

SME



SME MARKET SUMMARY

April 2024

Executive Summary:

April 2024 presented a mixed bag of economic signals. While challenges remain, positive developments in inflation, SME performance, and projected growth point towards a cautiously optimistic future for India. However, navigating the global uncertainties will be crucial to ensure sustained progress.

Recent Economic Developments:

India:

- India's economic growth figures for the last quarter of FY **2023-24** surpassed expectations, with a **GDP growth rate** of a staggering **8.4%**. This was attributed to robust private and public investments and a strong performance by the manufacturing sector.
- The Indian government announced a major infrastructure development initiative in April, focusing on high-speed rail projects and dedicated freight corridors. This aimed to improve connectivity and boost economic activity across the country.
- The Reserve Bank of India (RBI) revised its inflation projections for the year upwards due to rising global commodity prices and potential disruptions in supply chains. This could influence future monetary policy decisions.
- India launched a nationwide campaign to promote afforestation and increase forest cover. This initiative aimed to combat climate change, improve air quality, and enhance biodiversity.
- The Indian stock market, represented by the Nifty 50, continued its upward trajectory in April, fueled by positive investor sentiment due to strong economic growth figures and the government's infrastructure push despite negative sentiments last month.

Global:

- The International Monetary Fund (IMF) held its annual spring meetings in April, focusing on navigating the global economic slowdown and the need for international cooperation to address inflation and ensure debt sustainability.
- The World Trade Organization (WTO) announced a landmark agreement on reducing tariffs on agricultural products, aiming to boost global trade and agricultural production. This was seen as a positive step towards fostering global economic recovery.
- Several central banks, including the Bank of Canada and the Bank of England, raised interest rates in April to combat inflation. This continued the trend of tighter monetary policy across the globe.
- A major international conference on climate change mitigation was held in April, with a focus on achieving ambitious emissions reduction targets and promoting technological innovation in renewable energy.
- The US stock market experienced a period of consolidation in April, with the major indices showing relatively flat performance. Investors remained cautious due to ongoing geopolitical tensions and concerns about future corporate earnings.
- Facing a slowdown in the tech sector and rising interest rates, several major tech companies like Meta and Amazon announce significant employee layoffs in April 2024. This raises concerns about the health of the tech industry and the broader economy.






Performance Of SME-Listed Companies:

- The BSE SME IPO index surged with remarkable momentum in April, rebounding from a brief downturn in **March-24** with a remarkable gain of **31.50%**. This surge propelled its total annual return to an impressive **173.31%**.
- The **NSE Emerge index** followed suit, rising by **16.09%** in April and delivering a **86.08%** annual return.
- Strong growth in **IT-Software, Engineering, Auto Ancillaries, Solar, Energy and Capital Goods - Electrical Equipment sectors** continued to fuel the positive performance of SME-listed companies.
- Valuations remained elevated, with **median P/E and P/B ratios** at **67.7x** and **7.64x**, respectively, highlighting investor confidence in the prospects of SME stocks.





Investor Enthusiasm Drives Oversubscription in April 2024 SME IPOs

Investor confidence in India's SME sector remained robust in April 2024, as highlighted by exceptional oversubscription levels in recent IPOs. Here are the key takeaways:

Top 5 Oversubscribed SME IPOs of April 2024:

 GREENHITECH VENTURES LIMITED	<p>The most oversubscribed SME IPO in April 2024, with a subscription of 769.95 times the issue size.</p>
	<p>The second most oversubscribed SME IPO in April 2024, with a subscription of 422.03 times the issue size.</p>
 <i>Accelerating the Performance</i>	<p>The third most oversubscribed SME IPO in April 2024, with a subscription of 364.37 times the issue size.</p>
 <i>...let's play!</i> radiowalla.in	<p>The fourth most oversubscribed SME IPO in April 2024, with a subscription of 307.54 times the issue size.</p>
 Creative Graphics <i>Reliability Through Technology</i>	<p>The fifth most oversubscribed SME IPO in April 2024, with a subscription of 201.86 times the issue size.</p>

Other Notable Oversubscribed SME IPOs In April 2024:

			
126.21 times	75.54 times	71.28 times	51.47 times

Overall, April 2024 was a strong month for SME IPOs, with many companies seeing significant oversubscriptions. This is a positive sign for the Indian economy, as it shows that there is strong investor appetite for small and medium-sized businesses. However, it is important to note that not all oversubscribed IPOs go on to perform well in the long term. Investors should carefully consider the risks involved before investing in any IPO.

April 2024 SME IPO Listing Day Gains:

	<p>The highest listing day gain, with a gain of 247.89%. The company's shares listed at Rs 247.00, which was significantly higher than the issue price of Rs 71.00.</p>
	<p>The second-highest listing day gain among the SME IPOs that listed in March 2024, with a gain of 201.72%. The company's shares listed at Rs 262.50, which was significantly higher than the issue price of Rs 87.00.</p>
	<p>The third-highest listing day gain, with a gain of 111.62%. The company's shares listed at Rs 137.55, which was significantly higher than the issue price of Rs 65.00.</p>
	<p>The fourth-highest listing day gain, with a gain of 80.50%. The company's shares listed at Rs 122.74, which was significantly higher than the issue price of Rs 68.00.</p>
	<p>The fifth-highest listing day gain, with a gain of 60.46%. The company's shares listed at Rs 133.18, which was significantly higher than the issue price of Rs 79.00.</p>

April 2024 was a good month for SME IPOs, with many companies seeing strong listing day gains. This is a positive sign for the SME sector, and it suggests that investors are interested in these companies. However, it is important to remember that listing day gains are not always an indicator of long-term performance. Investors should carefully consider the risks involved before investing in any IPO.

Outlook for SME IPOs in 2024-2025:

The outlook for SME IPOs in 2024-2025 is expected to be positive, building on the strong performance of 2023 and continuing trends of investor confidence. Here's a breakdown of the factors contributing to this optimism:

- **Momentum from 2023:** 2023 saw a record number of SME IPOs, and experts predict this positive trend will likely hold for the next 3-4 years.
- **Investor Confidence:** There's continued confidence from retail investors, high net-worth individuals (HNIs) and institutional investors in the SME market, signifying a robust and resilient market.

The economic outlook for the early months of 2024 remains clouded by global uncertainties. However, India's gradual deceleration in inflation and resilience of the SME sector provide grounds for cautious optimism. Continued government support and easing supply chain issues could further bolster domestic growth. Global factors, particularly the trajectory of major economies and their monetary policies, will play a crucial role in shaping the domestic market performance.

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