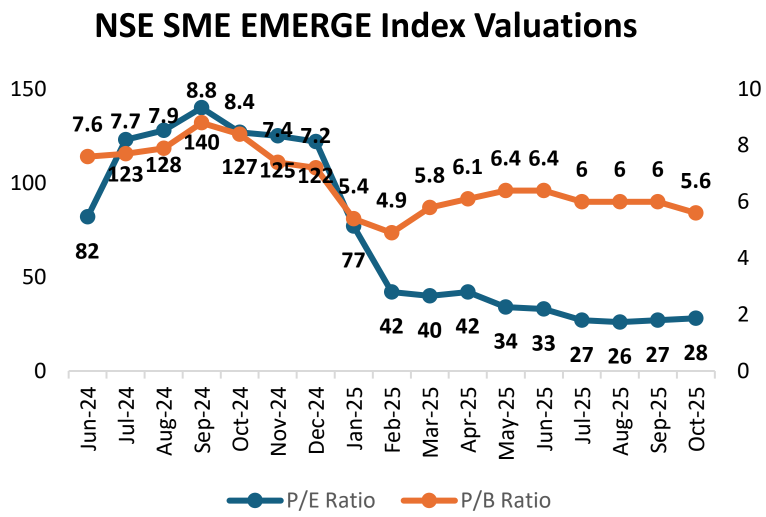
  China: Despite underlying economic challenges such as weak domestic demand and a prolonged housing slump, Chinese tech stocks led gains initially. However, China's overall exports contracted unexpectedly by 1.1% due to tariff-related disruptions and high base effects, leading to some profit-taking towards the month-end.

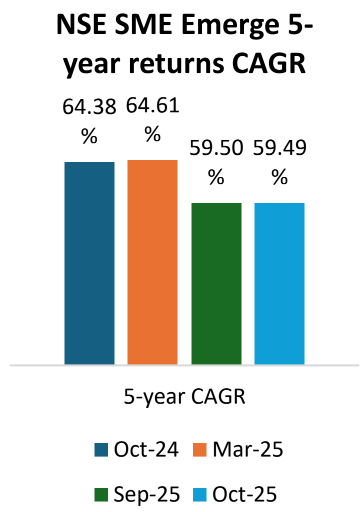
  Taiwan: The market surged about 10%, driven by semiconductor sector strength closely linked to global AI and electronics demand.

  Indian benchmark index Nifty 50 gained ~4.5% during October.

SME Market:

NSE SME Emerge Valuation and Return:





The chart demonstrates how the Price-to-Earnings (P/E) multiples within the SME index have recalibrated. This valuation adjustment is not merely a consequence of the recent decline in share prices; it also reflects the robust earnings growth delivered by leading SME companies. These results underscore the ability of SMEs to meet their business projections and provide strong visibility and guidance for the future.

The 5-year stock returns CAGR was ~64.38% in Oct’24 and peaked in Mar’25 at 64.61% then drifted to ~59.49% in Oct’25 signalling normalising of the rolling average as superior returns moved out of the calculation range. Additionally, it shows the effect of regulatory tightening in which SEBI raised the minimum investment amount to Rs. 2 lakhs, minimum profitability criteria, maximum limit on Offer for Sale (OFS) by promoters.

Robust & Attractive SME Stocks Valuations:

- **Valuations Stabilizing Amid Improving Liquidity**: By October 2025, the NSE SME Emerge index maintained its P/E multiple **around 27.64x**, signalling that the sharp correction from the December 2024 high of 148.76x has largely played out.

- **Market Resilience**: Despite some IPOs falling below issue price, the overall SME segment displayed resilience, showing healthy investor confidence and demand for fundamentally strong smaller companies.

- **Growing Role in India’s Growth Story**: Experts regard the SME IPO market as a cornerstone for broad-based capital formation and economic growth in India, indicating increasing maturity and market discipline in 2025.

Performance of SME-Listed Companies:

- The **NSE Emerge Index** continued upwards in **October 2025**, gaining **1.95% during the month** after a prolonged downtrend earlier in the year. The monthly return in Sep'25 was 0.60%. The positive performance helped **stabilize the 5-year return at 59.49% CAGR**, indicating that despite earlier corrections, long-term optimism about SME earnings and growth prospects continues to support valuations.

- Valuation multiples for SME stocks remained almost similar to Sep'25. The median P/E ratio (all SME listed company) stood at **20.22x**, while the median P/B ratio was recorded at **2.34x** in Oct'25.

Investor Enthusiasm Drives Oversubscription in October 2025 IPOs

Investor confidence in India's SME sector remained muted in October 2025, as highlighted by moderate oversubscription levels in recent IPOs. Here are the key takeaways:

Top 5 Oversubscribed SME IPOs of October 2025:

INFINITY INFINITY FOR INFINITE SOLUTIONS	The most oversubscribed SME IPO in October, 2025, with a subscription of 277.24 times the issue size.
CHTRBOX	The 2nd most oversubscribed SME IPO in October 2025, with a subscription of 52 times the issue size.
RDG GROUP	The 3rd most oversubscribed SME IPO in October, 2025, with a subscription of 29.59 times the issue size.
Sheel Biotech Limited	The 4th most oversubscribed SME IPO in October, 2025, with a subscription of 15.97 times the issue size.
SUBA	The 5th most oversubscribed SME IPO in October, 2025, with a subscription of 15.33 times the issue size.

The momentum and subscriptions overall in the month of October remained moderate reflecting selective optimism among investors. This is a positive sign for the Indian economy, as this approach ensures funds flow efficiently into productive sector for the growing economy. Also, it is important to note that not all oversubscribed IPOs go on to perform well in the long term. Investors should carefully consider the risks involved before investing in any IPO.

October 2025 SME IPO Listing Day Gains/Loss:

The month of October saw taper of September's momentum, with 35 listings and average listing day gains reducing to ~11% in Oct'25 as compared to ~15% in Sep'25.

The details of top listing day gains are provided below:

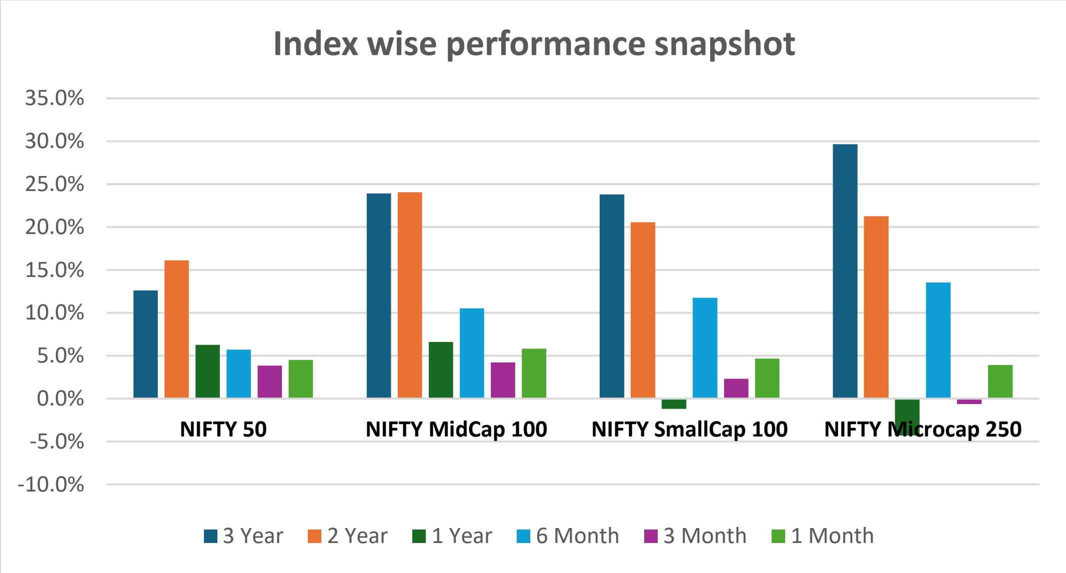
INFINITY INFINITY FOR INFINITE SOLUTIONS	The highest listing day gain, with a gain of 99.48%. The company's shares listed at Rs 294.5, which was significantly higher than the issue price of Rs 155.
MANAS Polymers and Energies Ltd.	The highest listing day gain, with a gain of 80.49%. The company's shares listed at Rs 153.9, which was significantly higher than the issue price of Rs 81.
SODHANI CAPITAL LTD All Financial Solution under one roof AMFI Registered Mutual Fund Distributor	The highest listing day gain, with a gain of 64.71%. The company's shares listed at Rs 80, which was significantly higher than the issue price of Rs 51.
SB Sheel Biotech Limited	The highest listing day gain, with a gain of 51.67%. The company's shares listed at Rs 91, which was significantly higher than the issue price of Rs 63.
SUBA	The highest listing day gain, with a gain of 45.86%. The company's shares listed at Rs 154.2, which was significantly higher than the issue price of Rs 111.

It is important to remember that listing day gains are not always an indicator of long-term performance. Investors should carefully consider the risks involved before investing in any IPO.

Overall, the IPO market has shown the presence of liquidity in the markets and investors are favouring fundamentally strong businesses over speculative momentum.

Micro Cap:

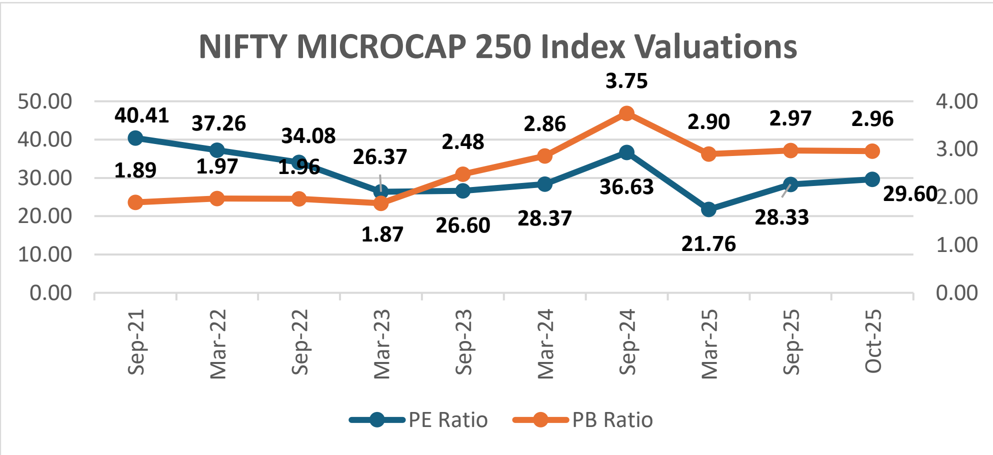
<u>Mainboard Performance and Valuation Matrix during Oct-2025</u>



Micro Cap Performance:

Nifty Microcap 250 outperformed large and small cap indices last 3-year and last 2-year Performance. However, Microcap showed subdued performance during last 1 year.

<u>Micro Cap Valuation Matrix:</u>



IPO Activity of Mainboard IPO:

Top Oversubscribed Mainboard IPOs of October 2025:

Rubicon RESEARCH — INNOVATION QUALITY CARE	The most oversubscribed Mainboard IPO in October, 2025, with a subscription of 109.35 times the issue size.
MIDWEST	The 2nd most oversubscribed Mainboard IPO in October 2025, with a subscription of 92.36 times the issue size.
TRUALT BIOENERGY	The 3rd most oversubscribed Mainboard IPO in October, 2025, with a subscription of 75.02 times the issue size.
Jinkushal Industries	The 4th most oversubscribed Mainboard IPO in October, 2025, with a subscription of 65.09 times the issue size.
ADVANCE AGROLIFE LIMITED	The 5th most oversubscribed Mainboard IPO in October, 2025, with a subscription of 56.9 times the issue size.

October 2025 Mainboard IPO Listing Day Gains/Loss:

The listing day gains in Oct'25 were ~2% dropping from ~4% in Sep'2025 reflecting low momentum.

The details of top listing day gains are as follows:

LG	The highest listing day gain, with a gain of 48.24%. The company's shares listed at Rs 1710.10 against the issue price of Rs 1140.
JAIN METAL GROUP recycle today. greener tomorrow.	The highest listing day gain, with a gain of 31.28%. The company's shares listed at Rs 319.94, against the issue price of Rs 232.
Rubicon RESEARCH INNOVATION QUALITY CARE	The highest listing day gain, with a gain of 29.53%. The company's shares listed at Rs 620, against the issue price of Rs 485.
CANARA ROBECO Mutual Fund	The highest listing day gain, with a gain of 12.95%. The company's shares listed at Rs 280.25, against the issue price of Rs 266.
MIDWEST	The highest listing day gain, with a gain of 7.09%. The company's shares listed at Rs 1165, against the issue price of Rs 1065.

It is important to remember that listing day gains are not always an indicator of long-term performance. Investors should carefully consider the risks involved before investing in any IPO.

Approximately ~41,000 crores were raised by Mainboard IPOs in Oct'25; implying that there was strong participation in IPO fundraising but investors have been conscious of valuation and focus being shifted to securing long term exposure in companies with good fundamentals.

Outlook for IPOs in 2025-2026:

The outlook for **IPOs in 2025–2026** remains broadly **positive**, buoyed by more disciplined & transparent framework introduced by SEBI, attractive Valuation, robust consumption and demand, niche sectors and retails Investor participation.

- **Market Recovery and Growth**: After a cautious start in early 2025, SME and Mainboard IPO activity is expected to pick up in the latter half of the year, supported by improving corporate earnings, disciplined & transparent framework attractive Valuation and business expansion of emerging enterprises.

- **Investor Confidence**: Retail investors, high net worth individuals (HNIs), and institutional participants remain interested in the SME space, recognizing its potential for superior growth and diversification. Quality SMEs and Microcap IPOs with strong fundamentals and governance, especially those in sectors like Capital goods & Electrical equipment, FMCG, Auto, defence, Pharma and renewables, are expected to attract capital despite market volatility.

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