

The Real SME IPO Return in 2026 Isn't 24.4%. It's 3.9%

Nikki Lodha

India's 2026 SME IPO boom has produced spectacular winners, but the middle of the pack tells a much less glamorous story: only 65 of 126 tracked issues were above their offer prices, while the median return was just 3.9%.

India's SME IPO market has delivered the kind of returns that can make small-cap investors sit up and take notice.

According to an ET Markets analysis sourced to Prime Database, **21 of 126 SME IPOs tracked in 2026 had turned multibaggers**, while **65 were trading above their issue prices**. Yet the market's **average return was 24.4%, against a median return of only 3.9%.**

That gap is the real story.

A 24.4% average can make the entire SME IPO segment appear to be enjoying a broad rally. A 3.9% median says something very different: the typical outcome has been far more modest, with a relatively small group of outsized winners pulling the average higher.

Need to Know: 21 winners do not mean 21 easy bets

The headline numbers look bullish, but the distribution of returns is unusually uneven.

2026 SME IPO snapshot	Figure
IPOs covered in ET/Prime Database analysis	126
Trading above offer price	65
Trading below offer price	61
Above-offer share of the cohort	51.6%
Multibagger issues	21
Multibagger share of cohort	16.7%

2026 SME IPO snapshot	Figure
Average return	24.4%
Median return	3.9%

So the market was not a simple jackpot. Of the 126 issues in that snapshot, **61 were already below their offer prices.**

That makes the “50:50 gamble” description directionally useful but incomplete. The win-loss count may look close to balanced, yet the **size of gains and losses is anything but balanced.**

There is also a timing caveat. A current SME IPO screen contains more 2026 listings than the 126-issue universe used in the ET analysis, so the exact count will change as new companies list and prices move.

The multibagger group is real—and highly concentrated

Several 2026 SME listings have generated extraordinary gains from their issue prices.

Current market trackers show strong post-listing performances from names including **Apsis Aerocom, Tipco Engineering India, Vivid Electromech, Technocrats Plasma Systems, Devson Catalyst, Grover Jewells, Vegorama Punjabi Angithi, Avana Electrosystems, Susan Electricals, and Recode Studios.** The exact ranking changes with market prices, but the dispersion is unmistakable.

Apsis Aerocom, for instance, has remained one of the standout performers in current SME IPO screens. Tipco Engineering and Vivid Electromech have also moved far above their offer prices, while other recent listings have stayed below issue price or delivered only modest gains.

That creates the first major market tension: **spectacular upside exists, but investors have to identify it in advance rather than simply participate in the SME IPO boom.**

Vivid Electromech shows why fundamentals still matter

One of the clearest examples is Vivid Electromech.

The company’s NSE-filed FY26 presentation shows **revenue from operations of ₹200.14 crore**, up from ₹155.32 crore in FY25. EBITDA increased to **₹46.15 crore from ₹28.73 crore**, while PAT rose to **₹31.61 crore from ₹19.52 crore.**

Vivid Electromech	FY25	FY26
Revenue from operations	₹155.32 cr	₹200.14 cr
EBITDA	₹28.73 cr	₹46.15 cr
PAT	₹19.52 cr	₹31.61 cr

The numbers show genuine operating growth. But the market's re-rating has gone far beyond simply reflecting one year of earnings growth.

That distinction matters because an IPO investor is ultimately buying a business, not its issue-price history. Once a stock has doubled or tripled, the relevant question becomes whether future earnings can justify the new valuation.

Goldline shows why subscription data can mislead

Goldline Pharmaceutical provides another useful counter-example.

Its IPO attracted enormous demand. According to subscription data sourced to BSE and NSE, the issue was subscribed **191.96 times overall**, including **246.52 times from non-institutional investors and 257.79 times from retail investors**.

Yet by September 9, Goldline shares closed at **₹38**, below the **₹43 upper end of the IPO price band**.

That is a powerful reminder that **subscription is not the same as durable demand**.

An IPO can be heavily oversubscribed because a limited number of available shares attracts a large volume of bids. Once the stock enters normal trading, valuation, earnings, liquidity and seller pressure become more important.

The Goldline example therefore exposes another expectation gap: **a huge subscription multiple can create a strong listing narrative without guaranteeing that the stock will hold above its issue price**.

The SME market has a different risk profile

NSE's current Emerge eligibility framework requires an SME issuer to have post-issue paid-up capital of no more than **₹25 crore**, alongside track-record and financial criteria including operating profit from operations of at least ₹1 crore in any two of the previous three financial years, positive net worth and positive FCFE in at least two of the three preceding years.

Those requirements provide an admission framework, but they do not turn every listed SME into a low-risk investment.

NSE itself notes that the SME platform is designed for emerging businesses, which can mean materially smaller operating scale than the companies investors encounter on the main board.

That smaller scale can translate into sharper price moves when sentiment changes.

SEBI has already warned investors about the danger zone

The regulatory backdrop makes the dispersion in returns even more relevant.

SEBI has warned investors about risks in SME-listed companies, including exaggerated business claims and corporate actions such as bonus issues, stock splits, or preferential allotments that may create excessive optimism. The regulator has also cautioned that promoters can potentially use inflated prices to sell holdings at higher levels.

SEBI's message is straightforward: investors should independently verify information, avoid relying solely on social media claims or tips, and understand the inherent risks of SME companies.

That does not invalidate genuine multibaggers. It means the **path from IPO success to durable shareholder returns requires much more than a high subscription ratio or a rapidly rising share price.**

The number investors should watch is not 21

The most revealing number in the 2026 SME IPO story may ultimately be **3.9%**.

The reported 24.4% average return is being lifted by a relatively small collection of extreme winners. The median, by comparison, sits at 3.9%, showing what happened around the middle of the distribution.

That is why simply counting multibaggers can produce the wrong conclusion.

A portfolio investor cannot assume that exposure to the SME IPO universe will reproduce the returns of the strongest names. The evidence points instead to a **high-dispersion market in which stock selection, valuation discipline, and post-listing execution matter enormously.**

Investors can also use the [[SME IPO Tracker](#)], [[FII-DII Tracker](#)], [[Option Chain](#)], and [[Stock Simulator](#)] to monitor listings, broader flows, market positioning, and scenario outcomes.

Track Live: [Current SME IPO 2026 \(Ongoing SME IPOs List & Details\)](#)

The next test is whether the winners can justify the re-rating

The forward-looking risk is now different from the risk investors faced at the time of listing.

For the biggest winners, the issue is no longer simply whether they can rise further. It is whether **earnings growth can catch up with the valuation expansion already reflected in their share prices.**

For the weaker names, the test is whether business performance can close the gap between their fundamentals and IPO expectations.

And for new SME IPOs, the market may become even more selective as investors compare fresh offers with the increasingly wide range of outcomes from 2026 listings.

The uncertainty is therefore not whether SME IPOs can create multibaggers. They already have.

The harder question is whether those exceptional outcomes can be identified consistently and whether investors entering after a spectacular run are paying a price that still leaves room for future earnings growth.

Disclaimer: This article is for informational purposes only and does not constitute investment advice. Investors should independently verify company filings, valuations, liquidity, financial performance, and risk factors before making investment decisions.