

E quity

C apital

M arket

Equity Capital Markets Group

Monthly Newsletter for July 2022

Disclaimer

The information contained in this update is for discussion purposes only. This update does not constitute an offer, solicitation, recommendation or investment advice with respect to any security or other transaction and should not be relied upon as a basis for any investment decision.

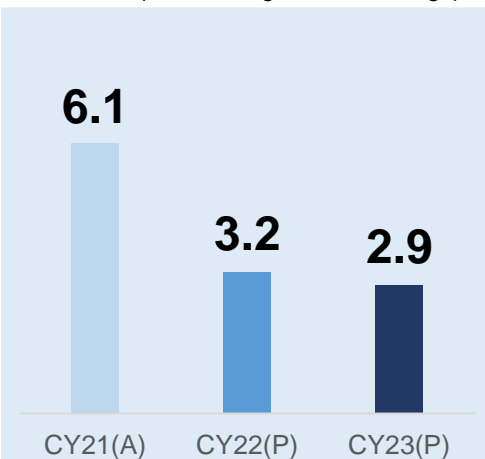
Anand Rathi Advisors Limited and its affiliates may hold positions and effect transactions involving securities of issuers described herein.

Anand Rathi Advisors Limited and its affiliates may also have been retained by such issuers to perform investment banking and other services, for which it receives compensation. The information contained in this update is based upon sources we believe to be reliable, but its accuracy and completeness cannot be guaranteed. The market update is solely for the use of the intended recipients. Receipt of this market update by any person other than the intended recipient, or usage of this market update for any other purpose is prohibited.

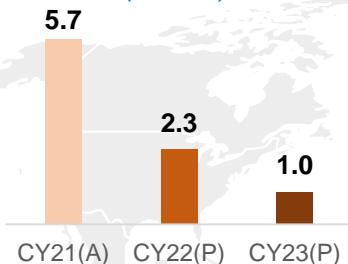
Global economy on a slowdown – war & inflation worrying factors

1 The global economy is slowing sharply | Major economies and their GDP growth %

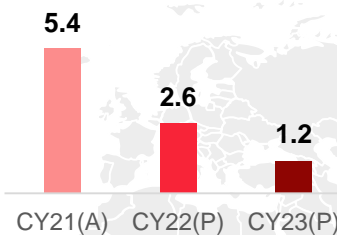
WORLD (Real GDP growth, % change)



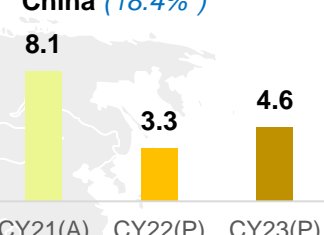
United States (23.9%*)



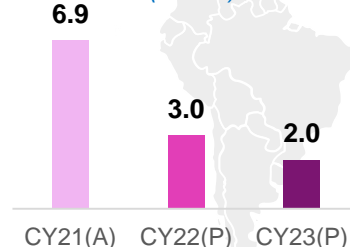
Euro Area (15.0%*)



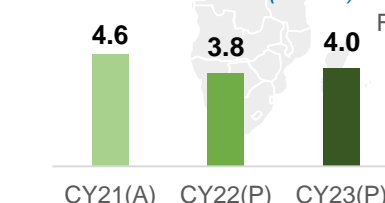
China (18.4%*)



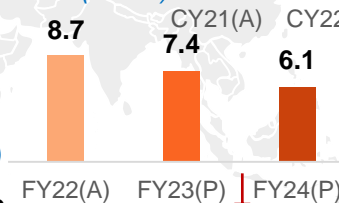
Latin America and the Caribbean (5.7%*)



Sub-Saharan Africa (1.9%*)



India (3.3%*)



Global economy still reeling from the pandemic and Russia's invasion of Ukraine is facing an extremely gloomy and uncertain outlook

Global economies are falling sharply compared to that of India's

2 Reasons for slowdown



The war in Ukraine

Both the countries being major commodity producers, disruptions have resulted in soaring global prices, especially that of oil and natural gas



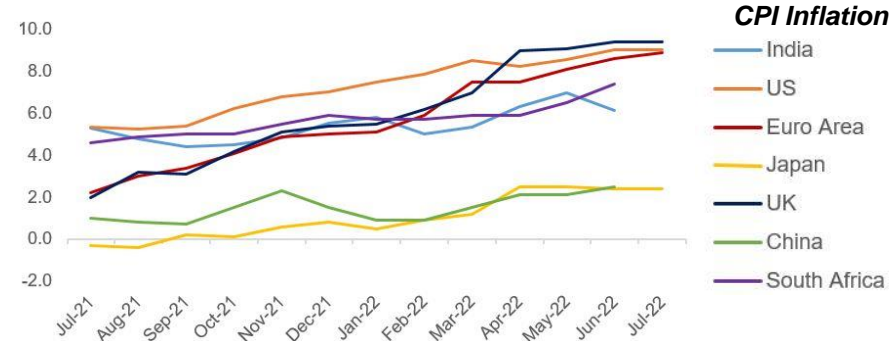
Rising food and energy prices

feeding worldwide inflation



China's economic slowdown added to global supply chain disruptions COVID-19 outbreaks and mobility restrictions as part of the authorities zero-COVID strategy have disrupted economic activity

3 Rising food and energy prices feeding worldwide inflation

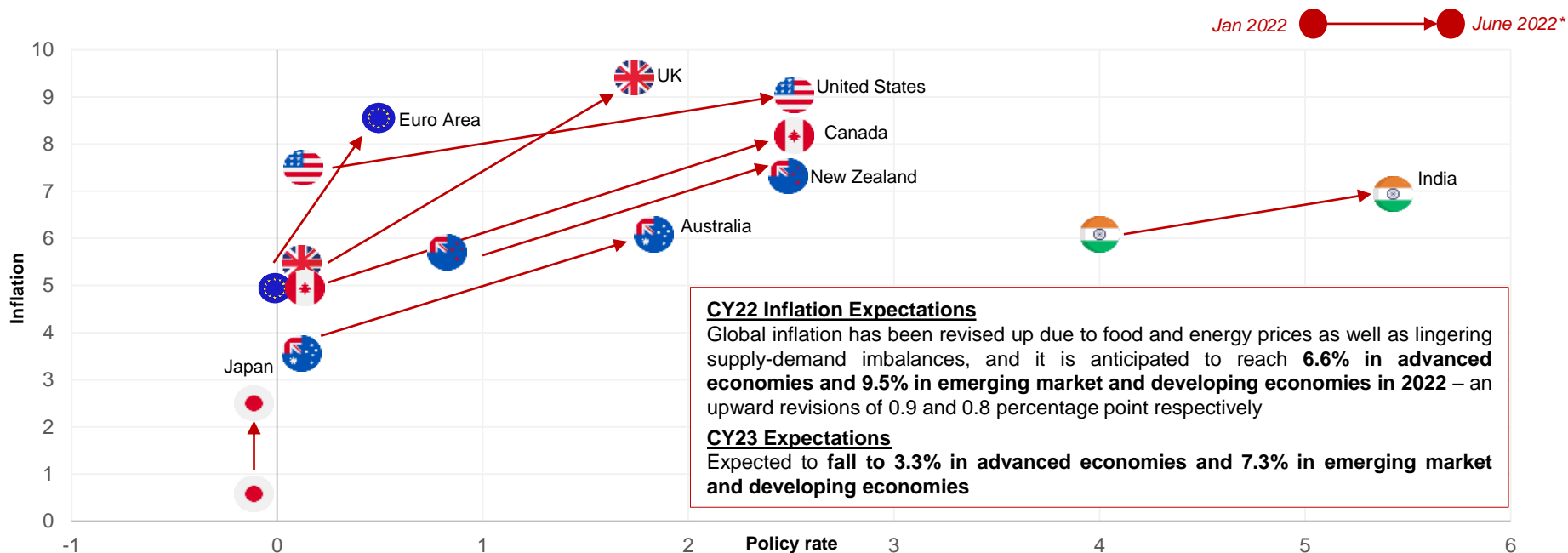


For India, data and forecasts are presented on a fiscal year basis
 Real GDP: An inflation adjusted measurement of a country's economic output over the course of a year
 Source: IMF

* The percentage represents contribution to world GDP

Priorities going forward to bring inflation under control and achieve durable growth

Central banks are raising interest rates in an effort to curb spending and combat inflation



Priorities going forward



Bringing inflation under control

Price stability is a precondition for durable growth



By tightening monetary policy

which would reduce inflation at the cost of lower real activity, higher unemployment, and lower wages



While protecting the most vulnerable

cushioning them from the impact of the requisite cooling in economic activity through targeted and temporary fiscal transfers



Containing rising debt since

higher interest rates and lower tax revenues will push some sovereign borrowers into debt distress



Ensuring a smooth flow of food & energy

Govt. should not hoard food & energy but instead look to unwind trade barriers such as food export bans

Indian economy sees healthy post-COVID recovery

India amidst global economic whirlwind



Rising oil prices post the Russian invasion of Ukraine



Since India imports majority of its crude oil requirements, surge in prices have impacted India's fiscal deficit which will lead to depreciation of rupee and had a direct impact on inflation



Tightening of monetary policy by central banks around the world would impact the FPI flow in India

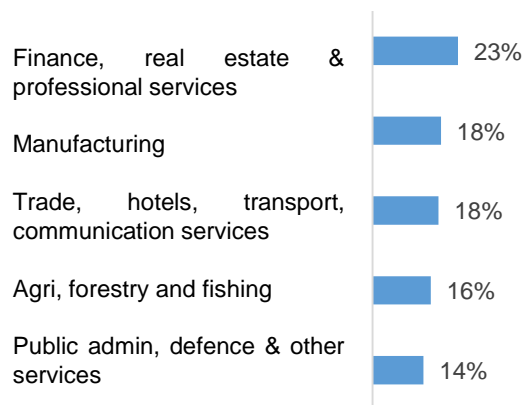


Opportunity for India presented by supply chain disruptions in China



Chinese supply chain issues caused by Zero-COVID policy present a limited time opportunity for India to present itself as an alternative, diversified manufacturing hub

Top 5 Sectors contributing to GDP



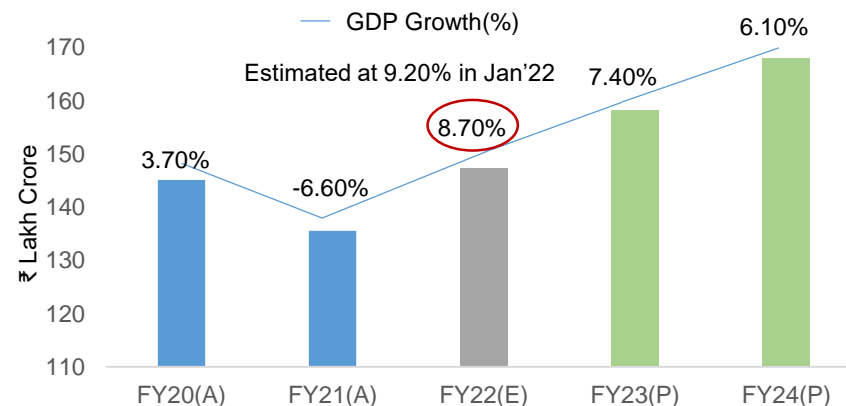
Sectors driving recovery in FY22

% Growth vs. Previous Financial year

| Sectors | Growth (%) Vs. P.FY |
|----------------------------------------|---------------------|
| Public admin, defence & other services | 13% |
| Construction | 12% |
| Mining | 12% |
| Trade, hotels, transp, commn. services | 11% |
| Manufacturing | 10% |

While construction and manufacturing are not the top 5 GDP contributors, the two were amongst the highest growing sectors for FY22

Real GDP growth & projections



Key Points on GDP recovery (FY22)

- In a global landscape marred by fears of recession and war, the Indian economy has been resilient
- Despite the slowdown in growth in the last quarter of FY22 due to the impact of curb imposed against Omicron, the GDP (FY22) has recovered above the pre-pandemic (FY20) levels resulting in V-shaped recovery after contraction in FY21.
- Recovery in GDP was led by the service sector which contributes to almost 55% of the GDP, with growth of 11% in trade, hotel, transport services etc. because of easing Covid -19 restrictions
- Industrial sector (Mining, Manufacturing, Utilities, Construction) saw a growth of 11.8% after contracting by 7% in FY 21

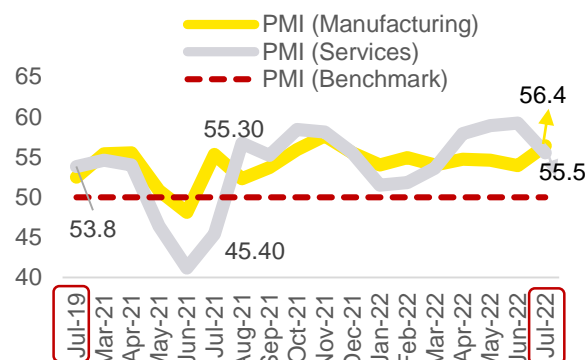
IMF recently revised India's FY23 GDP estimates from 8.2% estimated in April'22 to 7.4% mainly due to less favorable external conditions and more rapid policy tightening

India | High frequency indicators look upbeat

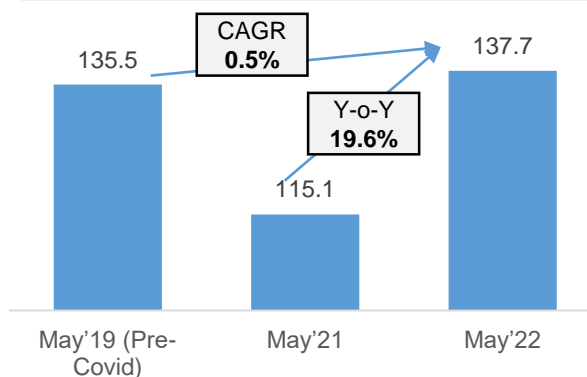
1

Industrial & Service Sector Indicators

Purchasing Managers' Index (PMI)



Index of Industrial Production (IIP)

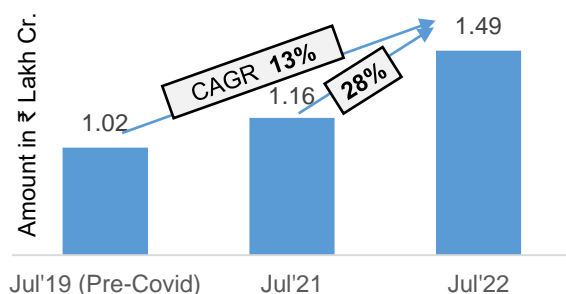


Logistics

| Growth | Rail Cargo (Mn tonnes) | Major Ports Cargo (Mn tonnes) | Air Freight ('000 tons) |
|---------|------------------------|-------------------------------|-------------------------|
| Jun' 22 | 125.5 | 65.87 | 810.5 |
| Jun' 21 | 112.78 | 58.64 | 738.5 |
| % YoY | 10.1% | 11.0% | 8.9% |
| Jun' 19 | 101.42 | 57.56 | 843.5 |
| CAGR | 7.4% | 4.6% | -1.3% |

2

Fiscal indicator (GST Collection)



| Average GST Collection (₹ Lakhs Cr.) | | |
|--------------------------------------|------|----------------|
| FY 22 | FY21 | YoY Growth (%) |
| 1.24 | 0.95 | 31% |

3

Agriculture sector indicators



In June'22, tractor sales saw a growth of **9% from pre- COVID level** (June'19), however saw contraction of 11% as compared to June'21



In June'22, fertilizer sales was at **5.1 mn tonnes which was 5% below last year** but ~4% above pre- COVID levels



As on July'22, paddy cultivation was **lagging due** to rainfall deficiency in states that are major producers of primary staple

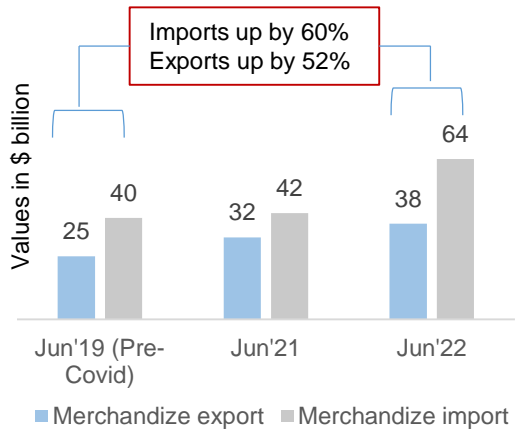
Key points (current indicators)

- Manufacturing PMI touched 8 month high on the back of new orders; Services PMI saw weakest expansion since March 22 due to rising inflation
- IIP rose highest since May 21 led by sharp improvement in manufacturing sector output and performance of core industries with power and coal being drivers for growth
- Logistics indicators improved in June'22 led by improved business activity
- GST collection rose due to inflation and increase in consumption led by economic recovery

Most of the high frequency indicators as on May-July'22 are showing signs of revival in the economy although marginally vs. pre-COVID levels

Indian economy to grow by 7-7.8% in FY23 despite global headwinds

4 External Indicator (Trade)

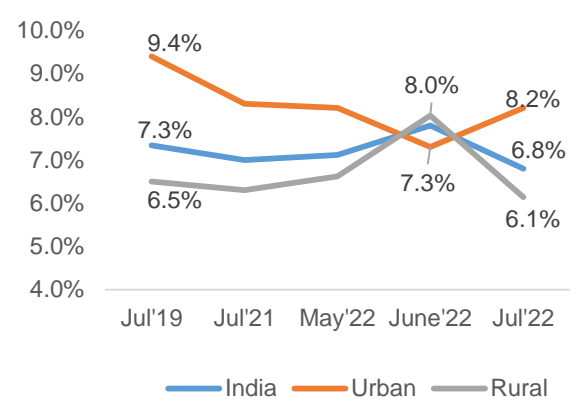


5 Inflation

| Inflation type | June'22 | May'22 |
|--------------------|------------|------------|
| CPI | 7.01% | 7.04% |
| Consumer Food | 7.7% | 8.0% |
| Fuel & Light based | 10.4% | 9.5% |
| Clothing/ Footwear | 9.2%/11.9% | 8.5%/10.7% |

Core inflation (excluding food and fuel) inched lower to 5.96% YoY in Jun'22 vs. 6.08% in May'22
WPI inflation too eased marginally in Jun-22 to 15.18%YoY from 15.88% in May-22

6 Unemployment rate

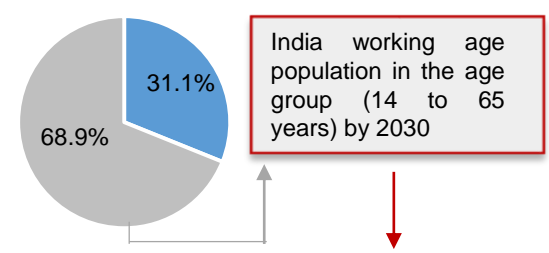


Key points (current indicators)

- Merchandise imports surged to highest monthly level in Jun'22 leading to widening of trade gap; Service trade surplus declined in May'22 vs. previous month due decrease in exports
- Food inflation eased due to fall in edible oils prices led by import duty reduction; Fuel and light inflation rose on the account of high global crude prices. RBI in its recent MPC meeting has retained the CPI inflation projection at 6.7% for FY23
- Urban unemployment rose due to job losses in industrial & service sector
- Recovery in rural employment was led by the labour in the agriculture sector as the southwest monsoon progressed and Kharif sowing activities picked up pace.

Demographic advantage going forward

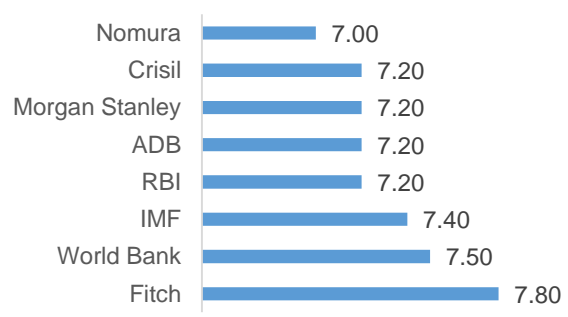
India is projected to surpass China as the world's most populous country by 2023



The productive employment of such a large working age population is critical for ensuring that India maintains a robust GDP growth

GDP growth for FY23

Positive trends in most of the high frequency indicators of growth during May-July'22 indicate continued expansion of economic activity leading to FY23 GDP growth between 7.0% to 7.8% as per projections as on Jun-Jul'22

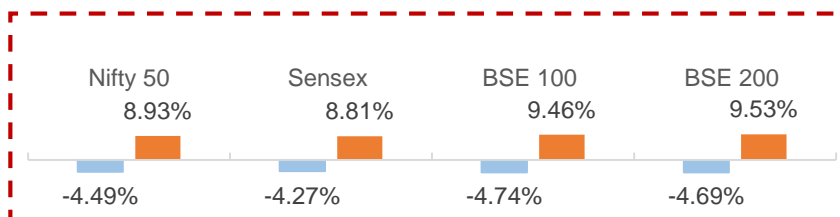


Source: BCG & EY Economic Outlook Report,
Source: UN World Population prospects 2022
Source: CMIE

Index Performance | Global and Indian Markets

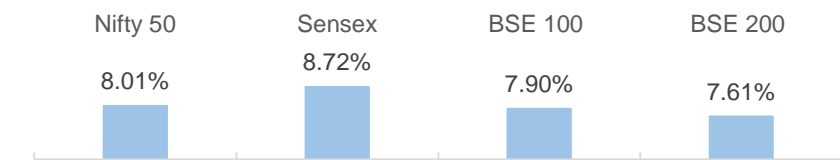
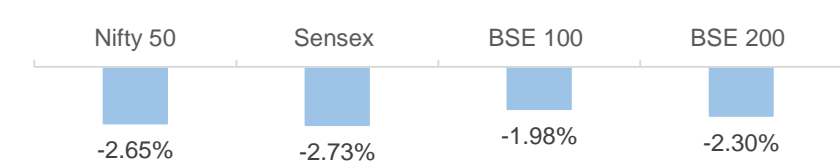
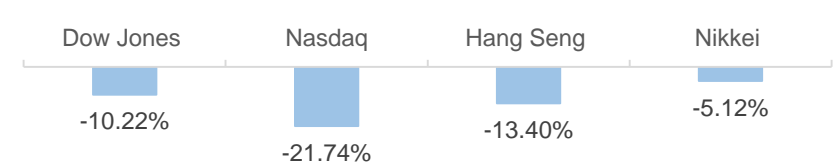
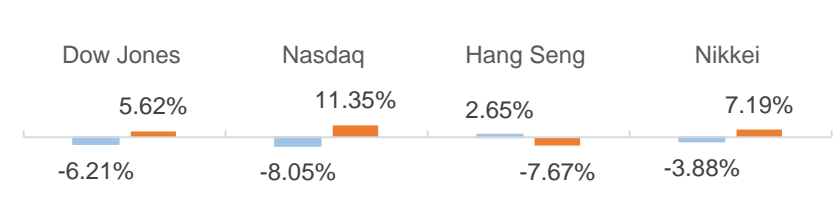
Positive economic indicators can be seen in market performance also. Almost all the Indian indices have turned positive in July 2022

Index Performance | India

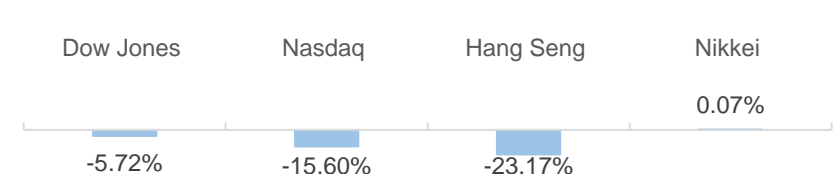


Indian markets witnessing strong recovery in July 2022

Index Performance | Global

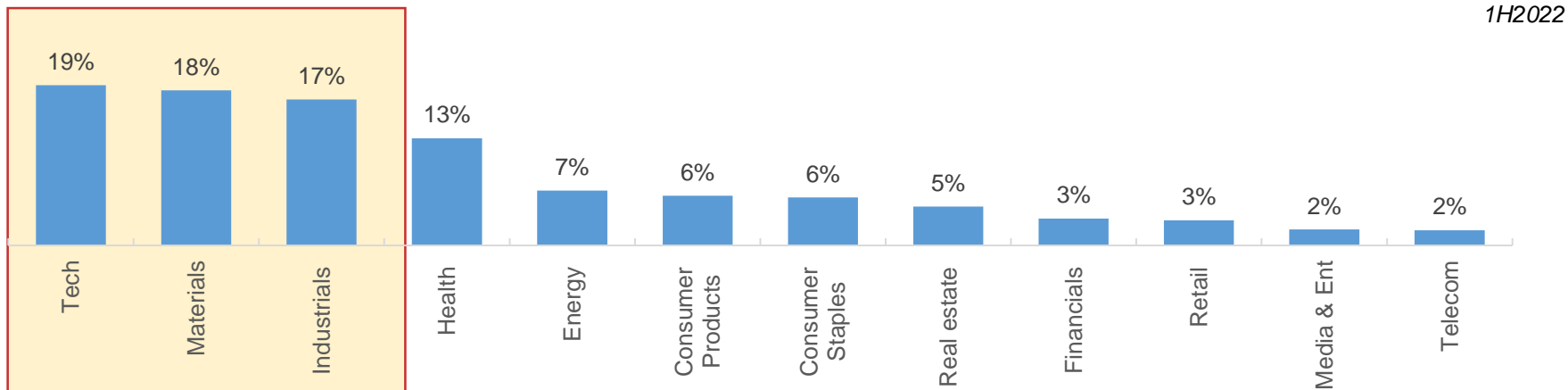


Indian indices have performed better compared to major global markets

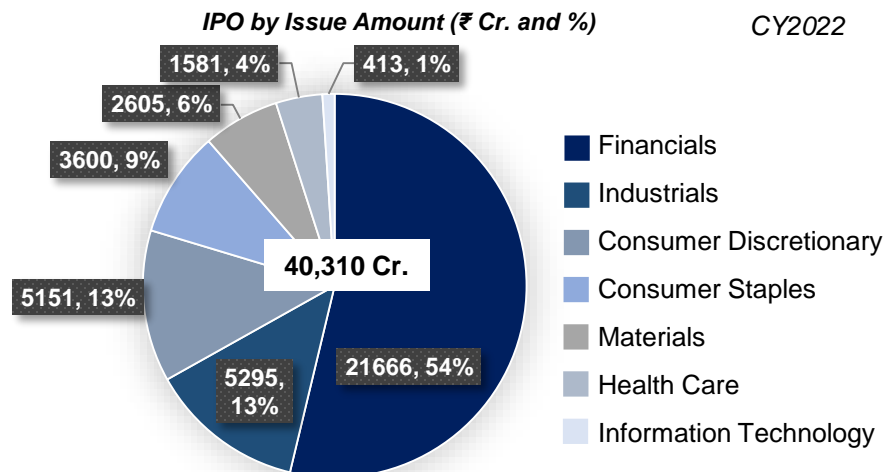
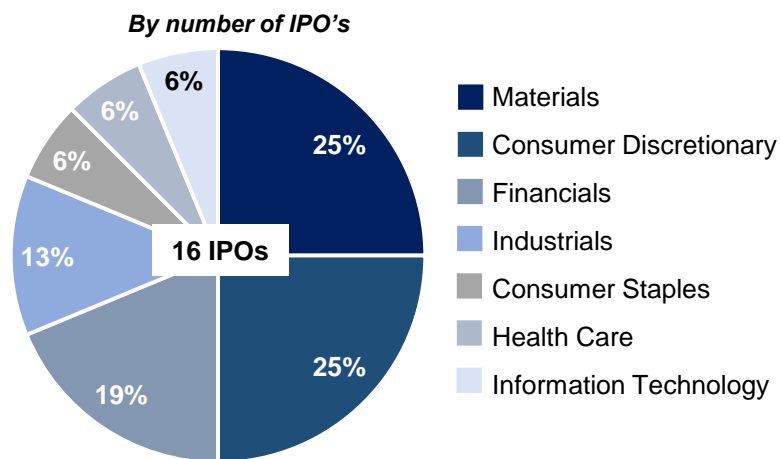


IPOs by sector

Global IPOs by sector (1H2022)



Indian IPOs by sector (CY 2022)



Source: EY Global IPO Trends Q2 2022

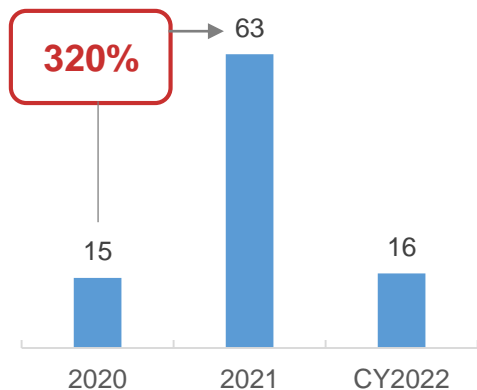
Source: Prime Database

1H2022 refers to Jan – June 2022; CY 2022 refers to Jan – July 2022

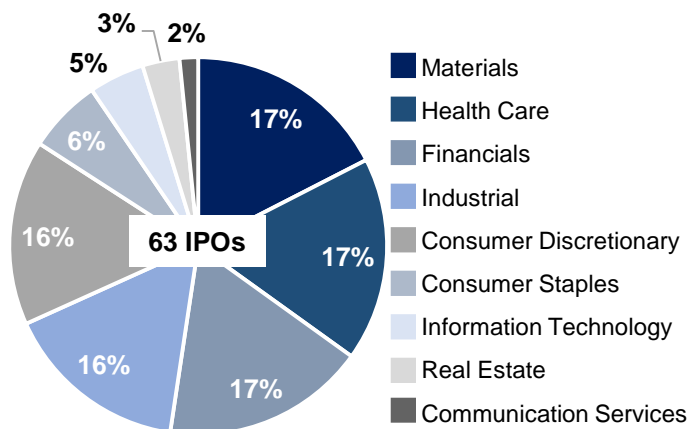
Sector classification for Indian IPOs is basis Global Industry Classification Standard (GICS)

IPO activity in the Indian market

IPO activity (No. of IPOs)

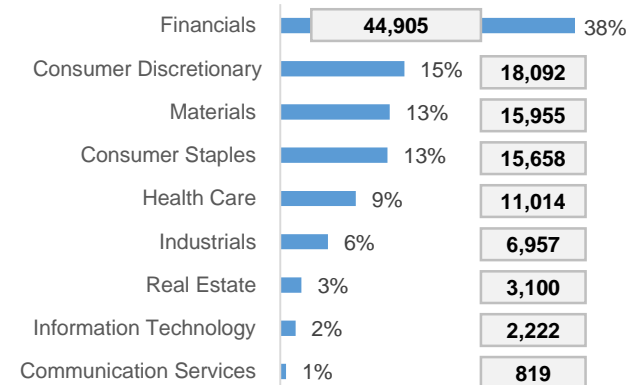


IPOs in 2021 (By no. of IPOs)



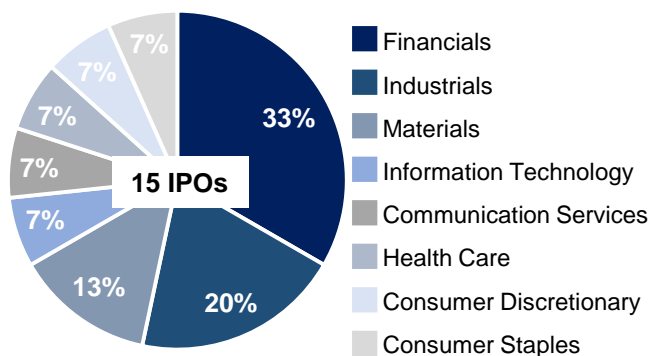
IPOs in 2021 (By issue amount in ₹ Cr. and %)

Total in 2021: 1,18,723 Cr.



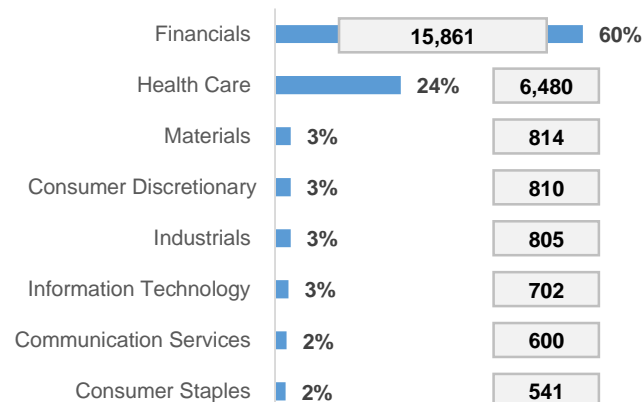
IPOs in 2020

By no. of IPOs



Total in 2020: 26,612 Cr.

By issue amount in ₹ Cr. and %



Source: Prime Database
 CY 2022 refers to Jan – July 2022
 2020 refers to CY 2020
 2021 refers to CY 2021

Sector classification for Indian IPOs is basis Global Industry Classification Standard (GICS)

Recent IPOs – Listing Gains and Price Movement (April – July 2022)

As on 29.07.2022

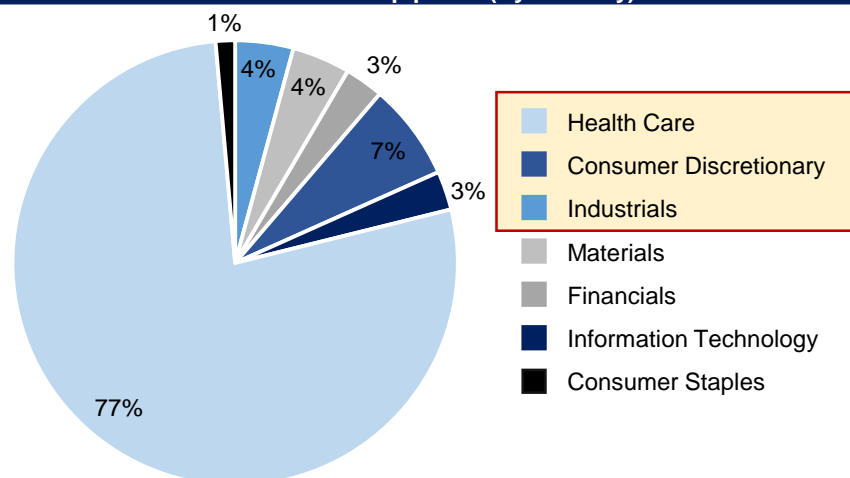
| Sr. No. | Name | Issue Size (₹ Cr) | Issue Price (₹) | Listing Price (₹) | Listing gain on listing date | | Closing Price (₹) | Gain | |
|---------|-------------------------------------|----------------------|--------------------|----------------------|------------------------------|-----|----------------------|------|------|
| | | | | | (₹) | (%) | | (₹) | (%) |
| 1 | Campus Activeware | 1,400 | 292 | 355 | 63 | 22% | 440 | 148 | 51% |
| 2 | Rainbow Children's Medicare | 1,581 | 542 | 506 | -36 | -7% | 488 | -54 | -10% |
| 3 | Life Insurance Corporation of India | 20,557 | 949 | 867 | -82 | -9% | 678 | -271 | -29% |
| 4 | Prudent Corporate Advisory Services | 538 | 630 | 660 | 30 | 5% | 541 | -89 | -14% |
| 5 | Delhivery | 5,235 | 487 | 493 | 6 | 1% | 635 | 148 | 30% |
| 6 | Venus Pipes & Tubes | 165 | 326 | 335 | 9 | 3% | 387 | 61 | 19% |
| 7 | Paradeep Phosphates | 1,502 | 42 | 44 | 2 | 4% | 53 | 11 | 25% |
| 8 | Ethos | 402 | 878 | 830 | -48 | -5% | 985 | 107 | 12% |
| 9 | eMudhra | 413 | 256 | 271 | 15 | 6% | 342 | 86 | 34% |
| 10 | Aether Industries | 808 | 642 | 706 | 64 | 10% | 848 | 206 | 32% |

- On the listing date, 30% of the companies got listed in red; as on 29th July 2022, approx. 30% of the companies traded below the issue price while 60% traded below the issue price as on 30th June 2022
- While average listing gain on the day of listing for issues mentioned above was 3%, as on 29th July 2022 the average gains went up to 15%

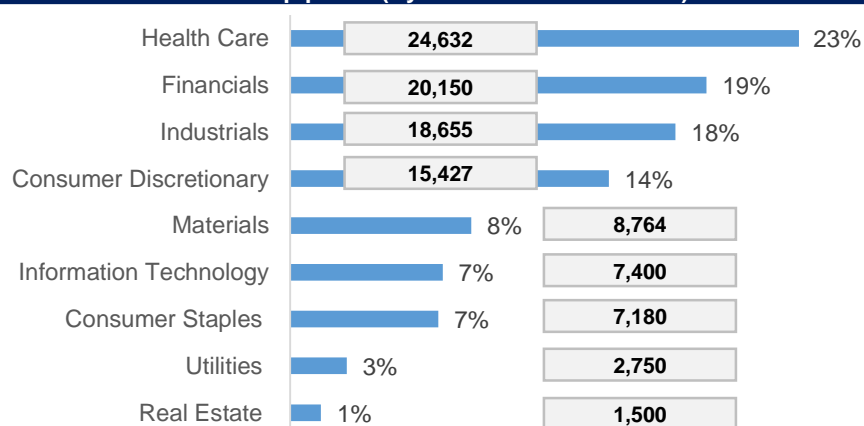
IPOs in the pipeline

71 issues in pipeline | SEBI Approval received; Approval still valid

No. of issues in pipeline (By Industry)



Issues in pipeline (By Amount in ₹ Cr. and %)



Top issues (ranked by issue amount ≥ ₹ 2000 Cr.)

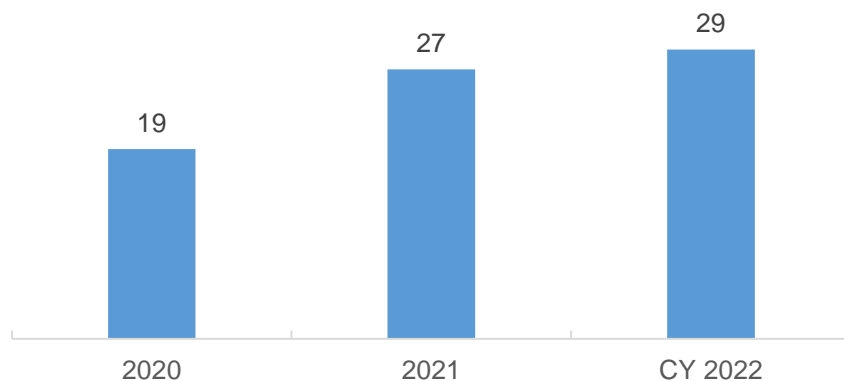
| Company | Date Of Filing | Date Of Approval | Estimated Issue Amount (₹ Crore) |
|----------------------------------|----------------|------------------|----------------------------------|
| Aadhar Housing Finance Ltd. | 24-Jan-21 | 05-May-22 | 7300 |
| Api Holdings Ltd. | 10-Nov-21 | 17-Feb-22 | 6250 |
| Tvs Supply Chain Solutions Ltd. | 14-Feb-22 | 04-May-22 | 5000 |
| Macleods Pharmaceuticals Ltd. | 15-Feb-22 | 20-May-22 | 5000 |
| Bharat Fih Ltd. | 24-Dec-21 | 10-Jun-22 | 5000 |
| Emcure Pharmaceuticals Ltd.* | 18-Aug-21 | 08-Dec-21 | 4000 |
| Fabindia Ltd. | 24-Jan-22 | 30-Apr-22 | 4000 |
| Go Airlines (India) Ltd. | 14-May-21 | 26-Aug-21 | 3600 |
| Five-Star Business Finance Ltd. | 10-Nov-21 | 07-Jan-22 | 2752 |
| Gemini Edibles & Fats India Ltd. | 09-Aug-21 | 23-Nov-21 | 2500 |
| Archean Chemical Industries Ltd. | 21-Feb-22 | 12-May-22 | 2200 |
| Tbo Tek Ltd. | 27-Dec-21 | 19-May-22 | 2100 |
| India1 Payments Ltd. | 07-Sep-21 | 24-Nov-21 | 2000 |
| Global Health Ltd. | 30-Sep-21 | 21-Dec-21 | 2000 |
| Cmr Green Technologies Ltd. | 27-Sep-21 | 16-Feb-22 | 2000 |
| Imagine Marketing Ltd. | 27-Jan-22 | 30-Apr-22 | 2000 |

71 issues in pipeline that have received SEBI Approval with an estimated issue amount of ₹ 1,064 Bn.

Rights Issue and QIP

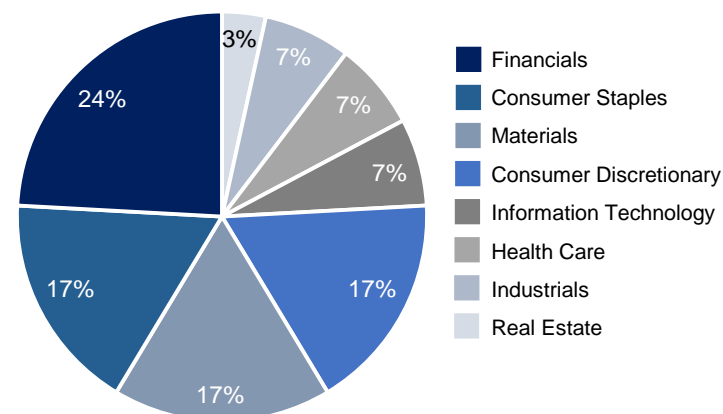
Rights Issue

By number of Rights Issues



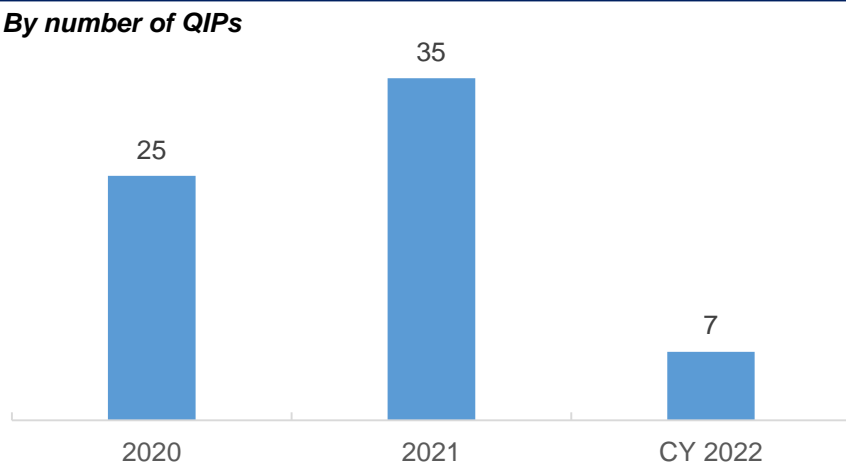
1 rights issue open as on July 31st 2022

By Sector (CY 2022)

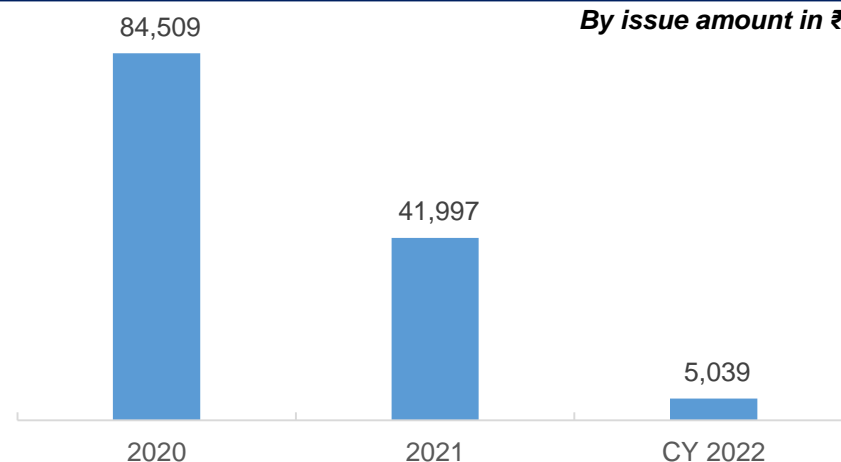


QIPs

By number of QIPs



By issue amount in ₹ Cr.



Source: BSE India, The Hans India, Chittorgarh

2020, 2021 represents calendar year

CY 2022 refers to Jan – July 2022

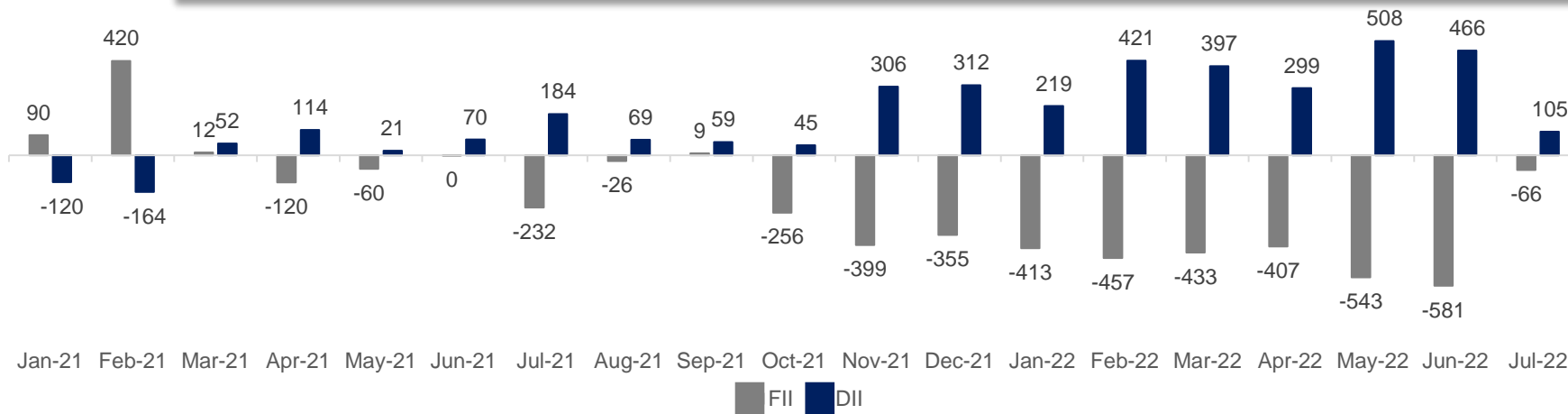
Sector classification for Rights Issue is basis Global Industry Classification Standard (GICS)

FII / DII Investments

FII and DII Net Purchase / Sales

INR Billion

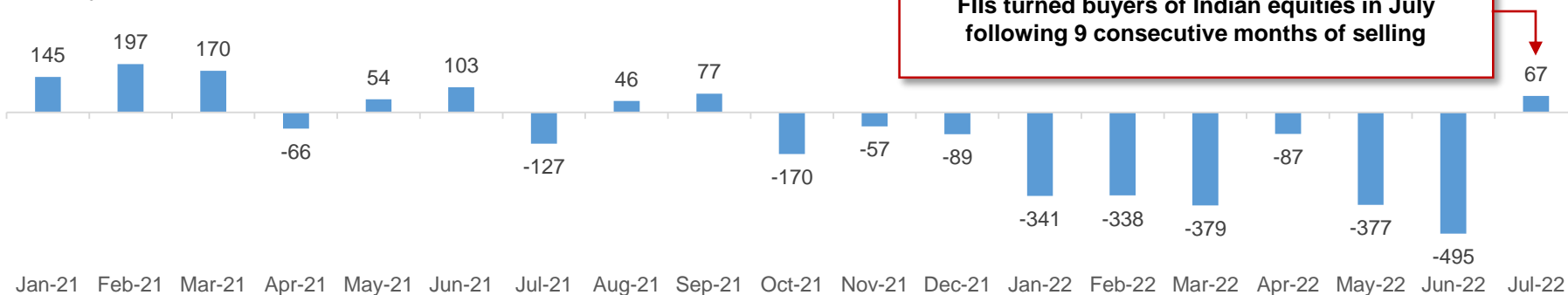
Domestic institutional investors remained net buyers for consecutive 17 months, underscoring the confidence in the domestic economic outlook



FII SEBI Equity Net Purchase / Sales

INR Billion

FIs turned buyers of Indian equities in July following 9 consecutive months of selling



Key SEBI updates | July 2022

SEBI (ICDR) (Third Amendment) Regulations, 2022 - Chapter X-A Social Stock Exchange

An alternative fund raising platform, Social Stock Exchange (SSE) has been introduced to allow social enterprises and voluntary organizations with a social purpose, to raise funds. The key objective of an SSE is to help improve access to capital for enterprises that seek to deliver a positive change in society.

Applicability:

- Not for Profit organization (NPO)
 - seeking to get registered
 - seeking to get registered and raise funds
- For Profit Social Enterprise (FPSE) – seeking to be identified as a social enterprise

Who can invest?

All except retail investors

Important features of ZCZPI

- To be listed on SSE
- Only by NPO
- Can be **Private** [only to Social Impact Fund registered under SEBI (AIF) regulations] or **Public** Issue
- Min. Issue Size = INR1 Cr
- Min. Appln Size = INR 2 Lakhs
- Min. Subscription – 75% of total issue
- Shall be dematerialized form only

Means of Fund Raising

NPO

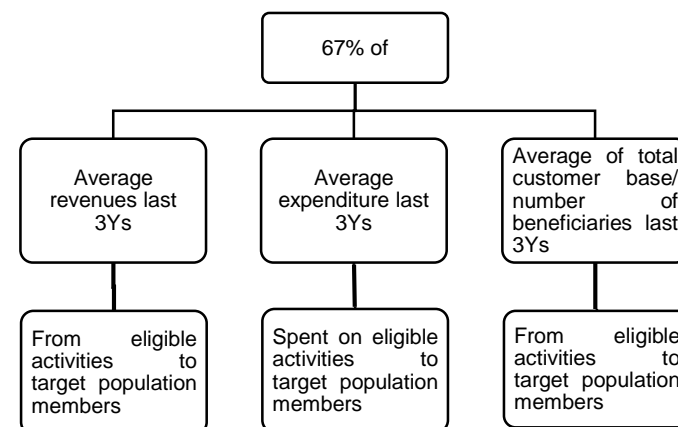
- Issuance of Zero Coupon Zero Principal Instruments (ZCZPI)
- Donations through Mutual Fund schemes
- Any other means as specified by Board

Note: NPOs shall first get registered with the SSE in order to raise funds and get listed

FPSE

- Issuance of Equity shares
- Issuance of debt schemes
- Any other means as specified by Board

Eligibility criteria – to be identified as a Social Enterprise



*Eligible activities: as per their social intent approved by SEBI
Target population: underserved or less privileged population*

SEBI (LODR) (Fifth Amendment) Regulations, 2022 – Chapter IX-A Obligations of Social Enterprises

Annual disclosures by NPOs to SSE, on matters specified by SEBI, within 60 days from the end of the FY.

- Framing a policy for determination of materiality
- Disclosure of any event having material impact not later than 7 days from the event

A Social Enterprise shall submit an annual impact report, audited by a Social Audit Firm, to SSE

Quarterly disclosure by a listed NPO to SSE

- category-wise amount of monies raised
- category-wise amount of monies utilized
- balance amount remaining unutilised.

Thank You

Sumeet Lath

sumeetlath@rathi.com

(D) +91 22 6626 6428

(M) +91 98 2151 5378

Shashank Pisat

shashankpisat@rathi.com

(D) +91 22 6626 6745

(M) +91 88 7971 7981

Shreya Dua

shreyadua@rathi.com

(D) +91 22 6626 6707

(M) +91 93 1592 8623

Corporate Office

10th Floor, Trade Tower D,

Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

Board line: +91 22 6626 6666 | **Fax:** +91 22 6626 6700

Website: www.rathi.com