



STEPTRADE
SHARE SERVICES PRIVATE LIMITED

STEP



SME MARKET SUMMARY

Dec 2023

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OPPORTUNITIES FUND



STEPTRADE
SHARE SERVICES PRIVATE LIMITED

Executive Summary:

December 2023 presented a continuation of economic uncertainties that dominated the year. While inflation continued to recede in India, concerns about a global recession loomed large. Despite these challenges, SME-listed companies on the BSE SME and NSE Emerge platforms remained resilient, delivering another month of strong performance.

Recent Economic Developments:

India:

- The Indian economy grew by **7.4%** in the Q3 of FY24, further moderating from its earlier highs.
- Inflation continued its downward trend, with the **CPI falling to 6.35%**, bringing it closer to the RBI's target range.
- Industrial production witnessed a **slight dip to 5.5% in November**, attributed to supply chain disruptions in specific sectors.
- Manufacturing **PMI remained relatively stable at 55.8**, indicating continued expansion in the sector.
- The Indian rupee appreciated marginally against the US dollar, buoyed by positive foreign institutional inflows.

Global:

- Global growth concerns heightened further as major economies like the US and Europe continued to grapple with high inflation and tightening monetary policies.
- The IMF revised its **global growth forecast downward to 2.4% for 2024**, highlighting the risk of regional recessions.
- China's property market woes worsened, further dampening growth prospects in the world's second-largest economy.
- The Federal Reserve signalled potential slower pace of future rate hikes, offering some respite to global markets.
- The European Central Bank maintained its hawkish stance, reiterating its commitment to taming inflation through rate hikes.






Performance Of SME-Listed Companies:

- The BSE SME index maintained its upward momentum, **gaining 6.6% in December**, bringing its **total annual return to 96.0%**.
- The NSE Emerge index followed suit, **rising by 3.4% in December** and delivering a **65.5% annual return**.
- Strong growth in IT, healthcare, and consumer goods sectors continued to fuel the positive performance of SME-listed companies.
- Valuations remained elevated, with median P/E and P/B ratios at **55.9x and 6.6x**, respectively, highlighting investor confidence in the prospects of SME stocks.

INVESTOR ENTHUSIASM DRIVES OVERSUBSCRIPTION IN DECEMBER 2023 SME IPOS

Investor confidence in India's SME sector remained robust in December 2023, as highlighted by exceptional oversubscription levels in recent IPOs. Here are the key takeaways:

Top 5 Oversubscribed SME IPOS Of December 2023

| | |
|---|---|
|  <p>TECHLABS Trident Techlabs Limited An ISO 9001:2015 Company Empowering Technology</p> | <p>A staggering 763.30x oversubscription, showcasing immense investor interest in tech-driven enterprises.</p> |
|  <p>Net Avenue Technologies Ltd</p> | <p>Attracted a remarkable 511.21x oversubscription, signalling strong demand for promising IT ventures.</p> |
|  <p>BENCHMARK COMPUTER SOLUTIONS LIMITED MAKE IT SIMPLE</p> | <p>Witnessed a notable 484.49x oversubscription, underscoring the appeal of IT-focused firms.</p> |
|  <p>DCL DEEPAK CHEMTEX LTD</p> | <p>Garnered a significant 403.03x oversubscription, reflecting investor optimism in the chemicals sector.</p> |
|  <p>SIYARAM RECYCLING INDUSTRIES LTD. Sustainability Today, Tomorrow & Forever!</p> | <p>Achieved a noteworthy 385.19x oversubscription, highlighting the growing significance of sustainable businesses.</p> |

Other Notable Oversubscribed SME IPOs In December 2023:



179.20 Times



289.05 Times



316.26 Times



362.41 Times









168.25 Times



262.60 Times

Overall, December 2023 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.

December 2023 SME IPO Listing Day Gains:

| | |
|---|--|
|  Trident Techlabs Limited <small>An ISO 9001:2015 Company</small> Empowering Technology | <p>This IPO saw the highest listing day gain of 194.43%, closing at Rs 103.05 per share compared to its issue price of Rs 35.</p> |
|  accent <small>bonding precision</small> | <p>This IPO saw a listing day gain of 125%, closing at Rs 315 per share compared to its issue price of Rs 140.</p> |
|  Net Avenue <small>Technologies Ltd</small> | <p>This IPO saw a listing day gain of 121.67%, closing at Rs 39.90 per share compared to its issue price of Rs 18.</p> |
|  PRESSTONIC <small>You visualize... We realize</small> | <p>This IPO saw a listing day gain of 104.17%, closing at Rs 147 per share compared to its issue price of Rs 72.</p> |
|  DCL DEEPAK CHEMTEX LTD | <p>This IPO saw a listing day gain of 104.17%, closing at Rs 147 per share compared to its issue price of Rs 72.</p> |
|  AMIC | <p>This IPO saw a listing day gain of 99.48%, closing at Rs 251.35 per share compared to its issue price of Rs 126.</p> |

December 2023 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

The sustained momentum in SME IPOs is anticipated to continue in 2024, driven by:

- **Economic Recovery:** Projected economic growth is expected to fuel SME expansion and investment opportunities.
- **Government Initiatives:** Continued policy support for SMEs is likely to further strengthen the sector's growth trajectory.
- **Evolving Investor Preferences:** Growing awareness of SME potential and a quest for diversification may attract a broader investor base.

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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