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SME & Microcap Exchange
Focused Wealth Creation

STEPTRADE CAPITAL

Oct 2026

SME & Microcap REPORT



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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: October 2026

- October 2026 saw a sharp sell-off in Indian Micro cap and Small cap amid renewed Middle East tensions and global rate-hike. However, Indian benchmarks recovered some losses in October. The Nifty50 gained about 1.9% on the month, closing around 23,053 (versus ~22,620 at end-Sep). IT indices surged (Nifty IT +17.7%) and powered the upside, while other sectors were mixed.

- **Crude oil became a major macro risk:** Brent crude oil moved sharply higher during October, briefly trading above $110/barrel by late-month. The spike – driven by renewed Middle East tensions and supply concerns – intensified worries about Indian inflation, the current account deficit and corporate margins (energy imports). Elevated oil kept inflation and CAD risks on policymakers' radar.

- FIIs were net sellers in October. Foreign portfolio investors sold about ₹45,000 crore of Indian equities in October v/s ~₹44,000 cr outflow in September. Meanwhile, domestic institutions (mutual funds, insurance, etc.) aggressively bought about ₹62,200 crore, more than reversing the FII selling.

- Indian equity markets witnessed a relatively stronger performance in the large-cap segment during October 2026, while **mid-cap, small-cap and micro-cap stocks continued to face broad-based weakness,** indicating a shift in investor preference towards relatively stable and fundamentally stronger small and microcap companies, with the **Nifty 50 surging 1.9%**, Midcap 100 falling **3.4%**, and Smallcap 100 and Microcap 250 declining **4.1% & 8.9% respectively**.

- During October 2026, **the RBI raised the repo rate by 25 basis points to 5.50%, reflecting concerns over inflationary pressures,** while the US Federal Reserve maintained its policy rates amid global economic uncertainties. The divergence in monetary policy reinforced tighter global liquidity conditions, influencing foreign investment flows and keeping pressure on equity market valuations, particularly in interest-rate-sensitive mid- and small-cap stocks. The **RBI continued to flag "second-round" inflation risks from oil. In early October it hiked the repo rate by 25 bps to 5.50% and shifted its stance to "calibrated tightening".**

- **Global interest rates turned unfavourable:** - Global interest rates and Fed: Global bond yields remained high and volatile. **The US 10-year Treasury yield climbed above 5.3% in mid-October (its highest in ~24 years),** making US debt very attractive.

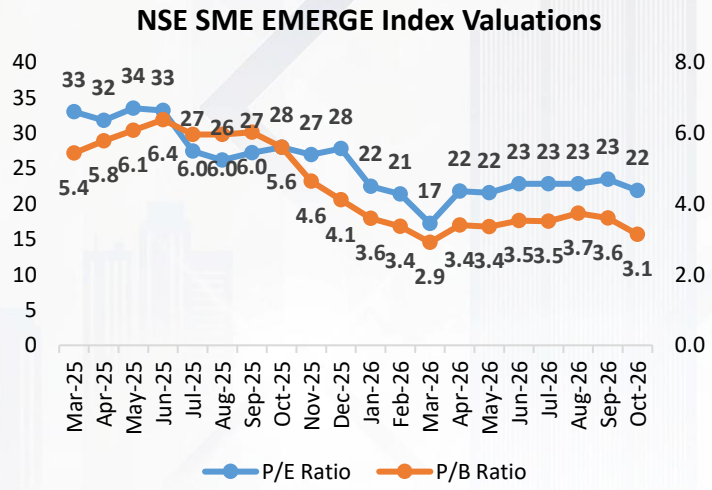
- **Rupee weakness:** The Indian rupee weakened for much of Oct on a strong dollar, briefly trading near ₹96/$ mid-month, but recovered to about ₹95.1/$ by end-month. The RBI's special FX window for oil importers and slim intervention helped curb the slide.

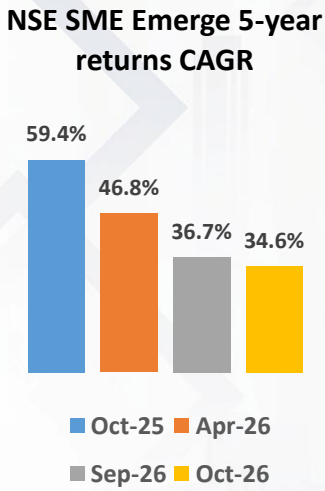
IPO Activity: Primary market activity in the SME segment in Oct'26 saw 28 IPOs getting listed across NSE and BSE collectively raising Rs. 1,210 crores; reflecting a moderation in issuance activity. The average listing-day gain dipped to 9.69% in Oct'26 from ~18% in Sep'26. SME IPO listing performance during H1FY27 saw 118 IPOs getting listed at an average listing day gain of 16.1%.

Mainboard IPO activity showed resilience in Oct'26, with 18 IPOs collectively raising Rs. 45,793 crores, despite a lower number of issuances compared with the previous month. The much-anticipated Jio Platforms Ltd. IPO was the key contributor, raising Rs. 30,188 crores and delivering a robust 26.68% listing day gain. However, average listing-day gains moderated to 12.1% from 17.8% in Sep'26. During H1FY27, 71 Mainboard IPOs were listed with an average listing-day gain of ~18.34%. The moderation in listing gains suggests that investors have become more selective, with greater emphasis on valuations, issue quality and growth prospects. Overall, the October primary market remained resilient, although the softer listing performance indicates a shift from broad-based enthusiasm towards a more discerning approach to IPOs.

SME Market:

NSE SME Emerge Valuation and Returns





Valuations

The NSE SME Emerge Index declined 6.15% in Oct'26, with the P/E multiple falling to 21.89x in Oct'26 from 23.48x in Sep'26, suggesting that the fall was primarily driven by valuation de-rating. The P/B multiple declined sharply to 3.14x from 3.60x, indicating a significant reduction in the market valuation assigned to the underlying net assets. Overall, October's correction reflects heightened valuation pressure and weakening investor risk appetite in the SME segment, with the sharper P/B contraction indicating that the market is applying greater caution to profitability and capital-efficiency expectations.

Returns

The 5-year CAGR of the NSE SME Emerge Index declined sharply from 59.4% in Oct'25 to ~34.6% in Oct'26, This reflects a significant stabilisation in returns as valuations become more realistic and investors adopt a more cautious approach towards risk. The decline was further supported by sustained FPI outflows, elevated crude prices, higher global bond yields and persistent geopolitical uncertainties.

SME IPO Performance in October 2026

In Oct'26, 28 IPOs got listed on SME platforms. Here are the key takeaways:

Top Oversubscribed SME IPOs of October 2026:

VANS ELECTRO	The most oversubscribed SME IPO in October, 2026, with a subscription of 440 times the issue size.
ROOPA SCREEN LIMITED	The 2nd most oversubscribed SME IPO in October, 2026, with a subscription of 270 times the issue size.
everest IMS EverestIMS Technologies	The 3rd most oversubscribed SME IPO in October, 2026, with a subscription of 207 times the issue size.
Acme India Coaches with style and safety	The 4th most oversubscribed SME IPO in October, 2026, with a subscription of 87 times the issue size.
Benchmark Infotech™	The 5th most oversubscribed SME IPO in October, 2026, with a subscription of 72 times the issue size.

October 2026 SME IPO Listing Gains/Loss:

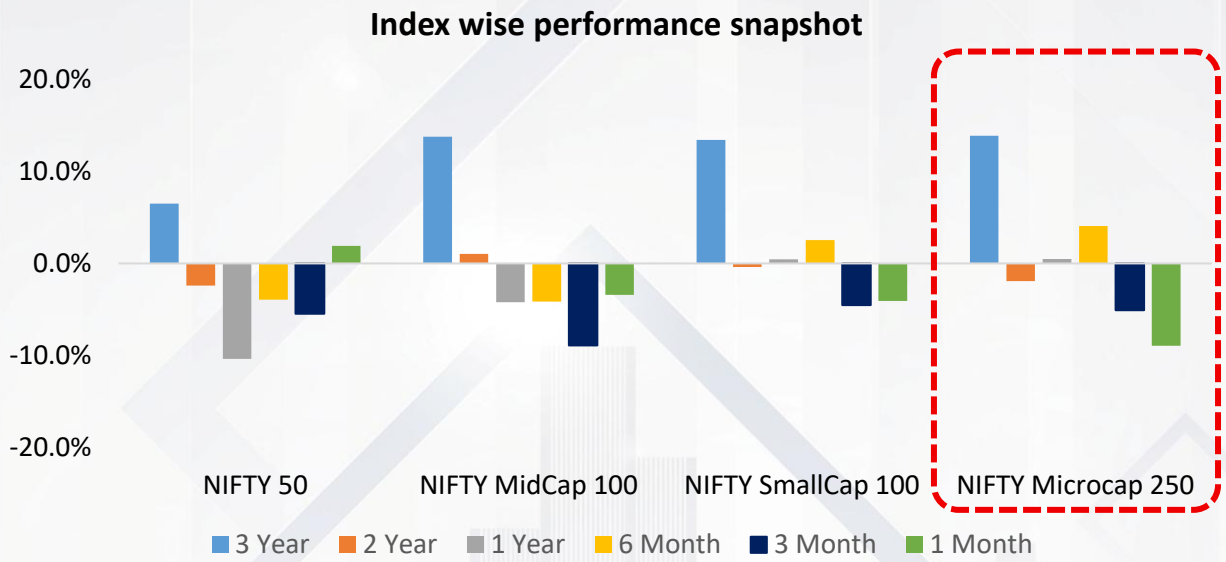
The details of top listing gains are provided below:

VANS ELECTRO	The highest listing gain, with a gain of 90%. The company's shares listed at Rs. 224.20, against the issue price of Rs. 118.
ROOPA SCREEN LIMITED	The 2nd highest listing gain, with a gain of 90%. The company's shares listed at Rs. 121.60, against the issue price of Rs. 64.
Sollfege®	The 3rd highest listing gain, with a gain of 89.8%. The company's shares listed at Rs. 104.40, against the issue price of Rs. 55.
everest IMS EverestIMS Technologies	The 4th highest listing gain, with a gain of 48.2%. The company's shares listed at Rs. 126, against the issue price of Rs. 85.
acme safetyshoes	The 5th highest listing gain, with a gain of 42.3%. The company's shares listed at Rs. 101, against the issue price of Rs. 71.

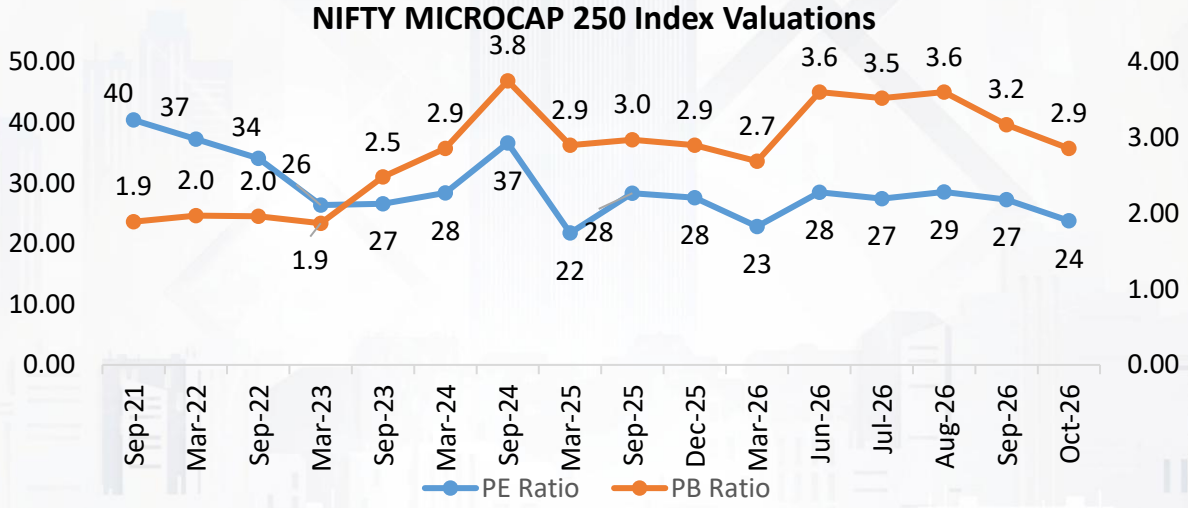
The SME primary market performance moderated in Oct'26, with lower issuance activity and softer listing performance, indicating a more measured investor response to new offerings. The decline in average listing gains to 9.69% from 18% in Sep'26 and below the H1FY27 average of 16.1% suggests that investor sentiment has cooled from the stronger levels seen earlier in the year, with greater selectivity towards issue quality, valuations and pricing.

Micro Cap:

Micro Cap Performance



Micro Cap Valuation Matrix:



Nifty Microcap 250 has maintained relative outperformance over the longer term, delivering the highest returns among major market-cap indices of 13.9%, 0.5%, and 4.1% over the three-year, one year and six months duration respectively. However, Nifty Microcap 250 witnessed a notable correction by declining 8.9% in Oct'26, and declining 5.1% over the three-month period, underperforming most broader market segments in the near term. Though Nifty Microcap fell significantly in short term (1 month), it has outperformed all other indices during long term (3 years) and midterm (1 year). PE multiple corrected to ~24x in Oct'26 from ~27x in Sep'26 and the P/B moderated to ~2.9x in Oct'26 from ~3.2x in Sep'26.

IPO Activity of Mainboard IPO:

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

Mainboard IPO Subscription Levels in October 2026:

TONBO imaging	The 1st most oversubscribed Mainboard IPO in October, 2026, with a subscription of 95 times the issue size.
HD FIRE PROTECT Protecting what matters most to you	The 2nd most oversubscribed Mainboard IPO in October, 2026, with a subscription of 92 times the issue size.
SRIT	The 3rd most oversubscribed Mainboard IPO in October, 2026, with a subscription of 87 times the issue size.
Moneyview	The 4th most oversubscribed Mainboard IPO in October, 2026, with a subscription of 71 times the issue size.
Orient Cables Powering Reliable Connections	The 5th most oversubscribed Mainboard IPO in October, 2026, with a subscription of 68 times the issue size.

October 2026 Mainboard IPO Listing Gains:

The details of listing gains/loss are as follows:

Tonbo imaging	Listed with a gain of 65.7%. The company's shares listed at Rs. 1,160, against the issue price of Rs. 700.
Orient Cables – Powering Reliable Connections	Listed with a gain, with a gain of 65.4%. The company's shares listed at Rs. 450, against the issue price of Rs. 272.
Moneyview	Listed with a gain of 61.8%. The company's shares listed at Rs. 55, against the issue price of Rs. 34.
HD FIRE PROTECT – Protecting what matters most to you	Listed with a gain of 23.6%. The company's shares listed at Rs. 335, against the issue price of Rs. 271.
Jio	Listed with a gain of 21.4%. The company's shares listed at Rs. 1,358, against the issue price of Rs. 1,119.

The Mainboard IPO market maintained strong fundraising momentum in Oct'26, supported by the JIO IPO, despite a moderation in the number of listings and average listing-day gains. The softer listing performance suggests a more selective investor approach, with greater differentiation based on issue quality, valuations and pricing.

Outlook for IPOs in 2026-2027:

India's IPO market is expected to remain active over upcoming months, supported by a strong issuance pipeline, robust domestic liquidity and continued participation from mutual funds, insurance companies, HNIs and retail investors. The pipeline includes several large offerings, with Mahanadi Coalfields emerging as a key upcoming PSU IPO, alongside potential issuances across financial services, NBFCs, technology, healthcare, manufacturing, energy and consumer sectors. The successful Jio Platforms IPO in October 2026 further highlighted the depth of institutional demand for marquee offerings.

However, investor sentiment is becoming increasingly selective, with greater emphasis on reasonable valuations, corporate governance, profitability and sustainable earnings growth. Recent listing performance indicates that aggressive valuations are facing resistance, while global interest-rate uncertainty, elevated crude prices, rupee weakness and FPI outflows remain key risks. Overall, the primary market outlook remains constructive, although listing gains and subscription levels are likely to vary significantly depending on issue pricing, business fundamentals and prevailing market condition.

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