

India's First Pioneer in
SME & Microcap Exchange
Focused Wealth Creation



March 2026



SME & Microcap Report



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Executive Summary:

Capital Market Update: March 2026

- Indian capital markets witnessed a sharp correction in March 2026, with sentiment turning negative amid the ongoing US–Iran conflict. Markets remained under pressure due to Middle east conflict, trade policy uncertainty, and sustained FPI outflows, leading to broad-based selling. The escalation of the conflict heightened geopolitical risks, disrupted the Strait of Hormuz, and drove a spike in crude oil prices, triggering risk-off sentiment across emerging markets, including India.
- March 2026, Indian equity markets witnessed a sharp correction, with the **NIFTY 50 declining by ~11.3%**. Broader markets also saw significant declines, with the **Nifty Midcap 100 falling ~11%, Nifty Smallcap 100 down ~10.2%, and Nifty Microcap 250 dropping ~11.3%** during the month. **~11.3% fall in Mar-26 marks the steepest monthly fall since the COVID-led sell-off in March 2020, making it the sharpest correction in the past five years.**
- Crude oil prices surged sharply during March 2026, with India’s crude basket rising to around **\$112 per barrel (up ~63% MoM)**, significantly impacting the economy given that India imports ~85% of its crude oil requirements. This sharp increase led to heightened **imported inflation risks**, as higher fuel costs transmitted across the value chain, raising input costs for key sectors such as **automobiles, aviation, chemicals, and logistics**. The situation contributed to a broader global shift toward “**war-driven inflation**”, characterized by **cost-push pressures**, where rising commodity prices—rather than demand—drive inflation, thereby squeezing corporate margins and weakening overall economic sentiment.
- During March 2026, the Indian equity market witnessed a **broad-based sectoral sell-off**, with **BFSI, realty, IT, auto, and FMCG sectors declining sharply by over 10%**, making them the worst-performing segments. BFSI stocks were hit due to concerns over liquidity tightening and rising yields, while IT faced pressure from global slowdown fears and continued FPI outflows. Realty and auto stocks corrected amid rising interest rates and input cost inflation, and FMCG underperformed due to margin pressure from elevated raw material prices. On the other hand, **oil & gas and select PSU sectors emerged as relatively resilient performers**, supported by the surge in crude oil prices and defensive positioning, while **defense and utilities** also showed relative outperformance due to increased government focus and stable earnings visibility in a volatile macro environment.
- Foreign Institutional Investors (FIIs) remained net sellers with record outflow of ~1,22,500 Cr in Cash segment, but strong buying of ~1,43,000 Cr from Domestic Institutional Investors (DIIs) provided support during the month.
- Economic growth forecast for India for the fiscal year 2026-27 has been reduced to 6.0% Moody's Ratings from a previous estimate of 6.8% due to higher crude oil price, inflationary pressure and global uncertainty.
- CPI inflation in India is estimated to have **inched up further to ~2.8%–3.2% in March 2026**, compared to ~1.3% in January 2026, driven by **rising food and fuel prices amid**

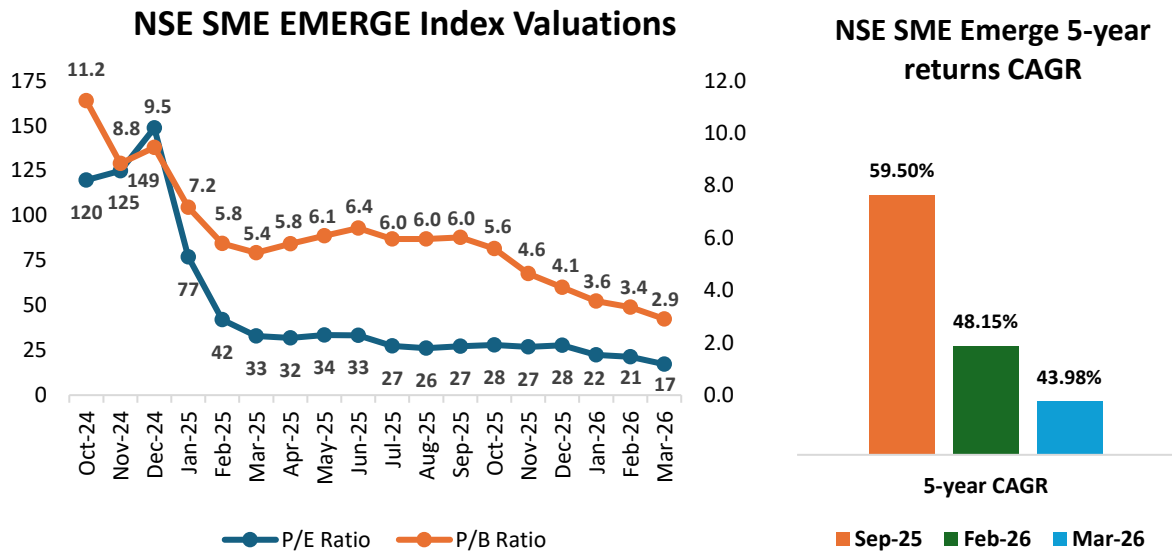
global commodity volatility. Despite the uptick, inflation remained **well within the RBI's tolerance band of 2%–6%**, although emerging risks from **crude oil price surge and imported inflation pressures** warrant close monitoring.

IPO Activity: Primary market activity remained muted in March 2026, with trends diverging across segments and underscoring a more discriminating investor backdrop. In the **SME segment**, 11 IPOs were listed across BSE and NSE, collectively raising ~Rs. 451 crores. The segment delivered an average listing-day gain of 3.2%, improving from the 1.07% recorded in February 2026. On a broader trend basis, SME IPO performance has moderated meaningfully. During Apr'25–Mar'26 (FY26), 257 SME IPOs were listed, delivering an average listing-day gain of ~10.81%, marking a sharp decline compared to FY2025, when average listing gains stood at ~47.39%.

In the **Mainboard segment**, activity remained limited with 9 IPOs raising ~Rs. 8,077 crores in March, delivering an average listing-day return of -8.78%, against -1.45% in Feb'26. Similar to SMEs, returns have moderated significantly from FY2025 levels (~29%) to ~7.35% in FY2026, suggesting a normalization from last year's elevated primary market exuberance. Overall, the data suggests that while issuance remains steady, listing-day performance across both segments has moderated structurally, reflecting a more valuation-conscious and quality-focused primary market environment.

SME Market:

NSE SME Emerge Valuation and Return:



The NSE SME Emerge Index valuation chart demonstrates how the Price-to-Earnings (P/E) multiples within the SME index have recalibrated. This valuation adjustment over past 1-2 years is not merely a consequence of the decline in equities; it also reflects the **robust earnings growth delivered by leading SME companies**. A key impetus for the valuation contraction has been **sustained foreign institutional investor (FII) selling**. Overall, 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 59.50% in Sep'25 then drifted to ~43.98% in Mar'26 signalling normalising of the euphoric growth phase and valuation contraction. 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. The chart reflects a transition from extraordinary, liquidity-driven gains to more earnings-aligned performance.





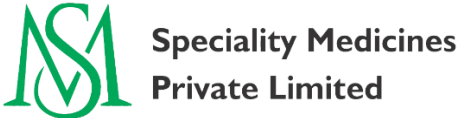
Robust & Attractive SME Stocks Valuations:

- **Valuations:** In Mar'26, the NSE SME Emerge index's P/E multiple moderated to 17.23x from 21.38x in Feb'26, continuing the broader downward adjustment observed over the past year as investor expectations recalibrated
- **Normalisation:** The segment appears to be undergoing a structural valuation reset, with demand concentrated in fundamentally strong smaller companies rather than broad-based market exuberance.
- **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.

IPO Performance in March 2026:

Investor confidence in India's SME sector continued to remain weak in Mar'26 as well, highlighted by muted subscription levels in recent IPOs and weak listing gain. Here are the key takeaways:

Top Oversubscribed SME IPOs of March 2026:

	The most oversubscribed SME IPO in March, 2026, with a subscription of 357 times the issue size.
	The 2 nd most oversubscribed SME IPO in March, 2026, with a subscription of 129 times the issue size.
	The 3 rd most oversubscribed SME IPO in March, 2026, with a subscription of 100 times the issue size.
	The 4 th most oversubscribed SME IPO in March, 2026, with a subscription of 4 times the issue size.
	The 5 th most oversubscribed SME IPO in March, 2026, with a subscription of 2 times the issue size.

March 2026 SME IPO Listing Gains/Loss:

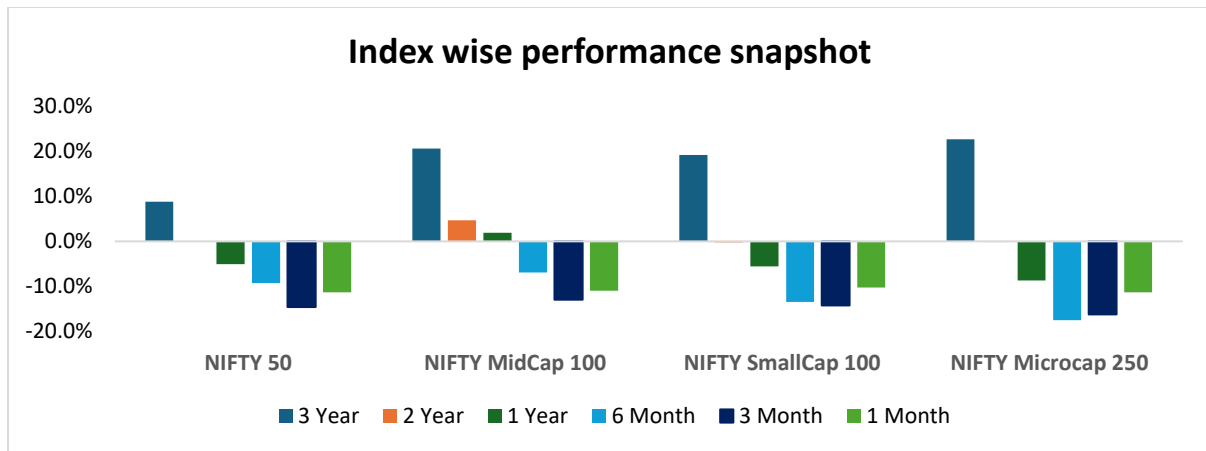
The details of top listing gains are provided below:

	The highest listing day gain, with a gain of 46.05%. The company's shares listed at Rs. 153, much higher than the issue price of Rs. 110.
	The 2 nd highest listing day gain, with a gain of 14.13%. The company's shares listed at Rs. 50, slightly higher than the issue price of Rs 46.
	The 3 rd highest listing day gain, with a gain of 6.5%. The company's shares listed at Rs 100.05, against the issue price of Rs 98.

During the month of Mar'26, SME market showcased muted performance in terms of listing gain. Subscription levels and investor participation in SME IPOs remained muted, reflecting a growing reluctance among investors to pursue short-term opportunities in the segment following mixed post-listing performance.

Micro Cap:

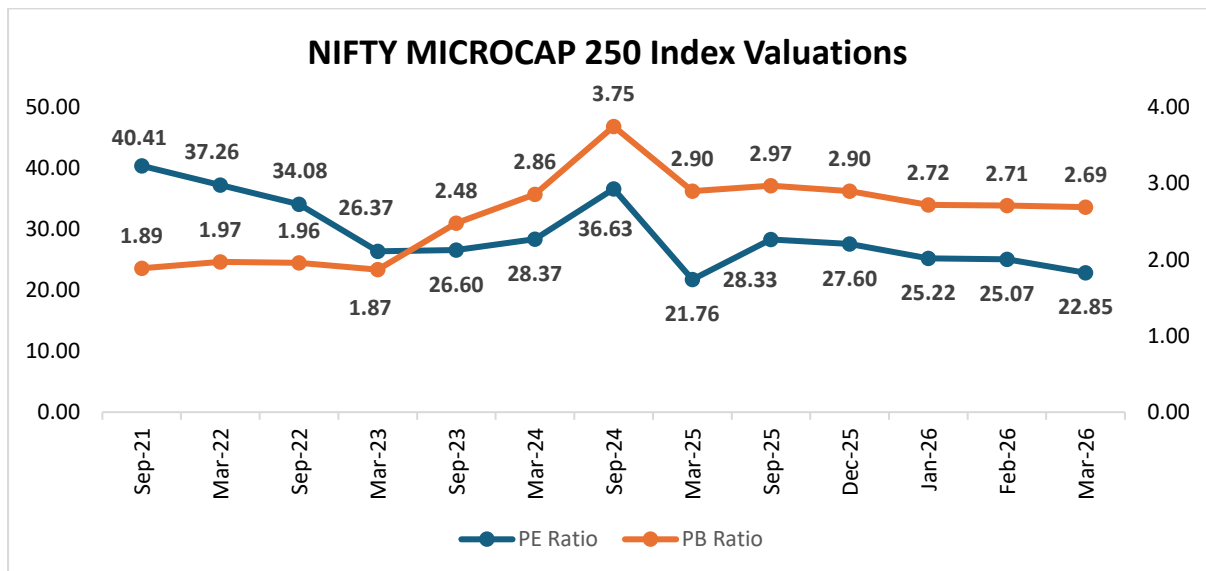
Mainboard Performance and Valuation Matrix during Mar-2026



Micro Cap Performance:

The Nifty Microcap 250 emerged as the top performer over the long term, outperforming large-cap, mid-cap, and small-cap indices, driven by strong liquidity, elevated retail participation, and a high-risk investment environment. However, its short-term momentum has eroded, with returns over past year moderating and even turning negative.

Micro Cap Valuation Matrix:






The chart shows moderation of valuation after peaking in Sep'24, with the PE multiple correcting to around 23x and PB multiple at around 2.69x in Mar'26, reflecting earnings catching up to the price appreciation.

IPO Activity of Mainboard IPO:




Mainboard activity remained muted in March with only 9 IPOs being listed raising around Rs. 8,077 Cr.

Top Oversubscribed Mainboard IPOs of March 2026:

 <p>SHREE RAM TWISTEX LIMITED</p>	The most oversubscribed Mainboard IPO in March, 2026 with a subscription of 43.66 times the issue size.
 <p>INNOVISION</p>	Clocked a subscription of 3.46 times the issue size.
 <p>SEDEMAC</p>	Clocked a subscription of 2.68 times the issue size.

March 2026 Mainboard IPO Listing Gains/Loss:

The details of listing gains/loss are as follows:

 <p>GSP</p>	Listed with a gain of 11.33%. The company's shares listed at Rs. 328 against the issue price of Rs. 320.
 <p>SEDEMAC</p>	Listed with a gain of 7.33%. The company's shares listed at Rs. 1535 against the issue price of Rs. 1352.
 <p>REVA DIAMONDS</p>	Listed with a gain of 6.66%. The company's shares listed at Rs. 375 against the issue price of Rs. 386.

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

Muted subscription levels and weak listing gains reflect **reduced market buoyancy**, as investors increasingly focused on **fundamentals and valuation discipline** rather than the aggressive, sentiment-driven participation seen in earlier phases.

Outlook for IPOs in 2026-2027:

India's IPO market exhibited **subdued activity in March 2026**. Fewer IPOs entered the market during Mar'26 and subscription levels also remained low as investors turned cautious due to higher volatility and valuation concerns. SME IPOs in FY26 generated an average listing-day gain of ~10%, indicating relatively **subdued performance in the primary market**.

The outlook for **SME IPO in FY27** remains broadly **moderate** due to Investor caution, tightening liquidity conditions, middle east conflict, higher crude oil price and inflationary environment, more disciplined and transparent regulatory framework, and heightened due diligence standards.

Similarly, the outlook for Mainboard IPOs in FY27 is also moderate due to middle east conflict, higher crude oil price, elevated valuations and inflationary environment. Despite the short-term slowdown, the **long-term outlook remains constructive** as India continues to have a strong pipeline of upcoming IPOs, including several startups and large companies planning to raise capital.

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