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

STEPTRADE
CAPITAL

August 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: August 2026

- In August 2026, Indian equities market remained volatile and benchmark indices fell for the first time in three months, as **Middle East tensions and higher crude oil prices** dampened sentiment.

- Market sentiment was tempered by concerns over oil price shocks—with Brent hovering above US$90—and potential Fed policy volatility; however, consistent domestic institutional and retail inflows provided a floor, limiting downside.

  FIIs were still net sellers in August but at a much lower magnitude. Foreign portfolio investors sold about ₹7,530 crore of Indian equities in August v/s ~₹5,750 cr outflow in July. Meanwhile, domestic institutions (mutual funds, insurance, etc.) aggressively bought – about ₹58,270 crore net inflows, more than reversing the FII selling.

- **Micro-cap, small-cap and mid-cap stocks outperformed the large-cap segment during Aug-2026.** The Nifty Micro cap gained **5.4%**, followed by the Nifty Small cap Index with a **3.1%** rise and the Nifty Midcap Index with a **2.1%** gain, while the Nifty posted a negative return of **1.2%**.

- Oil prices stayed **elevated and volatile** in August due to middle east conflict. Brent crude traded in the low-$90s (around US$92–$96), down from July's spike but still high enough to feed inflation pressures. Elevated oil price added to **current account and inflation concerns**, reinforcing RBI's cautious stance. RBI Governor Sanjay Malhotra noted that volatile energy prices were a key global risk.

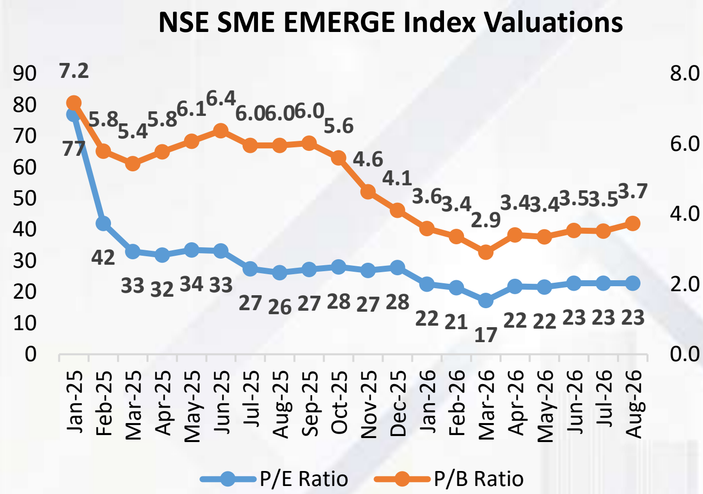
- At the August MPC meeting, the Reserve Bank **kept policy unchanged**. The repo rate remained at **5.25%**, with the stance maintained as neutral. The RBI noted that India's economy was "resilient amidst persisting global headwinds", and that inflation had risen only modestly despite higher food and fuel costs.

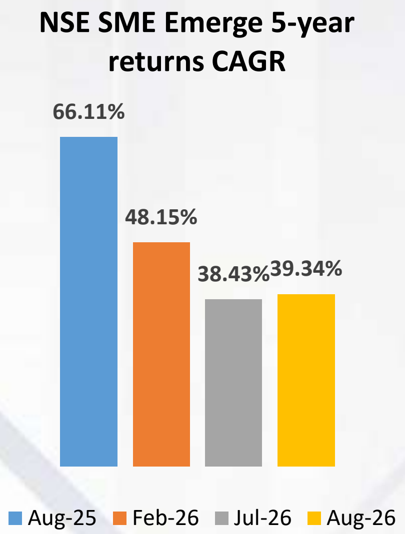
IPO Activity: Primary market activity in the SME segment remained strong in Aug'26, with 22 IPOs listed across the BSE and NSE, collectively raising Rs. 1,219 crores, indicating sustained issuer activity and investor participation. The average listing-day gain moderated to 15.4% in Aug'26 from 24% in July'26. SME IPO listing performance during the first half of CY26 saw an average listing day gain of ~7%.

Mainboard IPO activity strengthened further in August 2026, with 18 IPOs collectively raising Rs. 28,976 crores. Manipal Health Enterprises Ltd. IPO raised the highest issue amount of Rs. 9,275 crores. Average listing-day gains improved materially to 27.79% in Aug'26 from ~14% in the previous month. During H1CY26, Mainboard segment delivered an average listing day gain of ~3%. The primary market strengthened meaningfully in Aug'26, with higher fundraising and a sharp improvement in listing performance in Mainboard segment. The trend points to improving investor risk appetite and deeper primary-market participation, 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 Aug’26, with the P/E multiple at ~22.84x and the P/B multiple at ~3.73x. The NSE SME Emerge Index rose ~5% in Aug’26, while the stable P/E multiple suggests that the gains were largely supported by earnings growth. Meanwhile, the increase in the P/B multiple, despite a stable P/E, implies an improvement in the market-implied ROE of the constituent companies meaning investors are assigning a higher value on earnings generated relative to book value.

Returns

The 5-year CAGR of the NSE SME Emerge Index declined sharply from ~66.1% in Aug’25 to ~38.4% in Jul’26 reflecting a significant normalisation in the returns amid increased investor scrutiny, tighter liquidity conditions, FII outflows and broader macro and geopolitical uncertainties. Notably, it showed modest reversal in its prolonged downward trajectory, increasing marginally to ~39% in Aug’26.

SME IPO Performance in August 2026

In Aug’26, 22 IPOs got listed on SME platforms. Here are the key takeaways:

Top Oversubscribed SME IPOs of August 2026:

LAPL AUTO PARTS	The most oversubscribed SME IPO in August, 2026, with a subscription of 344 times the issue size.
POOJAA PRECISION ENGG. LIMITED	The 2^{nd} most oversubscribed SME IPO in August, 2026, with a subscription of 279 times the issue size.
TECHNO CRATS THE HOUSE OF HIGH TECHNOLOGY	The 3^{rd} most oversubscribed SME IPO in August, 2026, with a subscription of 203 times the issue size.
G V ELECTRICALS Creating Connections For Life	The 4^{th} most oversubscribed SME IPO in August, 2026, with a subscription of 169 times the issue size.
CREDENT CONNECT/\/CARE	The 5^{th} most oversubscribed SME IPO in August, 2026, with a subscription of 153 times the issue size.

August 2026 SME IPO Listing Gains/Loss:

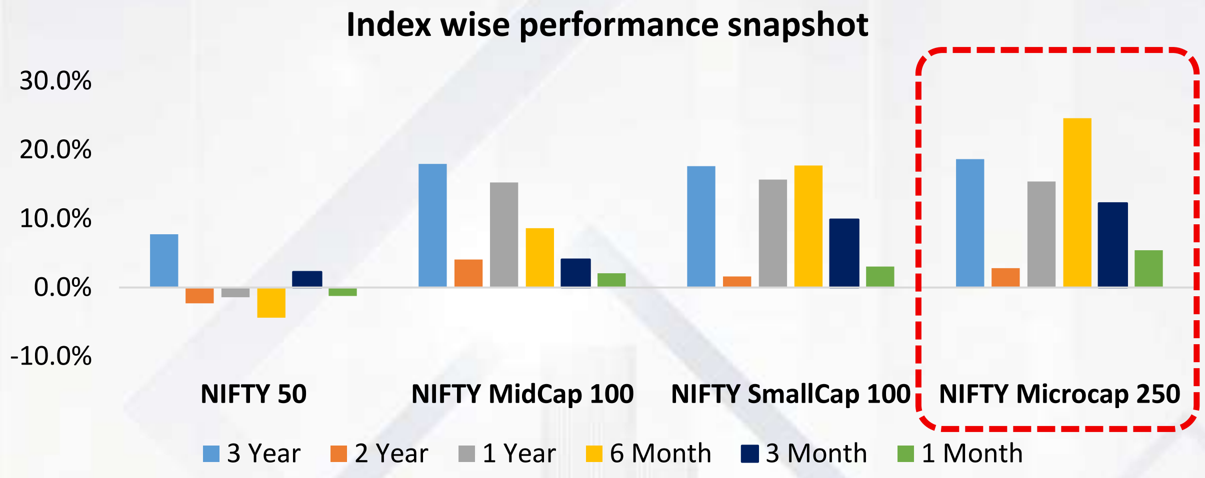
The details of top listing gains are provided below:

CREDENT CONNECT/\/CARE	The highest listing gain, with a gain of 90%. The company's shares listed at Rs. 359.10, against the issue price of Rs. 189.
TECHNO CRATS THE HOUSE OF HIGH TECHNOLOGY	The 2nd highest listing gain, with a gain of 74%. The company's shares listed at Rs. 230, against the issue price of Rs. 132.
PPe POOJAA PRECISION ENGG. LIMITED	The 3rd highest listing gain, with a gain of 56%. The company's shares listed at Rs. 470, against the issue price of Rs. 301.
LAPL AUTO PARTS	The 4th highest listing gain, with a gain of 44%. The company's shares listed at Rs. 135, against the issue price of Rs. 94.
ONEINDIG Technologies Ltd.	The 5th highest listing gain, with a gain of 25%. The company's shares listed at Rs. 120, against the issue price of Rs. 96.

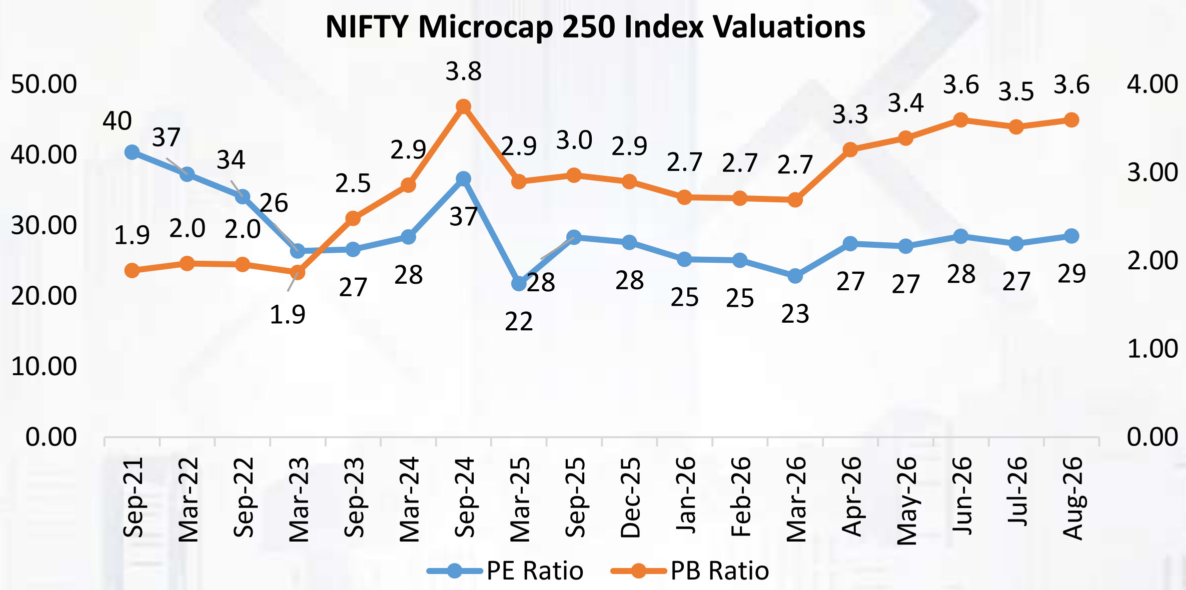
SME primary market remained robust in Aug'26, reflecting sustained issuance activity and healthy investor participation. Moderation in listing gains indicate that the sharp improvement in listing performance in July'26 has not sustained and that investors are becoming more selective and valuation-conscious in their participation.

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 (~18.6%), six-month (~24.6%) and three-month (~12.3%) periods. After underperforming in Jul'26 with a muted ~0.1% return, the index rebounded strongly in Aug'26, rising ~5.4% outperforming the broader market segments. The recovery was accompanied by a moderate expansion in valuations, with the P/E multiple increasing to ~28.5x from ~27.4x in Jul'26 and P/B rising to ~3.6x from ~3.5x.

IPO Activity of Mainboard IPO:

In August, 2026; 18 IPOs got listed on Mainboard.

Mainboard IPO Subscription Levels in August 2026:

MV Electrosystems Limited	The 1st most oversubscribed Mainboard IPO in August, 2026, with a subscription of 201 times the issue size.
TEMPSENS	The 2nd most oversubscribed Mainboard IPO in August, 2026, with a subscription of 184 times the issue size.
ARDEE POWERING TOMORROW WITH RECYCLED RESOURCES	The 3rd most oversubscribed Mainboard IPO in August, 2026, with a subscription of 139 times the issue size.
AUGMONT	The 4th most oversubscribed Mainboard IPO in August, 2026, with a subscription of 111 times the issue size.
Behari Lal Engineering Ltd.	The 5th most oversubscribed Mainboard IPO in August, 2026, with a subscription of 109 times the issue size.

August 2026 Mainboard IPO Listing Gains:

The details of listing gains/loss are as follows:

TEMPSENS	Listed with a gain of 111%. The company's shares listed at Rs. 634, against the issue price of Rs. 300.
Behari Lal Engineering Ltd.	Listed with a gain of 63%. The company's shares listed at Rs. 465, against the issue price of Rs. 285.
Dhoot Transmissions (Harnessing Safety through wires)	Listed with a gain of 38%. The company's shares listed at Rs. 1,200, against the issue price of Rs. 871.
ARDEE (POWERING TOMORROW WITH RECYCLED RESOURCES)	Listed with a gain of 36%. The company's shares listed at Rs. 72, against the issue price of Rs. 53.
Shiprocket	Listed with a gain of 35%. The company's shares listed at Rs. 131, against the issue price of Rs. 97.

The Mainboard IPO market witnessed a meaningful improvement in investor sentiment during Aug’26, with stronger fundraising activity and robust listing performance reflecting deeper market participation and greater willingness to deploy capital in new issuances.

Outlook for IPOs in 2026-2027:

India's IPO market is showing signs of a strong revival in H2 2026, following a lacklustre first half, supported by robust GDP growth, improving domestic liquidity, and sustained participation from domestic institutional and retail investors.

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.

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, jewellery and consumer brands, driven by robust domestic growth and capital-raising opportunities.

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