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**Equity Capital Markets Group**

Monthly Newsletter for October 2022

## Disclaimer

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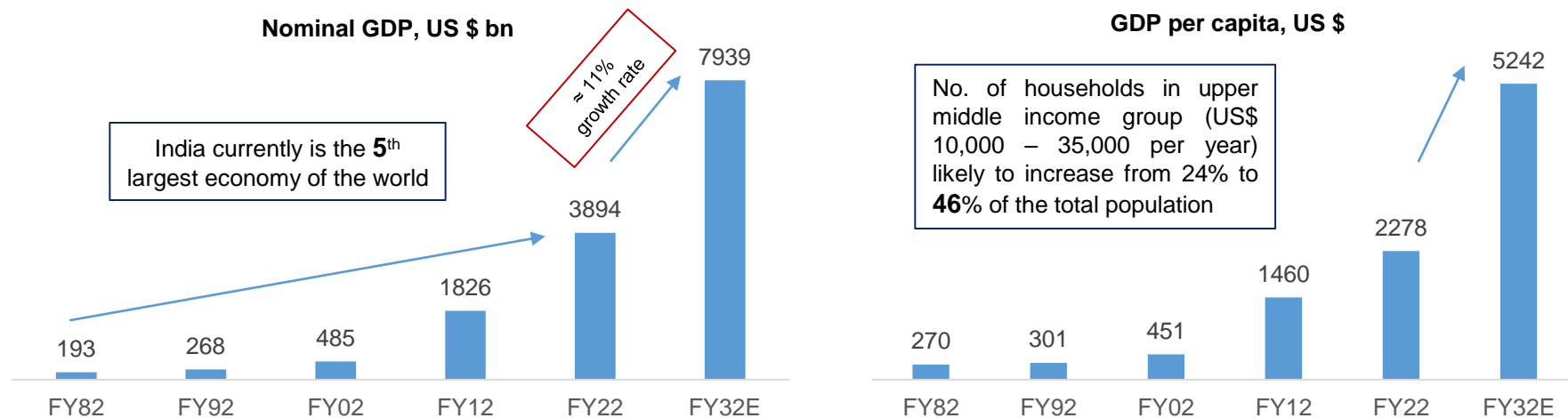
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## New India's Growth Story

# India on path to become the 3<sup>rd</sup> largest economy


**India's economic boom to be fueled by offshoring, advanced digital infrastructure and energy transition.**

**India all set to become third-largest economy by end of the decade**



**Drivers of India's growth story**

**Offshoring**




India to be the office – and factory – to the world

**Advanced Digital Differentiation**



India's Digital Leap – due to India's strong digital infrastructure

**Energy transition**

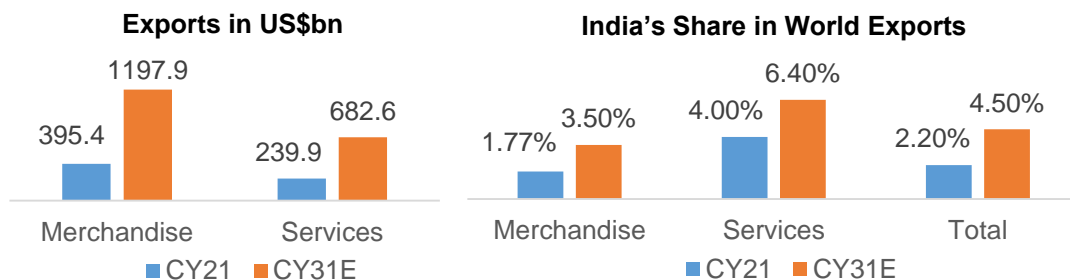


India's 2/3<sup>rd</sup> of the incremental supply of energy would come from renewable resource

Source: CEIC, Morgan Stanley Research estimates  
Nominal gross domestic product (GDP) is GDP given in current prices, without adjustment for inflation

# Deep dive into the drivers for India's growth story

## The office & factory to the world



- **Office to the world** - The emergence of distributed delivery models, along with tighter labor markets globally, will accelerate outsourcing to India.
- **Factory to the world** - With manufacturers moving out of China, government PLI Scheme across sectors & cheap labor will help increase the manufacturing share of GDP from 15.6% currently (CY21) to 21% in CY31

## India's digital leap

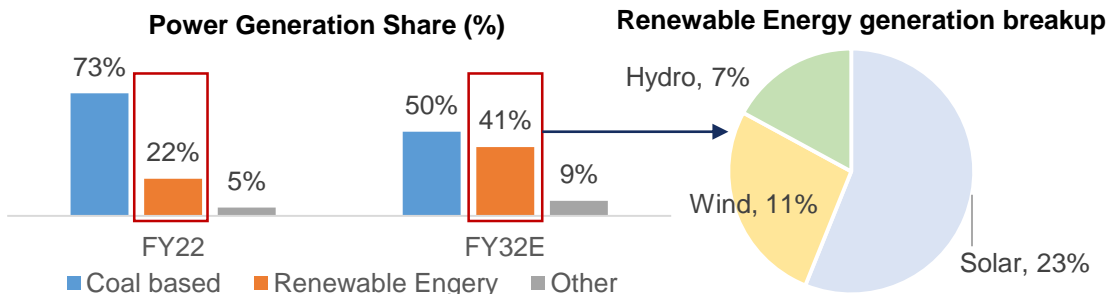


- **AADHAR UID** - 1.32 bn Aadhar cards have been issued till Oct-21
- **e-KYC** - 13 bn transaction till Sep 22
- **UPI** - 12 tn worth of transaction till Oct 22
- **Digi locker** - 127.8 mn users registered till Sep 22
- **GSTIN** - 13.9 mn business registered till Aug 22
- **Direct Benefit Transfer** - INR 24.6 tn of cumulative transfer till date FY23

### Benefits of digitization

- Rapid formalization of the economy and data availability due to Aadhar
- Boost in financial inclusion due to implementation of UPI, DBT etc.
- Greater tax buoyancy to feed into capital spending

## India's Energy transition



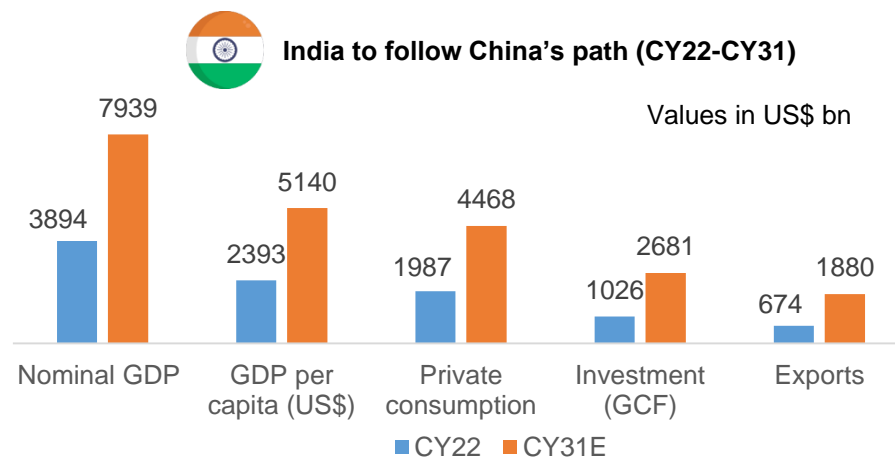
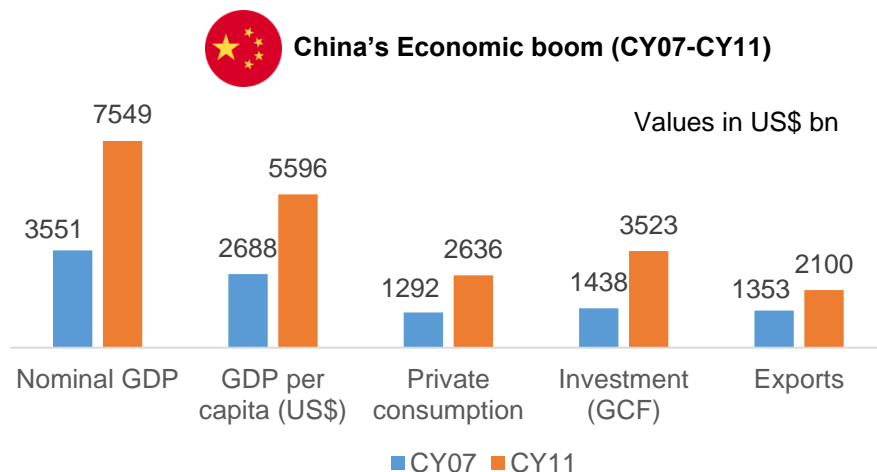
### Positive impact of energy transition

- Positive impact in terms of trade
- Reduction in headline inflation volatility as the imported energy share of GDP declines
- Boost in energy capex
- Improves living conditions

## India's next decade showing some resemblance to China's CY07-CY11 transition

The economic boom during the period (CY07-CY11) led China to become the second largest economy of the world from fourth in CY06. With India at almost the same level as China was in CY07, is on track to follow the same path during the period (CY22- CY31) to become the 3<sup>rd</sup> largest economy of the world and will cross the US\$ 7.5 trillion (Nominal GDP) mark by CY31

### India's boom shows resemblance to China's CY07-CY11 boom



### India will still be different:

#### Investment to GDP ratio

- India to see a lower peak of investment to GDP as compared to China due to partial reliance on service sector
- China's investment to GDP ratio peaked at 47% and is currently still at 43%. India's investment to GDP ratio will peak at 36% by FY32

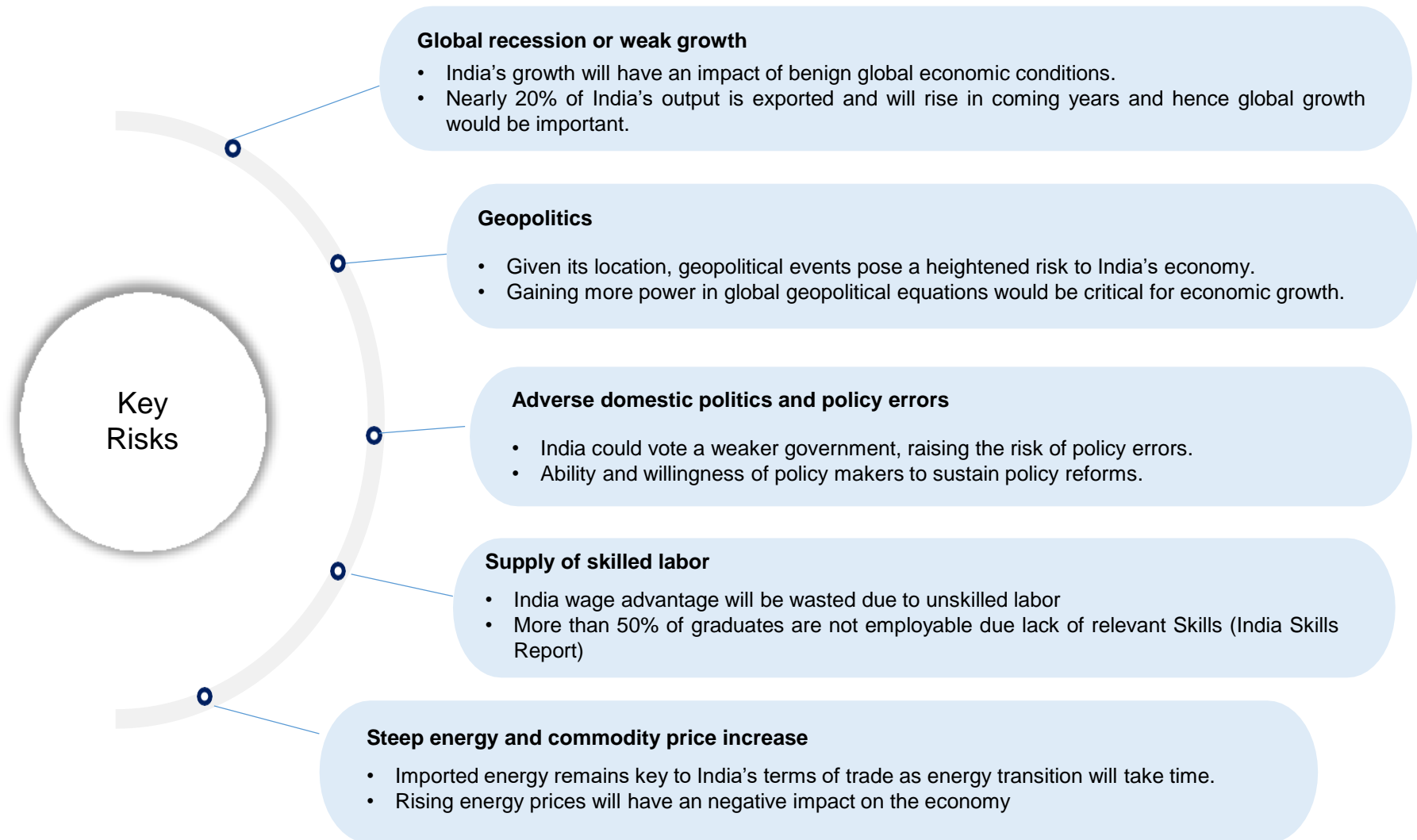
#### India's Consumer will be the global driving force

- India's consumption share to GDP has been higher than China and ratio would remain relatively high
- India private consumption will double from US\$ 2 trn in CY22 to US\$ 4.5 trn by CY31

#### MNCs participation

- India more open to FDI today as compared to China
- MNCs are already operating in India, trying to reap the benefits of a strong growing domestic market.
- China's approach has been selective in regard to foreign participation

## Key risks to India's growth story



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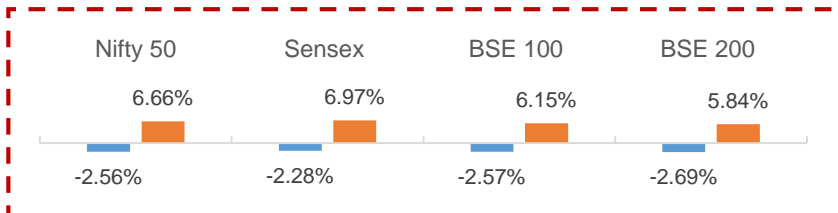
## Index Performance (India & Global)



# Index Performance | Global and Indian Markets

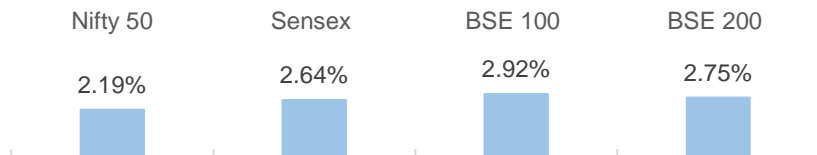
## Index Performance | India

**INDIA (MONTHLY)** Sep 2022 (Blue), Oct 2022 (Orange)

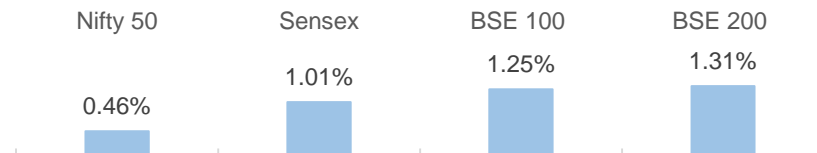


*After a sharp fall in September, Indian indices recovered strongly in October*

**INDIA (CY22)** January 2022 to October 2022

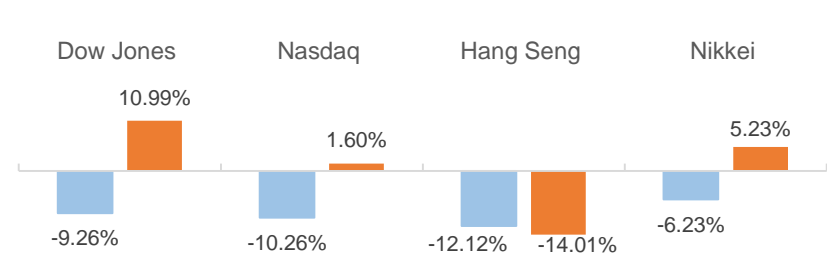


**INDIA (YEARLY)** November 2021 to October 2022

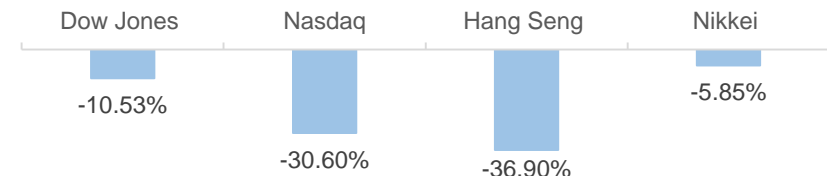


## Index Performance | Global

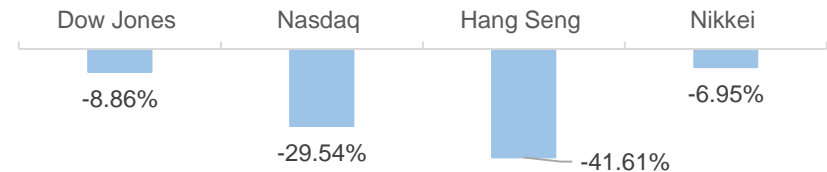
**GLOBAL (MONTHLY)** Sep 2022 (Blue), Oct 2022 (Orange)



**GLOBAL (CY22)** January 2022 to October 2022



**GLOBAL (YEARLY)** November 2021 to October 2022

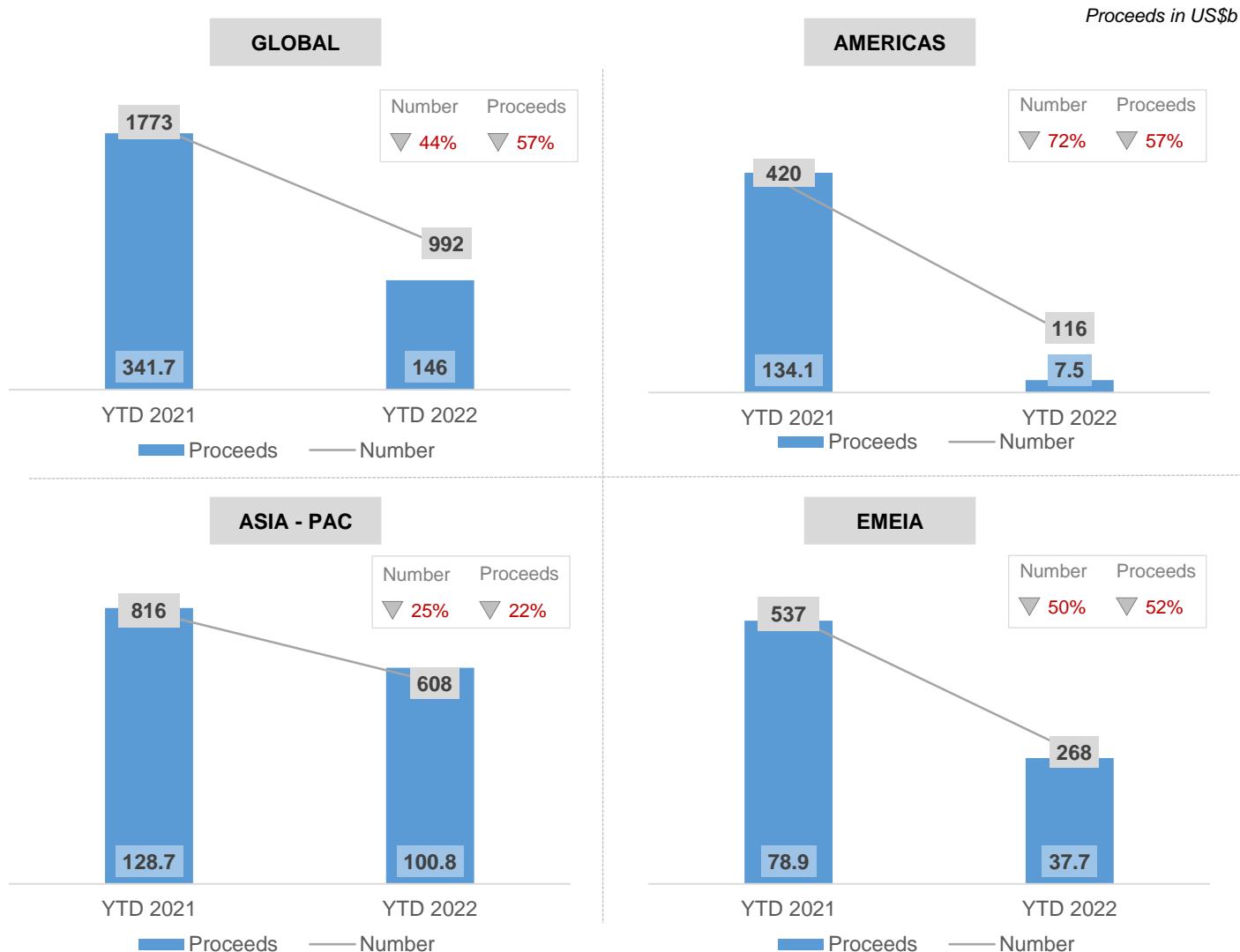


**Indian stock market have performed better than it's global counterparts**

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## IPO Activity (India & Global)

## Global YTD 2022 IPO activity



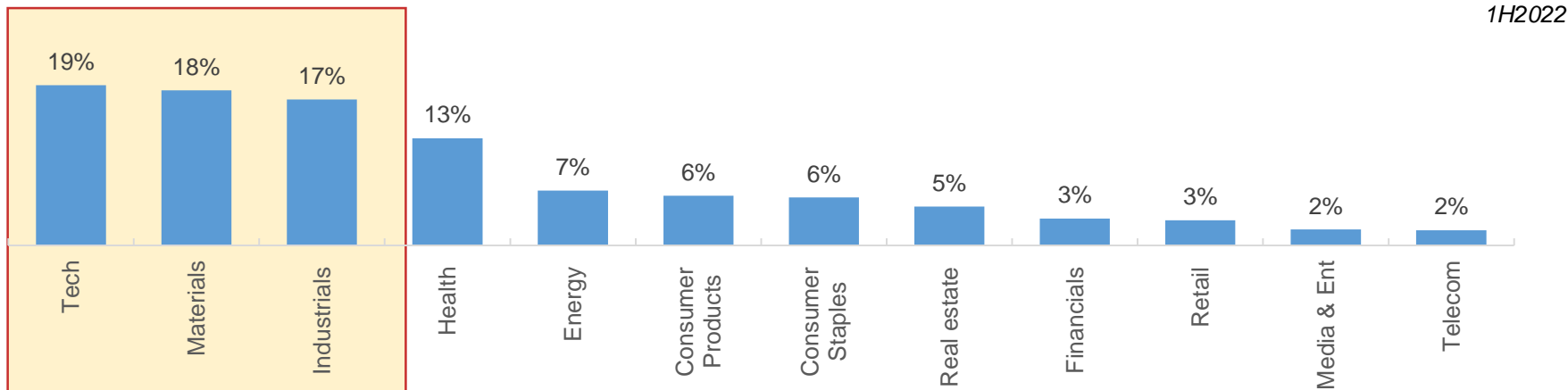
- Global IPO volumes fell 44%, with fund raising down by 57% YTD compared with Jan 21 to Sept 21
- US market is set to record its lowest proceeds since CY 2003
- Highest volume of IPOs in technology whereas energy sector leads in fund raised

**Asia – Pacific exchanges**

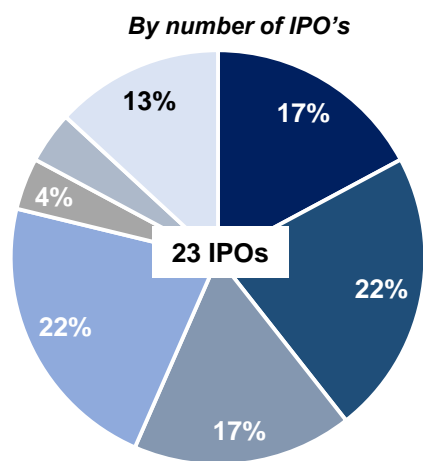
- Asia-Pacific exchanges have performed relatively better, housing 5 of the top 10 global IPOs in YTD.
- YTD it has contributed 61% and 69% of the global share of IPOs and proceeds, respectively.
- Still registered YOY declines of 25% by deal number and 22% by deal size.

# IPOs by sector

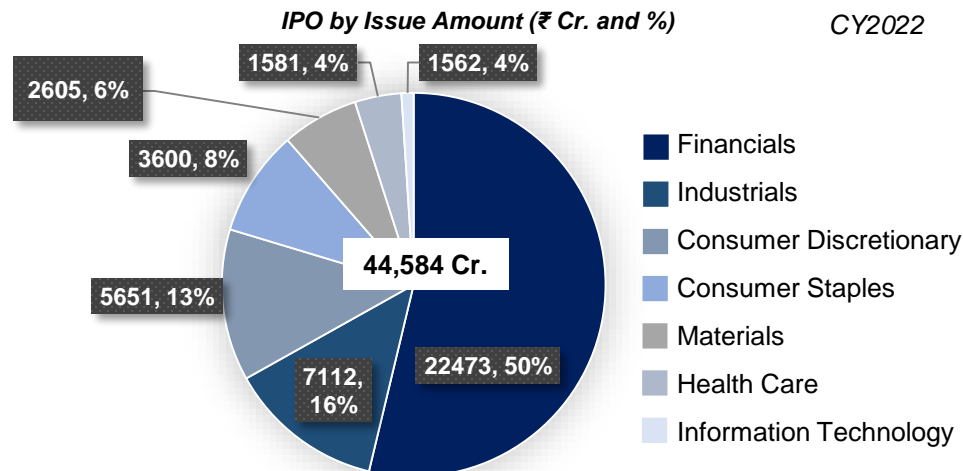
## Global IPOs by sector (1H2022)



## Indian IPOs by sector (CY 2022)



- Materials
- Consumer Discretionary
- Financials
- Industrials
- Consumer Staples
- Health Care
- Information Technology



- Financials
- Industrials
- Consumer Discretionary
- Consumer Staples
- Materials
- Health Care
- Information Technology

Source: EY Global IPO Trends Q2 2022

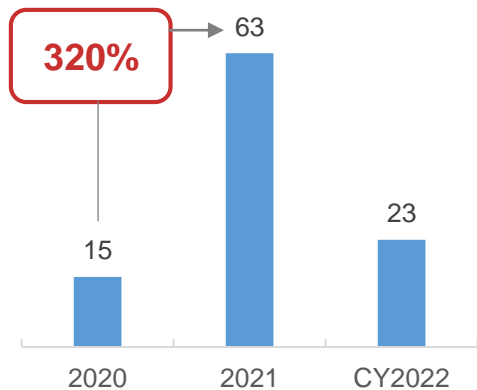
Source: Prime Database

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

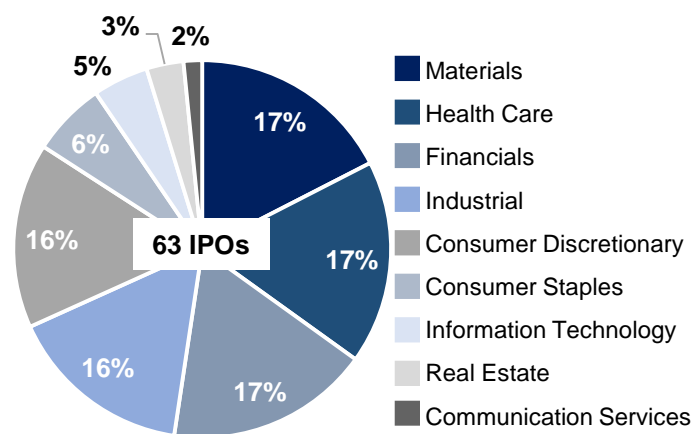
Sector classification for Indian IPOs is basis Global Industry Classification Standard (GICS)

# IPO activity in the Indian market

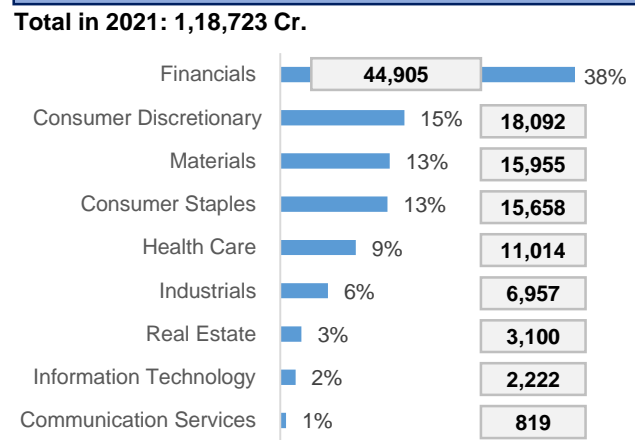
## IPO activity (No. of IPOs)



## IPOs in 2021 (By no. of IPOs)

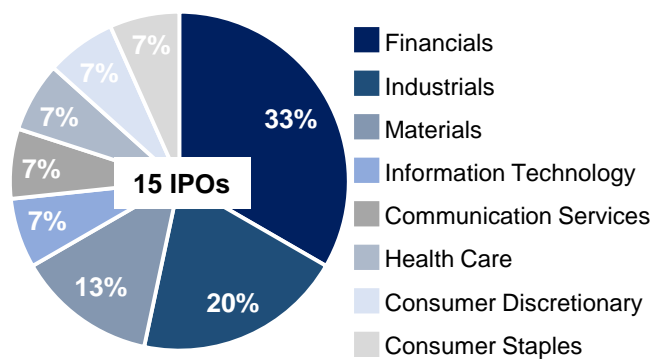


## IPOs in 2021 (By issue amount in ₹ Cr. and %)



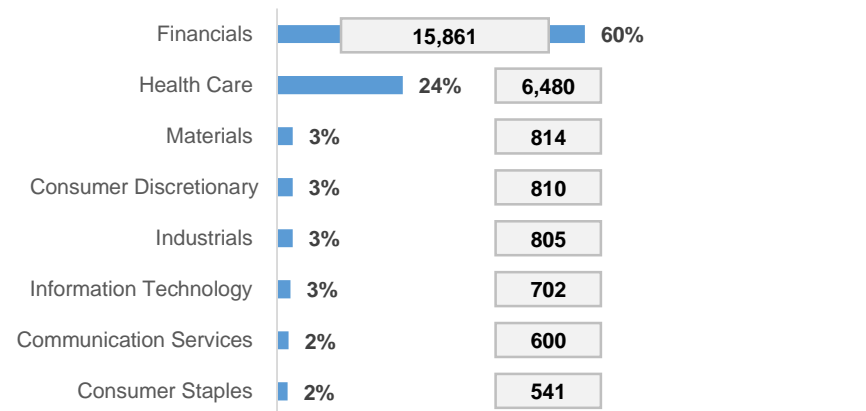
## IPOs in 2020

### By no. of IPOs



### Total in 2020: 26,612 Cr.

### By issue amount in ₹ Cr. and %



Source: Prime Database  
 CY 2022 refers to Jan – Oct 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 – October 2022)

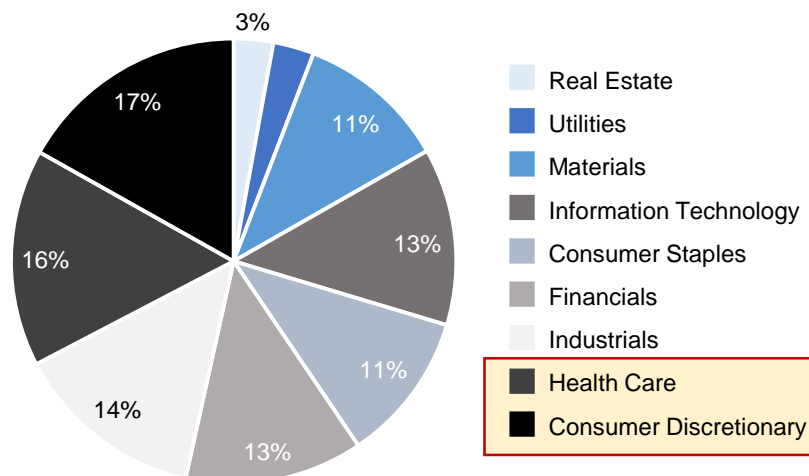
							As on 31.10.2022		
Sr. No.	Name	Issue Size	Issue Price	Listing Price	Listing gain on listing date		Closing Price	Gain	
					(₹)	(%)		(₹)	(₹)
1	Campus Activeware	1,400	292	355	63	22%	577	285	98%
2	Rainbow Children's Medicare	1,581	542	506	-36	-7%	689	147	27%
3	Life Insurance Corporation of India	20,557	949	867	-82	-9%	604	-345	-36%
4	Prudent Corporate Advisory Services	538	630	660	30	5%	693	63	10%
5	Delhivery	5,235	487	493	6	1%	344	-143	-29%
6	Venus Pipes & Tubes	165	326	335	9	3%	754	428	131%
7	Paradeep Phosphates	1,502	42	44	2	4%	59	17	41%
8	Ethos	402	878	830	-48	-5%	987	109	12%
9	eMudhra	413	256	271	15	6%	319	63	25%
10	Aether Industries	808	642	706	64	10%	964	322	50%
11	Syrma SGS Technology	840	220	262	42	19%	274	54	25%
12	Dreamfolks Services	562	326	508.7	182	56%	418	92	28%
13	Tamilnad Mercantile Bank	808	510	510	0	0%	503	-7	-1%
14	Harsha Engineers International	755	330	444	114	35%	399	69	21%
15	Electronics Mart India	500	59	89	30	52%	90	31	52%
16	Tracxn Technologies	309	80	83	3	4%	72	-8	-10%

- On the listing date, 19% of the companies got listed in red; as on 31<sup>st</sup> October 2022, approx. 25% of the companies traded below the issue
- While average listing gain on the day of listing for issues mentioned above was 12%, as on 31<sup>st</sup> October 2022 the average gains went up to 28%

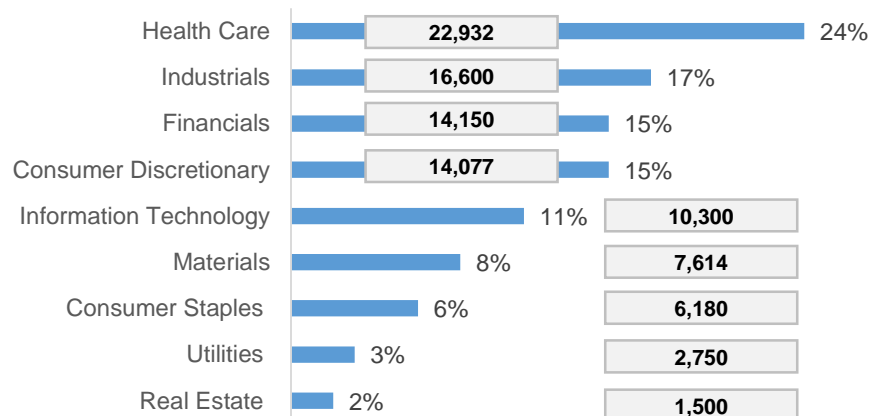
## IPOs in the pipeline

64 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 (₹ Cr.)
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
Navi Technologies Ltd.	14-Mar-22	05-Sep-22	3350
Gemini Edibles & Fats India Ltd.	09-Aug-21	23-Nov-21	2500
Tbo Tek Ltd.	27-Dec-21	19-May-22	2100
India1 Payments Ltd.	07-Sep-21	24-Nov-21	2000
Cmr Green Technologies Ltd.	27-Sep-21	16-Feb-22	2000
Imagine Marketing Ltd.	27-Jan-22	30-Apr-22	2000
Vikram Solar Ltd.	24-Mar-22	10-Aug-22	2000
Hemani Industries Ltd	29-Mar-22	13-Oct-22	2000

64 issues in pipeline that have received SEBI Approval with an estimated issue amount of ₹ 961 Bn.

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## IPO of the Month - **Electronics Mart India Ltd**



# Electronics Mart India Limited | Initial Public Offering – Rs. 500 Cr

Anand Rathi was the left lead BRLM in the successful IPO of India's 4<sup>th</sup> largest consumer durable retailer

## Key Takeaways

- Electronics Mart India Limited **raised Rs. 500 Cr**
- Anand Rathi was the **left lead** to the issue
- Garnered **50% of the total anchor investors**
- The issue received **~75x subscription - the 2<sup>nd</sup> most subscribed issue of the calendar year**
- Our marketing efforts culminated in a stellar response from all categories of investors:
  - QIB: Oversubscribed ~178x
  - NII: Oversubscribed ~67x
  - Retail: Oversubscribed ~20x

## Transaction snapshot

<b>Issue Size:</b>	Rs. 500 Cr
<b>Issue Price:</b>	Rs. 59 per share
<b>IPO Offering:</b>	8,47,45,762 equity shares

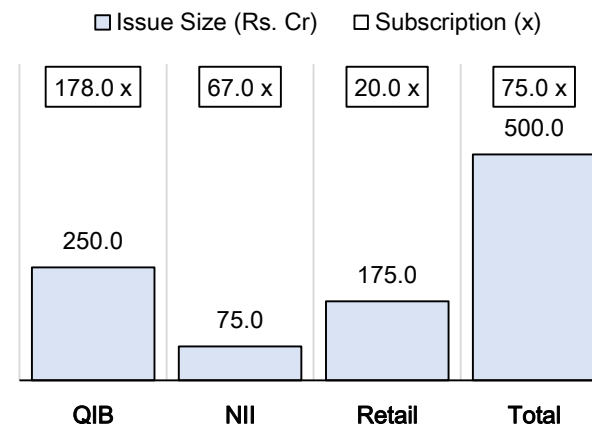
## Anand Rathi's role

- Anand Rathi was **left lead BRLM** to the issue with JM Financial & IIFL Securities as other bankers
- Anand Rathi has been associated with EMIL for the past 5 years & has been instrumental in advising the Company to become IPO ready
- We hand-held the management to enable **effective investor communication & garnered 40% of the anchor book size**

## Overview of Electronics Mart India Limited

- 4<sup>th</sup> largest and one of the fastest growing consumer durable and electronics retailer in India with a leadership position in South India
- Operates and manages 112 stores with a retail business area of 1.12 m sq. ft located across 36 cities/urban agglomerates
- Offers a diversified range of products with focus on large appliances (air conditioners, televisions, washing machines and refrigerators), mobiles and small appliances
- Offerings includes more than 6,000 SKUs across product categories from more than 70 consumer durable and electronic brands

## Investor interest of over Rs 26,000+ Cr for a Rs 500 Cr IPO



## Marquee anchor investors



**ARAL brought in 50% of the total anchor investors**

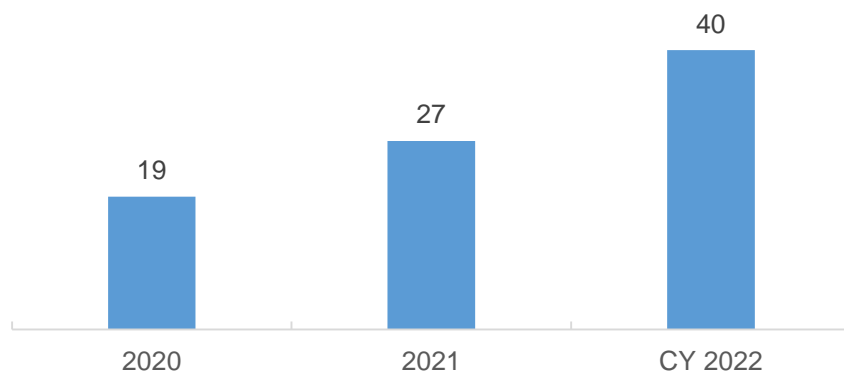
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## Rights & QIPs in Indian Stock Market

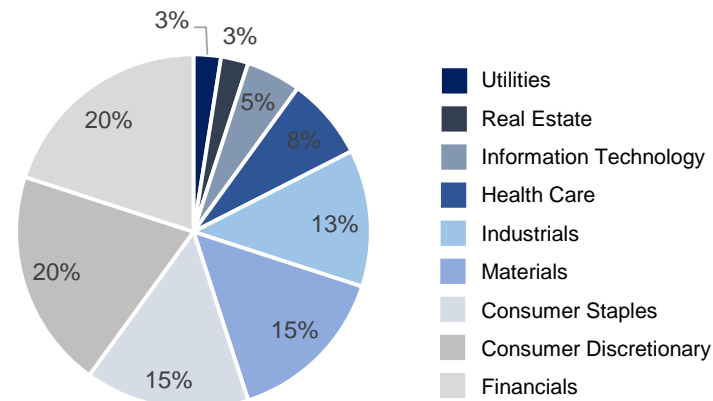
## Rights Issue and QIP

## Rights Issue

## By number of Rights Issues



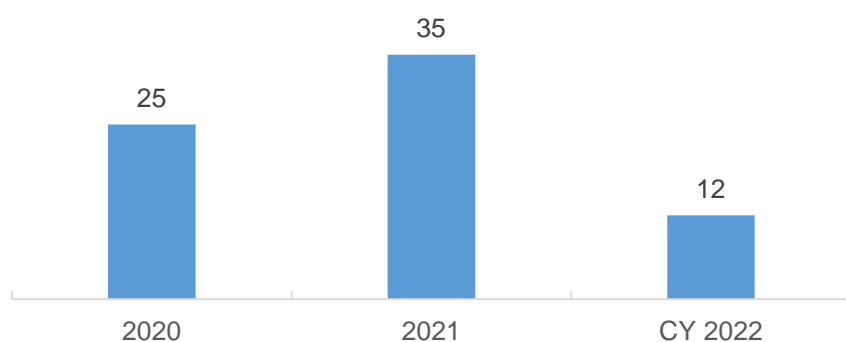
## By Sector (CY 2022)



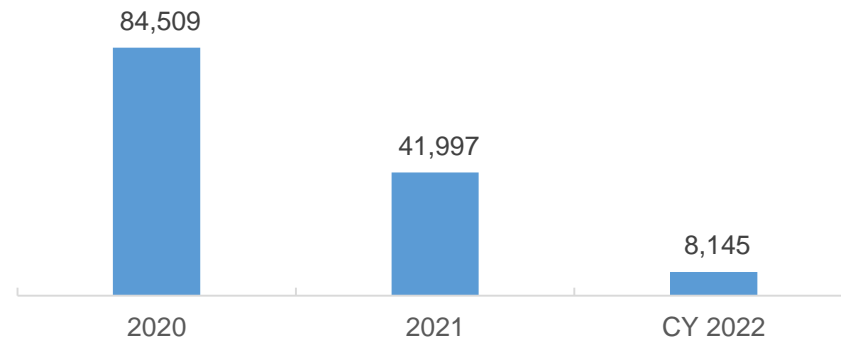
2 rights issues closed in October 2022 with a total issue size of ₹ 1,219 Cr.

## 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 – Oct 2022

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

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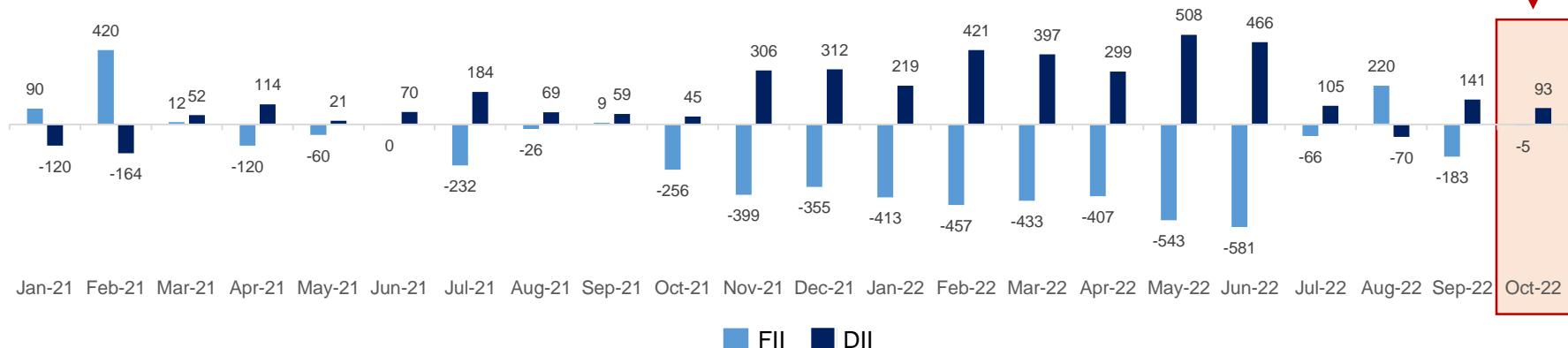
## Foreign and domestic institutional flows in secondary markets

# FII / DII Investments

## FII and DII Net Purchase / Sales

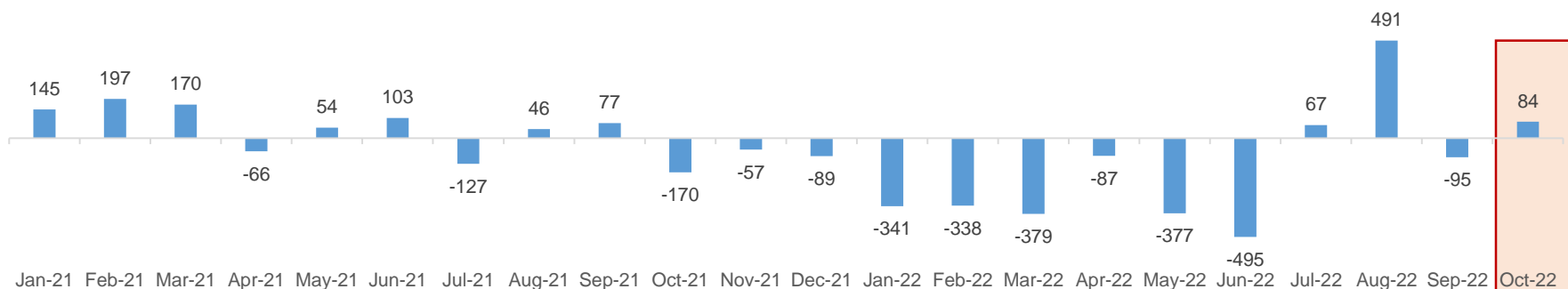
INR Billion

October month saw some recovery after heavy selling pressure by FII in the month of September. DII remained net buyers for the second consecutive month



## FII SEBI Equity Net Purchase / Sales

INR Billion



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## Recent SEBI Updates

## Some of the Key decisions made by SEBI in its Board Meeting held on September 30, 2022

### KPI and pricing related disclosure in case of public issues

- I. **Price per share of primary/ secondary transactions in:**
  - 18 months prior to the to IPO or
  - Last 5 primary or secondary transactions in the period of 3 years prior to IPO
- II. **Weighted Average Cost of Acquisition (WACA)**
  - Ratio of the IPO price band to the WACA of shares of transactions mentioned in point (I) above.
- III. **Committee of Independent Directors**
  - Shall recommend if issue price is justified on the basis of point (I) and (II) above

### Pre-filing of offer document for Main Board IPO

- Optional alternative mechanism
- No need to make sensitive information public
- Investors shall have access for a period of 21 days to Offer documents with SEBI's initial observation

### Appointment/ Removal of Independent Directors

- Appointment and/or removal of Independent Directors can be done by passing an ordinary resolution and approval of majority of the minority shareholders, in case special resolution cannot be passed

### Monitoring of funds for PI and QIP

- Utilization of funds raised through Preferential Issue and QIP will be monitored by Monitoring Agency
- Issue size  $\geq$  Rs. 100 Cr

### OFS through stock exchange mechanism

#### Existing eligibility criteria

- non-promoters holding  $\geq 10\%$  of shareholding + offer size  $\geq$  Rs. 25Cr.
- Cooling period  $\pm 12$  weeks
- Retail investors not allowed to bid unsubscribed portion

#### Revised eligibility criteria

- Offer size  $\geq$  Rs. 25Cr. **No minimum shareholding requirement**
- Cooling period  **$\pm 2$  weeks to  $\pm 12$  weeks based on liquidity**
- Retail investors **allowed to bid** unsubscribed portion of non-retail portion
- Available to unit holders/ sellers of REITs/InvITs

We await updated regulations to see the impact these changes will have on the capital market transactions.

# Thank You

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