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

STEPTRADE CAPITAL

July 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

chanakya OPPORTUNITIES FUND I
STEPTRADE REVOLUTION FUND I

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STEPTRADE REVOLUTION FUND II

Executive Summary:

Capital Market Update: July 2026

- Indian equity markets remained broadly resilient during July 2026 despite heightened global uncertainty and earnings season volatility. Market sentiment remained volatile in the first half of CY2026 amid heightened Middle East geopolitical tensions and elevated crude oil prices. During July'2026, Nifty 50 yielded modest gains, supported by improving foreign institutional participation, resilient domestic inflows, and optimism surrounding India's macroeconomic fundamentals. Investor sentiment remained cautious amid geopolitical developments, elevated crude oil prices, and mixed global economic data.

- Foreign Institutional Investors (FIIs) remained net sellers during July 2026; however, net outflows moderated significantly to approximately INR 5,750 crore—the lowest monthly outflow recorded in the calendar year. Continued strong buying by Domestic Institutional Investors (DIIs), amounting to around INR 35,000 crore, more than offset FII selling, resulting in positive net institutional flows and supporting overall market sentiment.

- **Large-cap, mid-cap, and small-cap stocks outperformed the micro-cap segment during June.** The Nifty 50 gained **2.17%**, followed by the Nifty Midcap Index with a **1.81%** rise and the Nifty Smallcap Index with a **2.53%** gain, while the Nifty Microcap Index posted a comparatively modest return of **0.14%**.

- **Crude oil prices remained elevated through most of July owing to continued geopolitical tensions in West Asia,** causing current account deficit pressure and inflationary concerns. Sustained volatility in energy markets remained a key macro risk for the Indian economy given its dependence on imported crude.

- India's macroeconomic environment remained resilient despite heightened global uncertainty. The Reserve Bank of India (RBI) maintained the policy repo rate at **5.25%** while retaining a neutral stance, balancing inflation risks arising from elevated crude oil prices against the need to support economic growth.

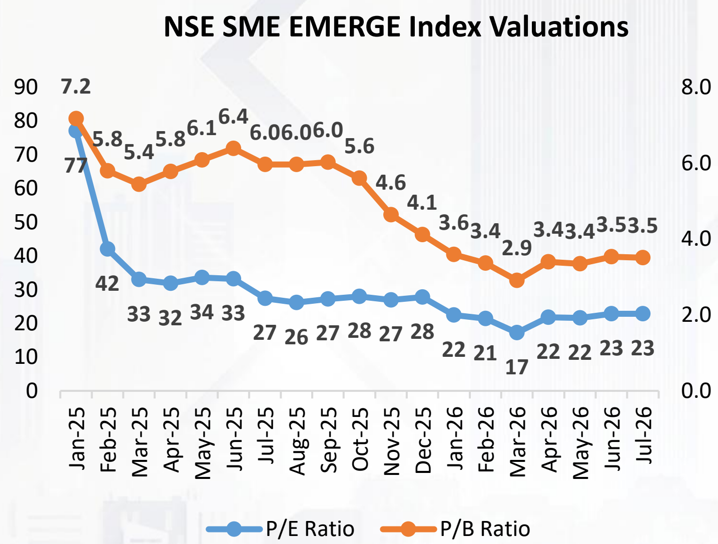
- India's services sector witnessed a notable moderation in July 2026, with the S&P Global Services PMI declining to 53.3 from 57.4 in June. Although the index remained above the 50-point expansion threshold, indicating continued growth, the pace of expansion slowed to its weakest level in over four years, reflecting softer growth in new business and easing overall business activity.

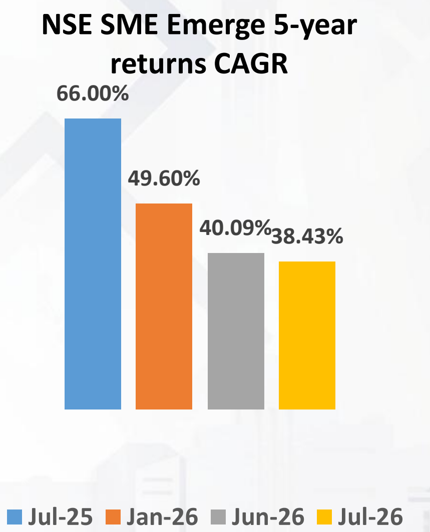
IPO Activity: Primary market activity in the **SME segment** remained robust in July 2026, with 20 IPOs getting listed across the BSE and NSE, collectively raising ~Rs. 888 crores, reflecting healthy capital market activity. The average listing-day gain improved to 24% in July'26 from ~10.75% June, 2026. SME IPO listing performance during the first half of CY26 saw an average listing day gain of ~7%.

Mainboard IPO activity witnessed a notable uptrend in July 2026, with 13 IPOs collectively raising ~Rs. 18,366 crores. The increase in fundraising was primarily driven by the ~Rs. 9,800 crore SBI Funds Management IPO, underscoring the return of large-sized IPO issues to the primary market. Average listing-day gains improved modestly to ~14.0% from ~10.96% in the previous month. During H1CY26, Mainboard segment delivered an average listing day gain of ~3%. Traction in IPO activity and stronger listing gains indicate increased participation from the investors in the primary market, although investors continue to exhibit greater selectivity, favouring fundamentally strong issuers over broad-based momentum-driven participation.

SME Market:

NSE SME Emerge Valuation and Return:





Valuations

The NSE SME Emerge Index valuations remained stable in Jul'26, with the P/E multiple at ~22.84x and the P/B multiple at ~3.51x. The NSE SME Emerge index marginally underperformed compared to broader market indices. Investors continue to hold confidence in fundamentally strong SME businesses suggesting a balanced risk-reward environment.

Returns

The 5-year CAGR moderated further to ~38.4% in Jul'26 from ~66% in Jul'25. The returns show correction caused by increased investor scrutiny over higher IPO valuations, liquidity condition, FII outflows, elevated crude oil prices and US-Iran tensions. Over the past 1 year, the P/E multiple corrected by ~15% while the SME index return decreased by ~7% reflecting valuation de-rating where investors wanted to pay lower valuation multiple despite earnings continuing to grow.

SME IPO Performance in July 2026

Here are the key takeaways:

Top Oversubscribed SME IPOs of July 2026:

IE	The most oversubscribed SME IPO in July, 2026, with a subscription of 420 times the issue size.
KRATIKAL SECURE FOR SURE	The 2nd most oversubscribed SME IPO in July, 2026, with a subscription of 221 times the issue size.
devson CATALYST	The 3rd most oversubscribed SME IPO in July, 2026, with a subscription of 220 times the issue size.
Millworks Machining your Concept	The 4th most oversubscribed SME IPO in July, 2026, with a subscription of 219 times the issue size.
Mala COTTON SAREES	The 5th most oversubscribed SME IPO in July, 2026, with a subscription of 200 times the issue size.

July 2026 SME IPO Listing Gains/Loss:

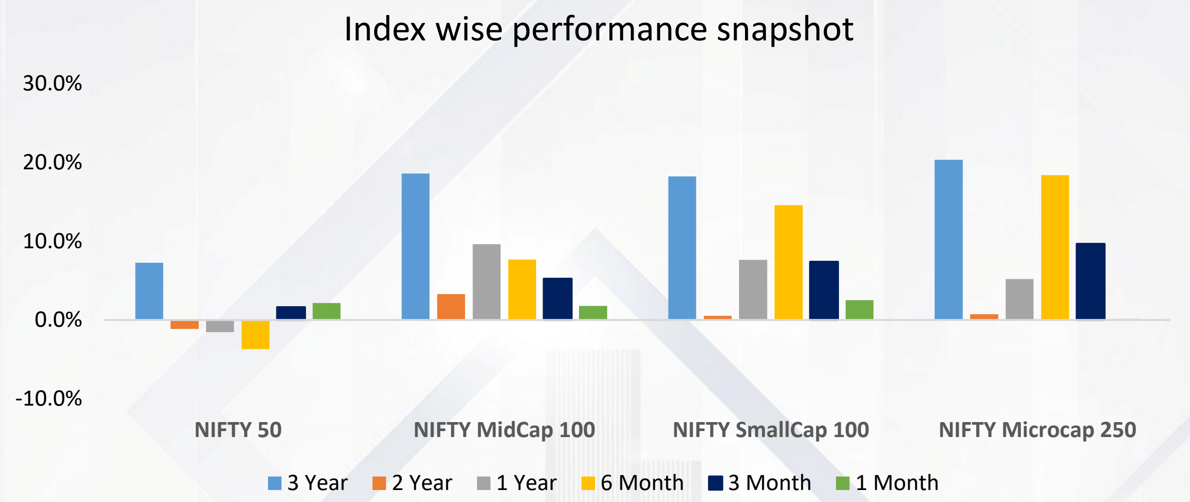
The details of top listing gains are provided below:

Millworks Machining your Concept	The highest listing gain, with a gain of 90%. The company's shares listed at Rs. 629, against the issue price of Rs. 331.
Mala COTTON SAREES	The 2nd highest listing gain, with a gain of 90%. The company's shares listed at Rs. 133, against the issue price of Rs. 70.
TEL TEJA ENGINEERING INDUSTRIES LIMITED	The 3rd highest listing gain, with a gain of 90%. The company's shares listed at Rs. 418, against the issue price of Rs. 220.
IE	The 4th highest listing gain, with a gain of 67.7%. The company's shares listed at Rs. 166, against the issue price of Rs. 99.
devson CATALYST	The 5th highest listing gain, with a gain of 66.2%. The company's shares listed at Rs. 196, against the issue price of Rs. 118.

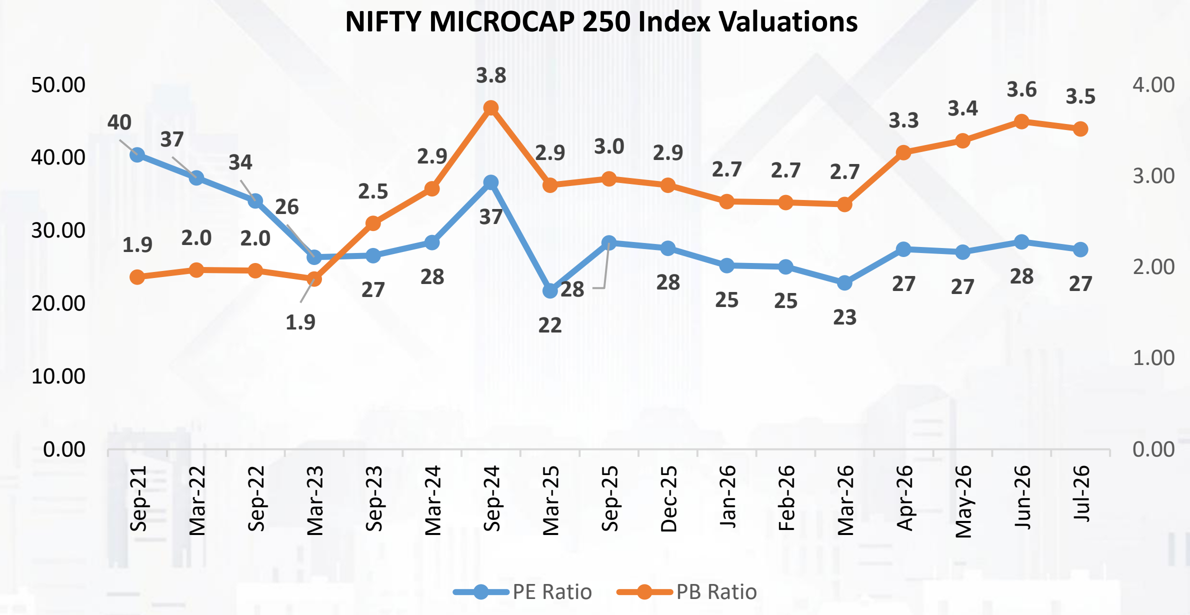
The SME primary market witnessed a notable improvement in investor sentiment during Jul'26, with robust issuance activity complemented by increase in listing gains, suggesting greater willingness among investors to deploy capital into fundamentally strong SME businesses.

Micro Cap:

Micro Cap Performance



Micro Cap Valuation Matrix:



The Nifty Microcap 250 continued to outperform broader market indices over the medium term, delivering the highest returns across market-cap segments over the three-year (~20%), six-month (~18%) and three-month (~10%) periods. However, the index underperformed during Jul'26, generating a muted ~0.1% return compared with stronger gains across large, mid and small-cap indices. The P/E multiple moderated to 27.4x in Jul'26 and the P/B multiple eased to 3.5x.

IPO Activity of Mainboard IPO:

In July, 2026; 13 IPOs got listed on Mainboard.

Mainboard IPO Subscription Levels in July 2026:

RAMBHAJO SINCE 1921	Clocked a subscription of 213 times the issue size.
CALIBER Unearthing Possibilities	Clocked a subscription of 155 times the issue size.
kusumgar Unusual is usual	Clocked a subscription of 136 times the issue size.
Knack Packaging Ltd. Imagining Beyond...	Clocked a subscription of 87 times the issue size.
INDO-MIM® COMPLEXITY SIMPLIFIED	Clocked a subscription of 72 times the issue size.

July 2026 Mainboard IPO Listing Gains:

The details of listing gains/loss are as follows:

INDO-MIM® COMPLEXITY SIMPLIFIED	Listed with a gain of 44%. The company's shares listed at Rs. 700, against the issue price of Rs. 485.
RAMBHAJO SINCE 1921	Listed with a gain of 37%. The company's shares listed at Rs. 189, against the issue price of Rs. 138.
kusumgar Unusual is usual	Listed with a gain of 36%. The company's shares listed at Rs. 569, against the issue price of Rs. 419.
CALIBER Unearthing Possibilities	Listed with a gain of 18%. The company's shares listed at Rs. 500, against the issue price of Rs. 424.
LASER POWER & INFRA ISO 9001:2015 CERTIFIED COMPANY	Listed with a gain of 17%. The company's shares listed at Rs. 250, against the issue price of Rs. 214.

Outlook for IPOs in 2026-2027:

India’s IPO market is likely to see a gradual revival in H2 2026, supported by improving domestic liquidity, and continued strength in domestic institutional and retail participation and easing crude oil prices. Despite potential headwinds from market volatility and geopolitical uncertainties, a strong pipeline of IPO is expected to support sustained primary market activity in the near to medium term.

Supportive macroeconomic conditions—healthy GDP growth expectations, improving FII inflows, and a stable interest-rate environment—are expected to underpin investor sentiment and sustain activity in the Indian IPO market.

Several marquee IPOs, including Jio Platforms, the National Stock Exchange (NSE) and other large issuers, are expected to test investor appetite during H2 2026.

Strong IPO pipeline is expected across key sectors, including manufacturing, healthcare, defence, capital goods, fintech, logistics and consumer brands, driven by robust domestic growth and capital-raising opportunities.

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