



**STEPTRADE**  
SHARE SERVICES PRIVATE LIMITED

STEP



# SME MARKET SUMMARY

Nov 2023

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OPPORTUNITIES FUND



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## Executive Summary

The month of November 2023 saw a mixed bag of economic developments in India and globally. On the domestic front, inflation continued to remain elevated, but there were some signs of moderation. The manufacturing sector showed some signs of improvement, but the services sector remained sluggish. On the global front, the economic outlook remained uncertain, with concerns about a recession in the United States and Europe.

Despite the challenging economic environment, SME-listed companies on the BSE SME and NSE Emerge platforms continued to perform well. The BSE SME index rose by 13.2% in November, while the NSE Emerge index rose by 9.6%. This outperformance was driven by strong growth in the IT, healthcare, and consumer goods sectors.

### | Recent Economic Development:

#### India

- The Indian economy grew by 7.6% in the second quarter of FY24, down from 7.82% in the first quarter. This was above the consensus forecast of 7.0%.
- Inflation remained high in November, with the consumer price index (CPI) rising to 6.77%, up from 5.02% in October. This was driven by higher prices for food and fuel.
- Industrial production grew by 5.8% in October, up from 4.4% in September. This was above the consensus forecast of 4.5%.
- Manufacturing PMI rose to 56.0 in November, up from 55.5 in October. This was above the consensus forecast of 55.5.
- The Indian rupee depreciated by 0.2% against the US dollar in November 2023.

#### Global

- Global economic growth will slow even more in 2024 due to high interest rates, increased energy prices and a slowdown in the world's top two economies.
- Global growth could slow to 2.6% next year from 2.9% this year, according to a Reuter's poll forecast. While economists generally agree the world will avoid falling into recession, they highlight the possibility of "mild recessions" in Europe and the UK
- UK inflation eased more than expected in October as household energy costs decreased. Annual consumer price inflation fell to 4.6% from September's 6.7% – the smallest increase in two years. But Britain still has the highest rate of consumer price growth in the G7.
- Federal Reserve announced its decision to keep the Overnight Federal Funds Rate steady at its range of 5.25% to 5.50% in its latest meeting. This marks the second consecutive meeting where the central bank has chosen to maintain the status quo in monetary policy.
- The European Central Bank (ECB) plans to maintain current interest rates throughout 2024, even as concerns about a eurozone recession grow. Following 10 consecutive rate hikes.

## | Performance of SME Listed Companies:

- The BSE SME index rose by 13.2% in November 2023.
- The NSE Emerge index rose by 9.6% in November 2023.
- The median P/E ratio of SME-listed companies was 58.65x in November
- The median P/B ratio of SME-listed companies was 5.16x in November.

The NSE Emerge index has exhibited a beta of 0.28 since its inception when compared to the Nifty 50. This indicates that the volatility of the NSE Emerge index is only 28% of that of the Nifty 50, suggesting a lower risk profile for investors.

## | Outlook:

The outlook for the Indian economy remains positive despite global headwinds. The economy is expected to grow at a healthy pace in the coming quarters, supported by strong consumption and investment demand. Inflation is expected to ease further in the coming months. The Indian rupee is expected to remain volatile in the near term.

The performance of SME sector is expected to remain mixed in the coming months. Some SME companies are expected to benefit from the strong Indian economy, while others may face challenges from rising input costs and the depreciating rupee.



## SME Market Highlights



# SME IPOs Smash Records in November 2023,

**Delivering Listing Day Gains of Up to 125%!**

**ROCKING  
DEALS**

↑ **+125%**



↑ **+99.5%**

**ROX**

↑ **+70.78%**



↑ **+100.45%**



↑ **+88.35%**



↑ **+113.75%**

**SME IPOs Smash Records in November 2023, Delivering Listing Day Gains of Up to 125%!****Incredible SME IPO Performance!**

November 2023 witnessed record-breaking listing day gains of up to 125%, showcasing the immense potential of SMEs. The top 5 SME IPOs of the month surged by over 70%, with Rockingdeals Circular Economy Limited leading with a remarkable 125% gain. Investor interest in SME IPOs is soaring, offering a unique opportunity to invest in high-growth early-stage companies.

These SMEs hold substantial growth potential, being in the early stages of their journey. Undervalued by many, SME IPOs present investors with an attractive entry point into companies with promising growth prospects. However, it's crucial to conduct thorough research and comprehend the associated risks before diving in.

Highlighted gains in November 2023 include Rockingdeals Circular Economy Limited (+125%), Kalyani Cast Tech Ltd (+99.5%), ROX Hi-Tech Limited (+70.78%), SAR Televenture Limited (+100.45%), Maitreya Medicare Limited (+88.35%), and Paragon Fine And Speciality Chemicals Limited (+113.75%). These figures underscore the escalating investor enthusiasm for SME IPOs and their potential for robust growth.





## SME Market Highlights



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# Oversubscribed SME IPOs for the Month of November 2023!

 **ROCKING  
DEALS**

**213.64 TIMES**



**208.59 TIMES**

**ROX**

**214.44 TIMES**



**288.09 TIMES**

**MISH**

**135.43 TIMES**



**446.79 TIMES**

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You should carefully consider the risks associated with investing in a Cat 2 AIF before making an investment decision. Please read the PPM carefully before investing. Past Performance is not indicative of future result.

## Oversubscribe SME IPOs for the Month of November 2023!

In November 2023, numerous SME IPOs presented significant opportunities for small businesses to thrive. Notable oversubscribed offerings included Rockingdeals Circular Economy (213.64 times), Kalyani Cast Tech (208.59 times), ROX Hi-Tech (214.44 times), SAR Televenture (288.09 times), Mish Designs (135.43 times), and Maitreya Medicare (446.79 times). These impressive subscription rates highlight the high investor interest, making it an opportune time to explore investment in promising small businesses with substantial growth potential.

## | Why should you invest in SME IPOs?:

There are many reasons why you should invest in SME IPOs. Here are a few of the most important ones:

- **SME IPOs offer the potential for high returns.** Small businesses are often growing rapidly, and their stocks can reflect that growth.
- **SME IPOs are a diversified investment.** By investing in a variety of SME IPOs, you can reduce your risk and increase your chances of success.
- **SME IPOs support the Indian economy.** Small businesses are the backbone of the Indian economy, and investing in SME IPOs is a way to support their growth.

## | Conclusion:

SME IPOs offer a great opportunity for investors to invest in small businesses with high growth potential. If you're interested in investing in SMEs, now is a great time to do it.

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