



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



STEPTRADE
— CAPITAL —

Sept 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: September 2026

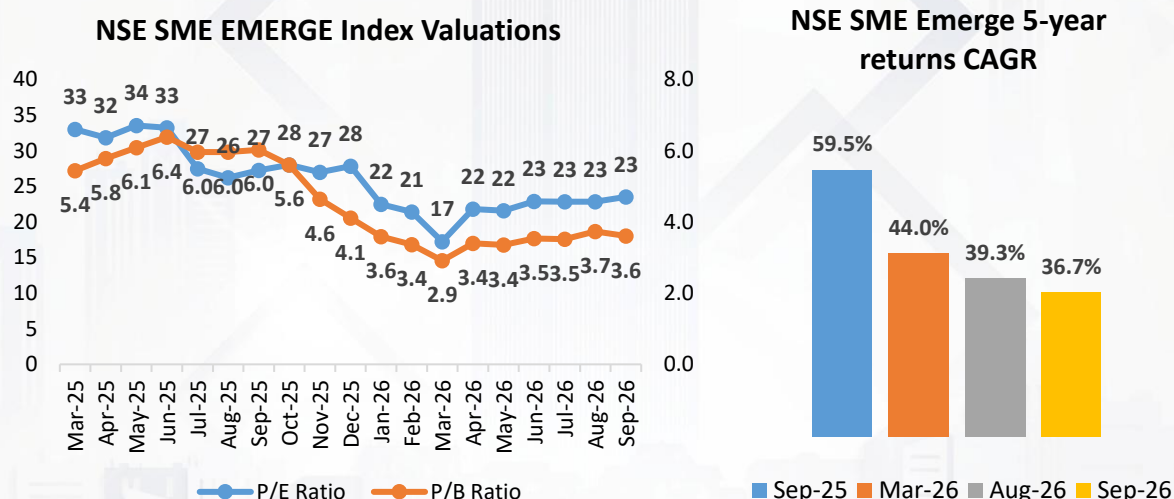
- September 2026 saw a sharp sell-off in Indian stocks amid renewed Middle East tensions and global rate-hike fears. The Nifty50 fell about 6% in the month (from ~24,080 at end-Aug to ~22,620 at end-Sep), marking its worst September since 2018. Both Nifty and Sensex declined for the second straight month, reflecting broad weakness as U.S. Fed hikes and oil shocks dented risk appetite.
- **Crude oil became a major macro risk:** Brent crude ended September near **US\$98/bbl**, up about **8.3%** during the month, with geopolitical tensions raising concerns about India's inflation, current account deficit and corporate margins. This kept inflation and current-account deficit concerns for India. RBI officials continued to flag energy-price shocks as a key risk.
- FIIs were net sellers in September. Foreign portfolio investors sold about ₹44,000 crore of Indian equities in September v/s ~₹7,655 cr outflow in August. Meanwhile, domestic institutions (mutual funds, insurance, etc.) aggressively bought about ₹76,030 crore net inflows, more than reversing the FII selling.
- **Micro-cap and small-cap outperformed the large-cap and Mid cap segment during Sep-2026. Indian equity markets witnessed broad-based weakness in September 2026**, with the **Nifty 50 declining 6.06%**, Midcap 100 falling **7.62%**, and Smallcap 100 declining **3.44%**; however, **Nifty Microcap 250 remained relatively resilient (-1.09%)**, while **NSE SME Emerge gained 3.84%**, outperforming the broader market.
- During October month MPC meeting, Market is expecting RBI to raise repo rate by 25 bps. Going into October, the central bank is expected to stay data-driven, balancing sticky global energy prices and inflation against India's steady growth outlook.
- **Global interest rates turned unfavourable:** The US 10-year Treasury yield moved above **5%**, increasing the relative attractiveness of US fixed income and putting pressure on emerging-market equities.
- **Rupee weakness:** The rupee ended September at around **₹95.95/\$**, adding another pressure point for imported inflation and companies dependent on imported inputs.

IPO Activity: Primary market activity in the SME segment strengthened materially in Sep'26, with 38 IPOs getting listed across NSE and BSE collectively raising ~Rs. 1,599 crores; reflecting a significant increase in issuance activity. The average listing-day gain improved to 18% in Sep'26 from ~15% in Aug'26. SME IPO listing performance during H1FY27 saw 118 IPOs getting listed at an average listing day gain of 16.1%.

Mainboard IPO activity remained robust in Sep'26, with 32 IPOs collectively raising ~Rs. 40,355 crores. The most awaited NSE IPO alone raised Rs. 22,563 crores and listed with a relatively modest 0.84% gain. Average listing-day gains moderated to 17.8% from the elevated 27.8% recorded in Aug'26. During H1FY27, 71 Mainboard IPOs were listed with an average listing-day gain of ~18.34%. The September primary-market performance remained healthy relative to the H1FY27 trend, supported by strong issuance activity, sustained investor participation and improving risk appetite across new issuances. Overall, the stronger listing performance suggests resilient demand for IPOs. Investor appetite, while healthy, has become more selective, with greater differentiation based on issue quality and pricing.

SME Market:

NSE SME Emerge Valuation and Returns



Valuations

The NSE SME Emerge Index delivered a 3.84% return in Sep'26. The P/E multiple increased to 23.48x in Sep'26 from 22.84x in Aug'26 indicating that the positive performance was accompanied by earnings multiple expansion, with implied earnings growth remaining relatively limited. In contrast, the P/B multiple declined to 3.60x in Sep'26 from 3.73x in Aug'26. Overall, the movement points to continued positive investor sentiment towards the SME segment with the September rally likely being supported more by modest valuation expansion and growth in the equity base.

Returns

The 5-year CAGR of the NSE SME Emerge Index declined sharply from 59.5% in Sep'25 to ~36.7% in Sep'26 reflecting a significant normalisation in the returns amid increased investor scrutiny, tighter liquidity conditions, FII outflows and broader macro and geopolitical uncertainties.

SME IPO Performance in September 2026

In Sep'26, 38 IPOs got listed on SME platforms. Here are the key takeaways:

Top Oversubscribed SME IPOs of September 2026:

	The most oversubscribed SME IPO in September, 2026, with a subscription of 585 times the issue size.
	The 2nd most oversubscribed SME IPO in September, 2026, with a subscription of 320 times the issue size.
	The 3rd most oversubscribed SME IPO in September, 2026, with a subscription of 213 times the issue size.
	The 4th most oversubscribed SME IPO in September, 2026, with a subscription of 205 times the issue size.
	The 5th most oversubscribed SME IPO in September, 2026, with a subscription of 189 times the issue size.

September 2026 SME IPO Listing Gains/Loss:

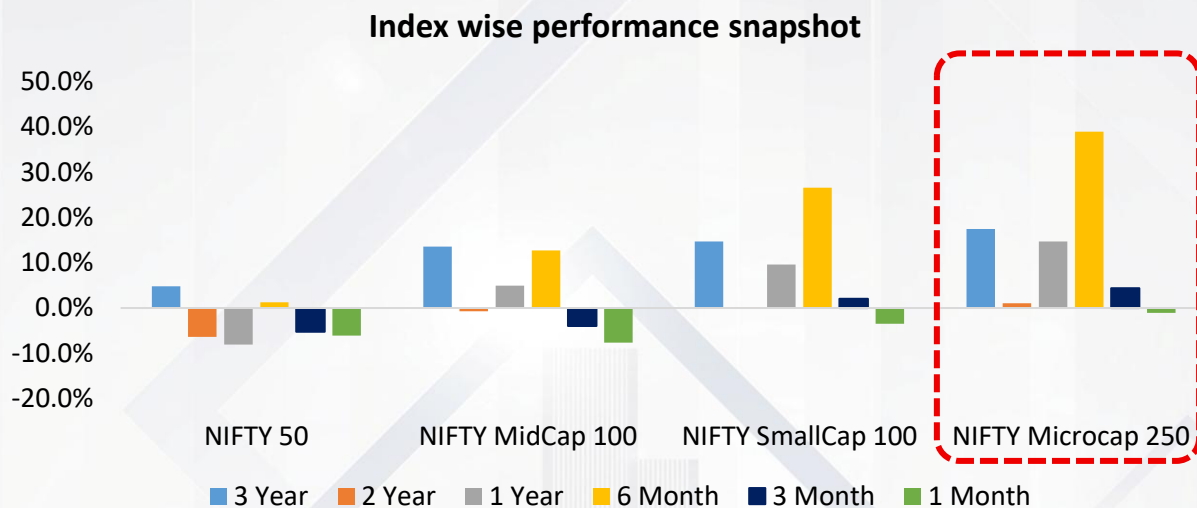
The details of top listing gains are provided below:

	The highest listing gain, with a gain of 90%. The company's shares listed at Rs. 201.40, against the issue price of Rs. 106.
	The 2nd highest listing gain, with a gain of 90%. The company's shares listed at Rs. 224.2, against the issue price of Rs. 118.
	The 3rd highest listing gain, with a gain of 90%. The company's shares listed at Rs. 112.1, against the issue price of Rs. 59.
	The 4th highest listing gain, with a gain of 90%. The company's shares listed at Rs. 157.7, against the issue price of Rs. 83.
	The 5th highest listing gain, with a gain of 77.09%. The company's shares listed at Rs. 224.9, against the issue price of Rs. 127.

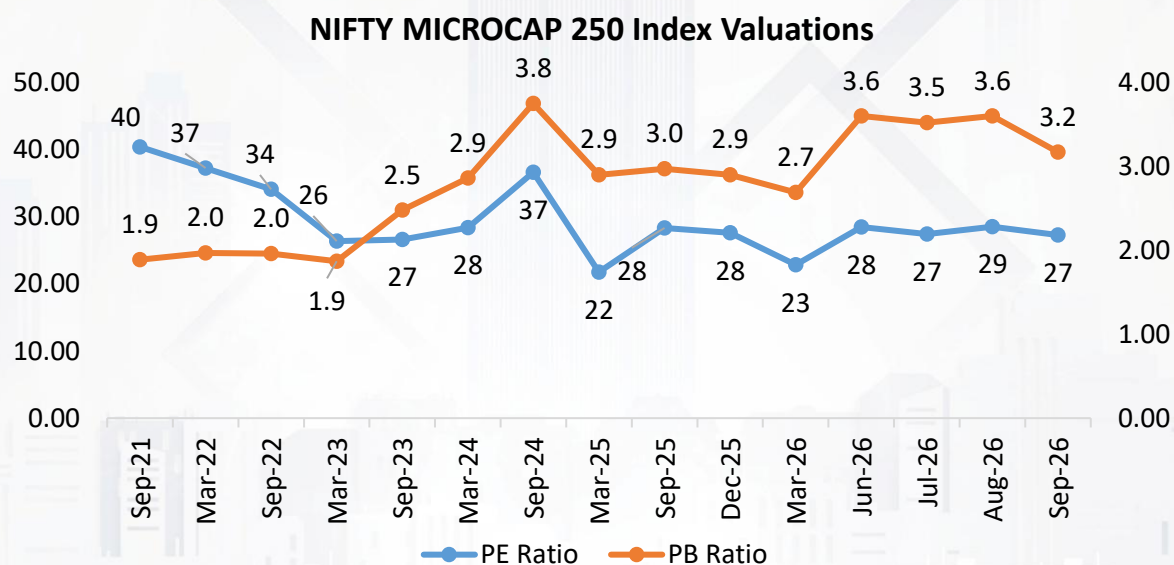
The SME primary market remained robust in Sep'26, with strong issuance activity and an improvement in listing performance, indicating sustained investor participation and a recovery in near-term risk appetite. The rise in average listing gains from the previous month, coupled with performance above the H1FY27 average, suggests that investor sentiment towards SME offerings has strengthened, although selectivity on issue quality and valuations remains important.

Micro Cap:

Micro Cap Performance



Micro Cap Valuation Matrix:



The Nifty Microcap 250 emerged as the strongest-performing segment across all investment horizons (long term, medium term and short term) outperforming other broader market segments. The index delivered the highest returns across market-cap segments over the three-year (17.5%) and six-month (38.9%) periods. Meanwhile, the P/E multiple declined to ~27x from ~29x and P/B to ~3.2x from ~3.6x, indicating meaningful valuation compression during the month.

IPO Activity of Mainboard IPO:

In September, 2026; 32 IPOs got listed on Mainboard.

Mainboard IPO Subscription Levels in August 2026:

 HY-TECH ENGINEERS LTD. (CIN No.- U99999MH1978PLC020853)	The 1st most oversubscribed Mainboard IPO in September, 2026, with a subscription of 172 times the issue size.
	The 2nd most oversubscribed Mainboard IPO in September, 2026, with a subscription of 126 times the issue size.
	The 3rd most oversubscribed Mainboard IPO in September, 2026, with a subscription of 123 times the issue size.
	The 4th most oversubscribed Mainboard IPO in September, 2026, with a subscription of 99 times the issue size.
	The 5th most oversubscribed Mainboard IPO in September, 2026, with a subscription of 95 times the issue size.

September 2026 Mainboard IPO Listing Gains:

The details of listing gains/loss are as follows:

	Listed with a gain of 76.4%. The company's shares listed at Rs. 757, against the issue price of Rs. 429.
	Listed with a gain, with a gain of 75.4%. The company's shares listed at Rs. 235, against the issue price of Rs. 134.
	Listed with a gain of 47.2%. The company's shares listed at Rs. 624, against the issue price of Rs. 424.
	Listed with a gain of 41.5%. The company's shares listed at Rs. 75, against the issue price of Rs. 53.
	Listed with a gain of 34.1%. The company's shares listed at Rs. 110, against the issue price of Rs. 82.

The Mainboard IPO market witnessed strong issuance activity and fundraising in Sep'26, reflecting continued depth in the primary market. The relatively muted debut of the much-awaited NSE IPO, despite its significant issue size, further highlights the increasing selectivity in the Mainboard segment rather than broad-based momentum across new listings.

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.

While domestic liquidity from mutual funds, HNIs, and retail investors is exceptionally strong, the era of blind retail euphoria has normalized. Market experts note that investors are demanding rational valuations. Companies trying to command aggressive multiples are being punished on listing day, while those with strong corporate governance and visible earnings growth continue to see healthy subscriptions.

Unlike the first half of the year, which was dominated by medium and small companies, this quarter is anchored by highly anticipated mega-IPOs. For instance, Jio Platforms is widely expected to open its estimated \$3.8 billion (~₹32,000 crore) issue in late October. 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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