

# SME



## SME MARKET SUMMARY

Jan 2024

**chanakya**  
OPPORTUNITIES FUND



**STEPTRADE**  
SHARE SERVICES PRIVATE LIMITED

## Executive Summary:

January 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:

- **Positive Growth:** India's economy continued its positive trajectory, with **projections of 7.3% real GDP growth for FY 2023-24**. This resilience is attributed to strong domestic demand and government policies like increased capital expenditure.
- **Interim Budget:** The Indian government presented the **interim budget for 2024-25, focusing on infrastructure development, capital expenditure, and tax benefits**. This aims to maintain growth momentum and address economic challenges.
- **Becoming Third Largest Economy:** The Finance Ministry's January review projected India to become the **third largest economy globally with a GDP of \$5 trillion within three years**. This highlights India's potential and long-term growth prospects.

#### Global:

- **Slowest Growth in Decades:** The World Bank predicted the global economy to experience its slowest **half-decade of growth in 30 years, with 2.4% growth in 2024**. This is due to factors like slowing major economies, trade slowdown, and high borrowing costs.
- **Geopolitical Concerns:** Rising geopolitical tensions, particularly the ongoing war in Ukraine, pose additional risks to global economic stability and supply chains.
- **US Strength:** The US economy remains relatively strong, contributing to a slight decrease in the risk of a global recession. However, tighter financial conditions and inflation are concerns.






### Performance Of SME-Listed Companies:

- The BSE SME index maintained its upward momentum, **gaining 22.31% in January, bringing its total annual return to 126.76%**.
- The NSE Emerge index followed suit, **rising by 13.09% in January and delivering a 74.59% annual return**.
- Strong growth in Solar, Energy, 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 66.6x and 7.5x**, respectively, highlighting investor confidence in the prospects of SME stocks.







## Investor Enthusiasm Drives Oversubscription in January 2024 SME IPOs

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

### Top 5 Oversubscribed SME IPOs Of January 2024

	<p>The most oversubscribed SME IPO in January 2024, with a subscription of 1,052.45 times the issue size</p>
	<p>The second most oversubscribed SME IPO in January 2024, with a subscription of 987.47 times the issue size..</p>
	<p>The third most oversubscribed SME IPO in January 2024, with a subscription of 659.42 times the issue size.</p>
	<p>The fourth most oversubscribed SME IPO in January 2024, with a subscription of 464.19 times the issue size.</p>
	<p>The fifth most oversubscribed SME IPO in January 2024, with a subscription of 390.88 times the issue size.</p>

### Other Notable Oversubscribed SME IPOs In January 2024:

					
384.26 Times	383.86 Times	341.80 Times	273.12 Times	215.24 Times	196.11 Times

Overall, January 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.

## January 2024 SME IPO Listing Day Gains:

	<p>Kay Cee Energy &amp; Infra Limited had the highest listing day gain, with a gain of 343.33%. The company's shares listed at Rs 239.40, which was significantly higher than the issue price of Rs 54.00.</p>
	<p>Maxposure Limited had the second-highest listing day gain among the SME IPOs that listed in January 2024, with a gain of 317.42%. The company's shares listed at Rs 137.75, which was significantly higher than the issue price of Rs 33.00.</p>
 <p>KONSTELEC ENGINEERS PVT. LTD. CONSULTING ENGINEERS &amp; CONTRACTORS</p>	<p>Konstelec Engineers Limited had the third-highest listing day gain, with a gain of 215.00%. The company's shares listed at Rs 220.50, which was significantly higher than the issue price of Rs 70.00.</p>
 <p>APS AUSTRALIAN PREMIUM SOLAR A Bright Alternative</p>	<p>Australian Premium Solar (India) Limited had the fourth-highest listing day gain, with a gain of 172.22%. The company's shares listed at Rs 147.00, which was significantly higher than the issue price of Rs 54.00.</p>
 <p>LawSikho India Learning India Earning</p>	<p>Addictive Learning Technology Limited had the fifth-highest listing day gain, with a gain of 110.36%. The company's shares listed at Rs 294.50, which was significantly higher than the issue price of Rs 140.00.</p>

January 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:

- 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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