

SME



▲ 3,690.47

▲ 124,825

# SME MARKET SUMMARY

Feb 2024

## Executive Summary:

February 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 remained robust, with the Reserve Bank of India (RBI) estimating a **GDP growth of 7.3% for FY 2023-24**. This positioned India as the fastest-growing major economy globally.
- The Indian government presented an interim **budget for 2024-25, focusing on increased capital expenditure to boost infrastructure development and support economic growth**. The budget also outlined a target fiscal deficit of **5.1%** of GDP.
- Inflationary pressures showed signs of easing in February, with the consumer price index (CPI) falling to **5.4%** compared to the previous month. This provided some relief for consumers and businesses grappling with rising costs.
- The National Green Tribunal (NGT) issued stricter emission norms for thermal power plants, aiming to curb air pollution and combat environmental degradation.

### Global:

- The International Monetary Fund (IMF) revised its **global inflation forecast down to 5.8% for 2024**, indicating a faster-than-expected easing of price pressures compared to earlier projections.
- The US Federal Reserve signalled a potential pause in its interest rate hike cycle, with expectations for potential rate cuts later in the year, aiming to achieve a "soft landing" for the economy.
- Consumer spending around the world showed signs of moderation, likely due to plateauing wage gains and diminishing savings accumulated during the pandemic, impacting overall economic growth.
- The Nikkei 225, a major Japanese stock market index, surged to a record high of 39,233.71 on February 26th, 2024. This surpassed the previous peak set in December 1989.
- Nvidia becomes 3rd largest company after Apple Inc. and Microsoft achieving Market Cap of almost \$2 trillion this month.






## Performance Of SME-Listed Companies:

- The BSE SME index maintained its upward momentum, **gaining 3.82% in February**, bringing its **total annual return to 145.05%**.
- The NSE Emerge index followed suit, **rising by 1.39% in February and delivering a 93.92% annual return**.
- Strong growth in Solar, Energy, IT-Software, Auto Ancillaries, Engineering 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 February 2024 SME IPOs

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

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






	<p>The most oversubscribed SME IPO in February 2024, with a subscription of 507.24 times the issue size.</p>
	<p>The second most oversubscribed SME IPO in February 2024, with a subscription of 421.78 times the issue size.</p>
	<p>The third most oversubscribed SME IPO in February 2024, with a subscription of 375.43 times the issue size.</p>
	<p>The fourth most oversubscribed SME IPO in February 2024, with a subscription of 350.75 times the issue size.</p>
	<p>The fifth most oversubscribed SME IPO in February 2024, with a subscription of 324.03 times the issue size.</p>

### Other Notable Oversubscribed SME IPOs In February 2024

					
256.55 times	246.20 times	221.18 times	179.18 times	163.46 times	154.43 times

Overall, February 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.

### February 2024 SME IPO Listing Day Gains:

	<p>Esconet Technologies Limited had the highest listing day gain, with a gain of 227.98%. The company's shares listed at Rs 275.50, which was significantly higher than the issue price of Rs 84.00.</p>
	<p>Alpex Solar Limited had the second-highest listing day gain among the SME IPOs that listed in February 2024, with a gain of 200.39%. The company's shares listed at Rs 345.45, which was significantly higher than the issue price of Rs 115.00.</p>
	<p>Fonebox Retail Limited had the third-highest listing day gain, with a gain of 200.00%. The company's shares listed at Rs 210.00, which was significantly higher than the issue price of Rs 70.00.</p>
	<p>Thaai Casting Limited had the fourth-highest listing day gain, with a gain of 153.44%. The company's shares listed at Rs 195.15, which was significantly higher than the issue price of Rs 77.00.</p>
	<p>Docmode Health Technologies Limited had the fifth-highest listing day gain, with a gain of 128.80%. The company's shares listed at Rs 180.75, which was significantly higher than the issue price of Rs 79.00.</p>

February 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.

## 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 irrespective 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.