



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



**STEPTRADE**  
 — CAPITAL —

May 2026

# SME & Microcap REPORT

Insights. Opportunities.  
 Wealth Creation.



Powering Growth  
 In Emerging India



Unlocking Potential  
 Across SME & Microcap



Focused Strategies for  
 Long-term Wealth Creation



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## Executive Summary:

### Capital Market Update: May 2026

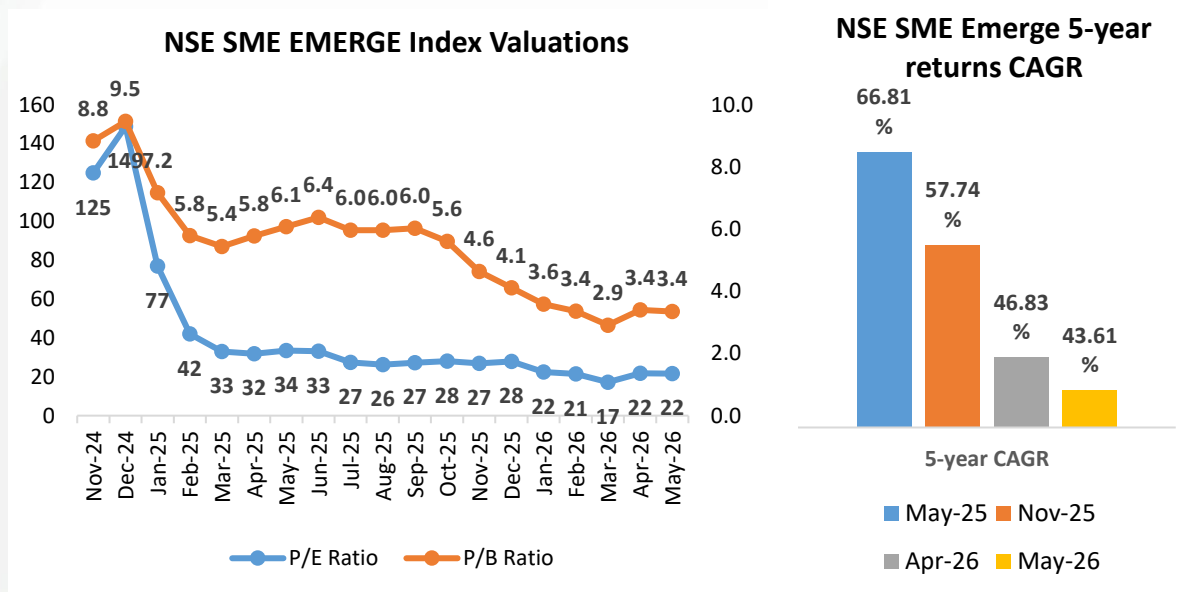
- Indian equity markets gave up their April gains and closed May weaker, with the Sensex down ~2.8% and Nifty 50 down ~1.9% for the month. Renewed Middle East tensions (escalating US–Iran conflict) and persistently high crude prices eroded confidence, leading investors to book profits after April’s rally. Volatility remained elevated as foreign fund outflows and a record-weak rupee (near INR96/US\$, a multi-year low) weighed on sentiment.
- The broader market outperformed large caps. Midcap and smallcap indices rose while the Nifty 50 fell. The Nifty Midcap index gained roughly 3.2% and the Smallcap index about 0.7% in May, compared to the Nifty’s 1.9% decline. This reflects selective buying of mid/small stocks on relatively better earnings prospects, even as benchmark indices fell.
- Brent crude prices eased from April’s peaks but remained elevated. Brent futures fell about 19% during May, averaging just above \$100/barrel, yet still ~25–30% higher than pre-conflict levels. India’s heavy oil import dependence (~85%) kept forex outflow under stress. This sustained oil price shock continues to threaten India’s inflation and current account. Lower fuel costs would be needed to meaningfully relieve margin pressure in oil-sensitive sectors.
- Sectors such as commodity, metal, pharmaceuticals and healthcare led gain. In contrast, Oil & Gas, BFSI, IT and Realty lagged amid rising global rates and dampened demand. Thus, crude oil linked and interest-rate-sensitive sectors underperformed, while defensives and commodities held up better.
- Foreign Institutional Investors (FIIs) remained net sellers, with an estimated INR 55,963 crore outflow from Indian equities in May (the third straight month of FII selling). Higher US Treasury yields (~4.4%) and the rupee slump deterred foreign buyers. Domestic Institutional Investors (DIIs) again provided support, buying roughly INR 82,669 crore, helping cushion the market. Overall net institutional flows were positive due to strong DII inflows.
- Economic growth projections remain under revision due to oil and inflation shocks. S&P Global /RBI forecasts India’s FY2026-27 GDP growth at about 6.6% (down from ~6.9% in from earlier projection), citing the energy shock from high oil prices. The RBI kept the policy repo rate unchanged at 5.25% in recent MPC meeting, maintaining a neutral stance given rising risks to inflation and growth.

**IPO Activity:** Primary market activity in SME segment rebounded in May 2026, driven by a pickup in SME IPO issuance and stronger investor participation. In the **SME segment**, 12 IPOs were listed across BSE and NSE, collectively raising ~Rs. 651 crores. The segment delivered an average listing-day gain of 13.33%, rising from 7.4% gain recorded in April 2026. SME IPO listing performance moderated sharply in CY25, with average listing gains declining to ~12% versus ~60% in CY24.

Mainboard IPO activity remained selective in May 2026, with only one IPO listing during the month and raising ~Rs. 926 crores. The IPO delivered a listing-day return of 22.01% compared to average listing-day return of -0.59% in Apr'26. Similar to SMEs, returns have moderated significantly from ~29% in CY24 to ~9% in CY25. The improvement in debut performance reflects recovering investor appetite and improving market conditions, while signalling a more disciplined and fundamentally driven primary market environment.

## SME Market:

### NSE SME Emerge Valuation and Return:



### Valuations




The NSE SME Emerge Index valuations remained broadly stable in May'26, with the P/E multiple of ~21.6x. The P/B multiple sustained at ~3.35x, reflecting continued investor confidence and selective buying interest in quality SMEs despite broader market volatility.

### Returns

The 5-year CAGR moderated further to ~43.6% in May'26 versus ~46.8% in Apr'26. The returns show correction from 57.74% in Nov'25, signalling a continued transition towards earnings-linked growth trajectory. The moderation in long-term return metrics, alongside relatively stable valuation multiples, suggests increasing investor preference for fundamentally stronger SME businesses



## SME IPO Performance in May 2026

### Top Oversubscribed SME IPOs of May 2026:

 <p><i>Goldline Pharmaceuticals Ltd</i></p>	<p>The most oversubscribed SME IPO in May, 2026, with a subscription of 841 times the issue size.</p>
	<p>The 2<sup>nd</sup> most oversubscribed SME IPO in May, 2026, with a subscription of 235 times the issue size.</p>
 <p><i>Spreading Healthiness!</i></p>	<p>The 3<sup>rd</sup> most oversubscribed SME IPO in May, 2026, with a subscription of 102 times the issue size.</p>

## May 2026 SME IPO Listing Gains/Loss:

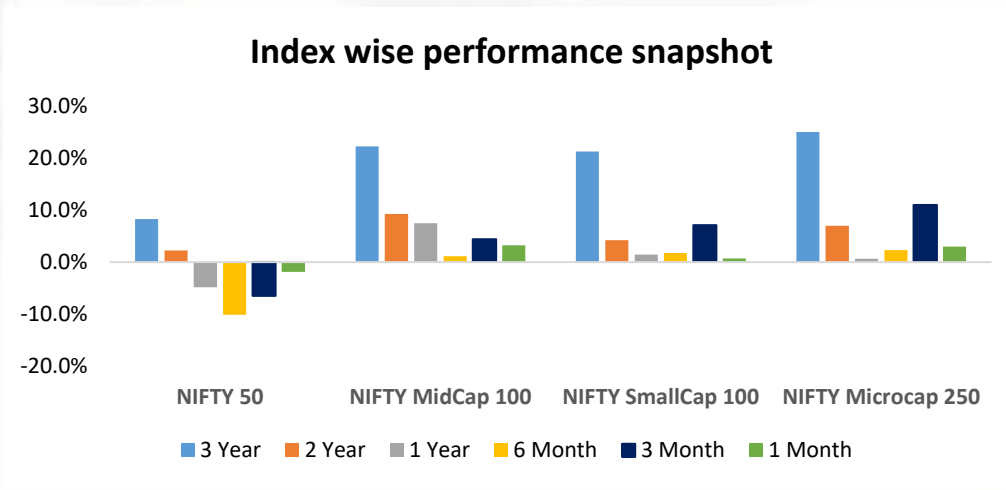
The details of top listing gains are provided below:

	<p>The highest listing gain, with a gain of 53%. The company's shares listed at Rs. 118.1, higher than the issue price of Rs. 77.</p>
	<p>The 2<sup>nd</sup> highest listing gain of 39%. The company's shares listed at Rs. 59.75, slightly higher than the issue price of Rs 43.</p>
	<p>The 3<sup>rd</sup> highest listing gain, with a gain of 35%. The company's shares listed at Rs 213.10, against the issue price of Rs 158.</p>

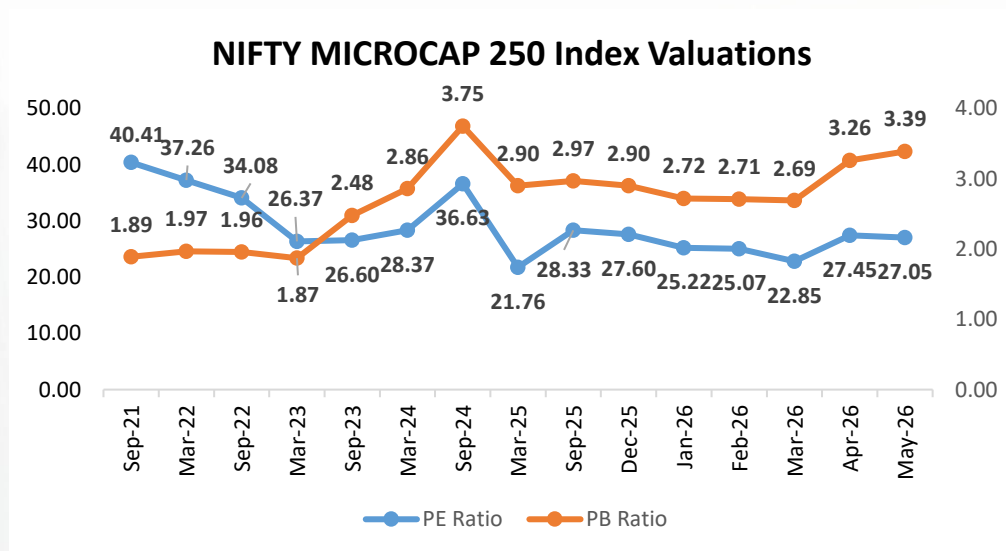
Investor sentiment towards the SME primary market improved in May 2026, as reflected in improved IPO listings, increased fundraising activity, and increase in average listing-day gains. This suggests a recovery in investor participation and risk appetite compared to the relatively subdued market conditions witnessed in April 2026.

## Micro Cap:

### Micro Cap Performance



### Micro Cap Valuation Matrix:




Broader-market indices continued to outperform large caps, with the Nifty Microcap 250 emerging as the strongest performer across market-cap segments, delivering ~25.1% returns over the last three years along with robust gains over the past three months (~11.0%) and one month (~3.0%). The segment remained resilient amid market volatility, supported by strong domestic liquidity and sustained retail participation. In May'26, the index witnessed stable PE multiples (~27.1x vs. ~27.5x in Apr'26) even as PB multiples expanded further (~3.39x vs. ~3.26x).

## IPO Activity of Mainboard IPO:


In May, 2026; just one IPO got listed on Mainboard.

## Mainboard IPO Subscription Levels in May 2026:

	Clocked a subscription of 10 times the issue size.
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## May 2026 Mainboard IPO Listing Gains:

The details of listing gains/loss are as follows:

	Listed with a gain of 22.01%. The company's shares closed at Rs. 208.63 against the issue price of Rs. 171.
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## Outlook for IPOs in 2026-2027:

May 2026 saw 13 IPOs (12 SME, 1 Mainboard). Overall, majority of these IPOs listed above issue price, reflecting positive sentiment however, overall sentiment remained cautious due to geopolitical tensions in West Asia and elevated crude prices keeping the markets on edge, dampening new issue enthusiasm. Foreign investors remained on the sidelines amid global volatility, tightening liquidity for new deals. However, domestic retail and HNI interest in quality SME issues stayed healthy, as seen by high SME subscription rates.

Both SME and mainboard pipelines are robust yet cautious. India still has a record pipeline (~190+ companies, INR 2.5 lakh Cr) awaiting listing, but issuers are delaying launches in the near term due to valuation concerns and volatile markets. Elevated secondary-market valuations and weak recent listing returns have made investors more selective.

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