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SME MARKET SUMMARY

June 2024

Executive Summary:

June 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 manufacturing sector witnessed robust growth in June, contributing significantly to overall economic expansion. This was driven by increased domestic and export demand.
- The Indian government launched a new scheme to promote digital literacy and skilling among rural youth in June. This initiative aimed to bridge the digital divide and create employment opportunities.
- The rupee strengthened against the US dollar in June, benefiting importers and reducing the cost of imports. This was partly attributed to increased foreign portfolio investments.
- The Indian stock market experienced a correction in June due to global economic uncertainties and profit-booking by investors. However, the market remained resilient and showed signs of recovery towards the end of the month.
- Severe heatwaves affected several parts of India in June, leading to increased water scarcity and power shortages. The government-initiated measures to mitigate the impact and promote water conservation.

Global:

- Global economic growth showed signs of slowing down in June as central banks continued to tighten monetary policies to combat inflation. Concerns about a potential recession grew among investors.
- The European Union introduced stricter regulations on artificial intelligence (AI) in June, aiming to address ethical and safety concerns related to the rapid development of AI technologies.
- Global stock markets experienced volatility in June due to concerns about economic growth and rising interest rates. Investors sought safe haven assets like gold and government bonds.
- Extreme weather events, including heatwaves and wildfires, intensified in various parts of the world in June, highlighting the urgent need for climate action.
- Global stock markets experienced significant turbulence in June 2024, primarily driven by persistent inflationary pressures and aggressive monetary tightening by central banks such as the US Federal Reserve and the European Central Bank. These factors, coupled with concerns about a potential economic slowdown, led to increased market volatility and investor uncertainty.

Performance Of SME-Listed Companies:

- The BSE SME IPO index exhibited limited volatility in June-24, primarily because of General Elections and the associated voting process during that month. The market was affected by the uncertain market conditions caused by election fever, leading to restricted

trading activity in the SME space. Despite this, the **annual return for the index remained** strong at **194.04%**.

- The **NSE Emerge index followed suit**, rising by **0.29%** in June and delivering **80.43% annual return**.
- Strong growth in Engineering, **Auto Ancillaries, Solar, Energy** 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 **32.23x** and **3.69x**, respectively, highlighting investor confidence in the prospects of SME stocks.

Investor Enthusiasm Drives Oversubscription in June 2024 SME IPOs

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

Top 5 Oversubscribed SME IPOs of June 2024:

	<p>The most oversubscribed SME IPO in June 2024, with a subscription of 993.56 times the issue size.</p>
	<p>The second most oversubscribed SME IPO in June 2024, with a subscription of 983.19 times the issue size.</p>
	<p>The Third most oversubscribed SME IPO in June 2024, with a subscription of 856.21 times the issue size.</p>
	<p>The fourth most oversubscribed SME IPO in June 2024, with a subscription of 715.78 times the issue size.</p>
	<p>The fifth most oversubscribed SME IPO in June 2024, with a subscription of 393.67 times the issue size.</p>

Other Notable Oversubscribed SME IPOs In June 2024:



371.14 times



265.13 times



257.24 times



231.21 times

Overall, June 2024 was strong month for SME IPOs, with many companies seeing significantly higher 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.

June 2024 SME IPO Listing Day Gains:

	<p>The highest listing day gain, with a gain of 325.59%. The company's shares listed at Rs 144.70 which was significantly higher than the issue price of Rs 34.00.</p>
 <p>GPES Solar® Building Trust & Partnerships</p>	<p>The second-highest listing day gain among the SME IPOs that listed in June 2024, with a gain of 318.88%. The company's shares listed at Rs 393.75, which was significantly higher than the issue price of Rs 94.00.</p>
 <p>TBI CORN LTD THE BEST AT CORN MILLING</p>	<p>The third-highest listing day gain, with a gain of 121.17%. The company's shares listed at Rs 207.90, which was significantly higher than the issue price of Rs 94.00.</p>
 <p>EnNutrica®</p>	<p>The fourth-highest listing day gain, with a gain of 99.50%. The company's shares listed at Rs 107.73, which was significantly higher than the issue price of Rs 54.00.</p>
 <p>GEM GREEN EARTH MOVEMENT</p>	<p>The fifth-highest listing day gain, with a gain of 99.49%. The company's shares listed at Rs 149.62, which was significantly higher than the issue price of Rs 75.00.</p>

June 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.

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