

SME



# SME MARKET SUMMARY

September 2024

## Executive Summary:

The month of September 2024 presented a mixed bag for SME companies and IPOs in India. On the positive side, several SME IPOs witnessed strong listing gains, reflecting investor confidence in the sector. Additionally, government initiatives and favorable policies continued to support SME growth. However, global economic uncertainties and rising interest rates posed challenges for some SMEs, impacting their profitability and expansion plans. The overall performance of SME IPOs in September 2024 was influenced by a combination of these factors, with some companies experiencing success while others faced headwinds.

## Recent Economic Developments:

### India:

- India's manufacturing sector witnessed a slowdown in September due to global economic uncertainties and rising interest rates. However, the services sector continued to be a major driver of growth.
- The government announced a new scheme to promote digital payments and financial inclusion in rural areas, aiming to boost digital economy and reduce cash dependency.
- The Indian rupee appreciated against the US dollar in September, benefiting importers and reducing the cost of imports. This was attributed to increased foreign portfolio investments.
- India experienced heavy rainfall in several parts of the country in September, leading to flooding and landslides in some regions. The government-initiated relief efforts and disaster management measures.
- The Indian stock market remained volatile in September due to global factors and domestic concerns. However, there were signs of recovery towards the end of the month, driven by positive corporate earnings and government measures to support the economy.

### Global:

- Global economic growth continued to slow down in September due to rising interest rates, geopolitical tensions, concerns about a potential recession and speculations on US Elections and War.
- Despite signs of a slowing economy, central banks around the world continue to raise interest rates to combat inflation. This leads to concerns about a potential recession.
- A large financial institution collapses due to risky investments and a liquidity crisis, causing widespread panic in the global financial markets
- A series of devastating hurricanes and wildfires ravage parts of the United States and Europe, causing billions of dollars in damages and displacing millions of people.
- Stock markets around the world experience significant volatility as investors grapple with uncertainty about the global economy and geopolitical tensions. The US stock market is particularly hard-hit, with major indices suffering double-digit declines.






## Performance Of SME-Listed Companies:

- The BSE SME IPO index had a mixed performance in **September 2024**. While it experienced some volatility throughout the month, it ultimately closed higher than its opening level. The index saw a fall since the beginning of August month. Notably, the monthly fall stood at **-6.4%** and annual return for the index remained strong at **169.62%**.
- The **NSE Emerge index** followed suit, rising by **1.6%** in September and delivering **71.76%** annual return.
- Strong growth in **Engineering, Manufacturing, Solar, Energy, Defence and Water Infrastructure sectors** continued to fuel the positive performance of SME-listed companies.
- Valuations remained elevated, with **median P/E and P/B ratios** at **32.23x** and **3.69x**, respectively, highlighting investor confidence in the prospects of SME stocks.





## Investor Enthusiasm Drives Oversubscription in September 2024 SME IPOs

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

### Top 5 Oversubscribed SME IPOs of September 2024:

	<p>The most oversubscribed SME IPO in September 2024, with a subscription of 438.72 times the issue size.</p>
	<p>The second most oversubscribed SME IPO in September 2024, with a subscription of 383.48 times the issue size.</p>
	<p>The third most oversubscribed SME IPO in September 2024, with a subscription of 373.86 times the issue size.</p>
	<p>The fourth most oversubscribed SME IPO in September 2024, with a subscription of 345.65 times the issue size.</p>
	<p>The fifth most oversubscribed SME IPO in September 2024, with a subscription of 323.92 times the issue size.</p>

## Other Notable Oversubscribed SME IPOs In September 2024:

			
322.19 times	225.64 times	196.7 times	194.24 times

Overall, September 2024 was strong month for SME IPOs, with many companies seeing significantly higher oversubscriptions, despite the strength the oversubscription has reduced compared to last few months but it is still significantly higher. 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.

## September 2024 SME IPO Listing Day Gains:

	The highest listing day gain, with a gain of 99.49%. The company's shares listed at Rs 199.5, which was significantly higher than the issue price of Rs 100.00.
	The second-highest listing day gain among the SME IPOs that listed in August 2024, with a gain of 99.50%. The company's shares listed at Rs 178.7, which was significantly higher than the issue price of Rs 99.
	The third-highest listing day gain, with a gain of 99.49%. The company's shares listed at Rs 169.55, which was significantly higher than the issue price of Rs 85.
	The fourth-highest listing day gain, with a gain of 99.5%. The company's shares listed at Rs 111.7, which was significantly higher than the issue price of Rs 56.



The fifth-highest listing day gain, with a gain of 80.51%. The company's shares listed at Rs 178.7, which was significantly higher than the issue price of Rs 99.

September 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.

## Disclaimer:

The information in this report is not intended for persons located or resident in jurisdictions where the distribution/marketing of such information is restricted or unauthorized. No action has been taken to authorize, register or qualify any of the funds managed by StepTrade Fund or its affiliates, or otherwise permit a public offering of any StepTrade Fund managed funds in any jurisdiction, or to permit the distribution of information in relation to any of the StepTrade Fund managed funds in any jurisdiction.

To the best of its knowledge and belief, StepTrade Fund considers the information contained here in as accurate as at the date of publication. All information and opinions in this presentation are subject to change without notice. No representation or warranty is given, whether express or implied, on the accuracy, adequacy or completeness of information provided in the presentation or by third parties. The materials in this presentation could include technical inaccuracies or typographical errors and could be come in accurate as a result of developments occurring after the irrelative dates. StepTrade Fund undertakes no obligation to maintain the currency of such information. Neither StepTrade Fund (including any of its directors/s or principal officer/s or employees) nor its affiliates and their respective shareholders, partners, officers and employees assume any liabilities in respect of any errors or omissions in this presentation, or any and all responsibility for any direct or consequential loss or damage of any kind resulting directly or indirectly from the use of information in this presentation. Unless otherwise agreed with StepTrade Fund, any use, disclosure, reproduction, modification or distribution of the contents of this presentation, or any part thereof, is strictly prohibited. StepTrade Fund expressly disclaims any liability, whether in contract, tort, strict liability or otherwise, for any direct, indirect, incidental, consequential, punitive or special damages arising out of, or in any way connected with your use of this presentation.

This monthly report is not an advertisement and is not intended for public use or distribution. This presentation has been prepared for the purpose of providing general information only without taking account of any investor's objectives, financial situation or needs and does not amount to an investment recommendation. It does not purport to contain all the information that the prospective investor may require. An investor should, before making any investment decision, consider the appropriateness of the information in this presentation, and seek professional advice, having regard to the investor's objectives, financial situation, needs and regulatory requirements of jurisdiction of the investor. In all cases, any one proposing to rely on or use the information contained in the presentation should independently verify and check the accuracy, completeness, reliability and suitability of the information. The information contained in this presentation does not constitute financial, investment, legal, accounting, tax or other professional advice or a solicitation for investment in StepTrade Fund, nor does it constitute an offer, solicitation, marketing, publication for sale of interests / units issued by funds that are managed or advised by StepTrade Fund. Any offer can only be made by the relevant offering documents, together with the relevant forms / agreements, all of which must be read and understood in their entirety, and only in jurisdictions where such an offer is in compliance with relevant laws and regulatory requirements.