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Equity Capital Markets Group

Monthly Newsletter for December 2022

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Looking back at 2022

A year marked by political tumult, spiking major-power tensions, economic challenges, a waning pandemic, and a war that echoed worldwide

GLOBAL



COVID Eases – Much of the world eased COVID-19 restrictions.



Trade in both goods and services have seen strong growth this year. Trade in goods grew 10% from last year to an estimated \$25 trillion, due in part to higher energy prices. Services were up 15% to a record \$7 trillion.



International tourism bounced back from the pandemic. Number of tourist travelled almost doubled as compared to CY21



War in Ukraine - Both Russia and Ukraine being major commodity producers resulted in rise in commodity prices



Massive layoffs took place at Meta, Twitter, and Amazon and some of the world's largest tech giants collectively lost over \$3.2 trillion in value



The US Federal Reserve and RBI announced **rate hikes** to combat inflation. And cryptocurrency exchange FTX declared bankruptcy, leading to a cryptocurrency crash.

INDIA



India has overtaken the UK to become the **5th largest economy** in the world



With a net worth of \$135.4 billion, industrialist **Gautam Adani surpassed Amazon founder Jeff Bezos** to grab the third spot on Forbes' list of the world's richest people



India assumed the G-20 presidency for the next year on December 1, 2022. India will host over 200 meetings in over 50 cities across 32 different workstreams



For India, **2022 brought daily climate disasters** – According to a study by the Center for Science and Environment, 241 of the first 273 days of the year were marked by an extreme weather event in the country.



India's exports witnessed a massive fall this year, and the total export fell by more than 25 per cent between June and October 2022.

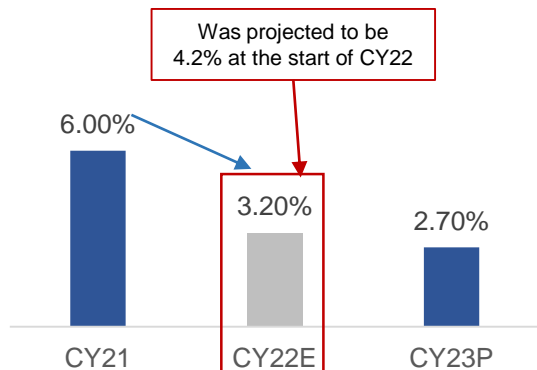


Inflation was one of the major factors that affected the Indian economy this year. The **country's retail inflation dropped to an 11-month low** of 5.88% in November 2022 after RBI raised the repo rates several times

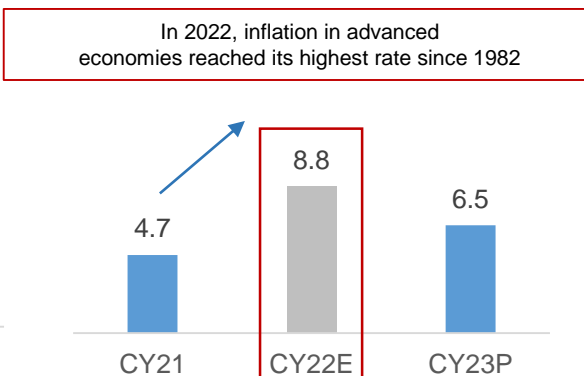
CY22 saw Global economies under pressure with inflation higher than seen in several decades

Global economies experienced slowdown with high inflationary pressures

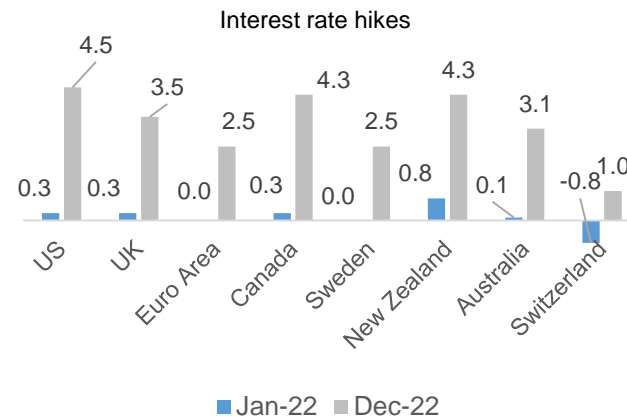
Global growth projections



Global Inflation levels

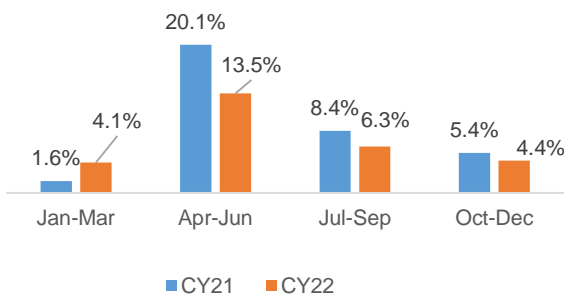


Major economies raise their interest rates



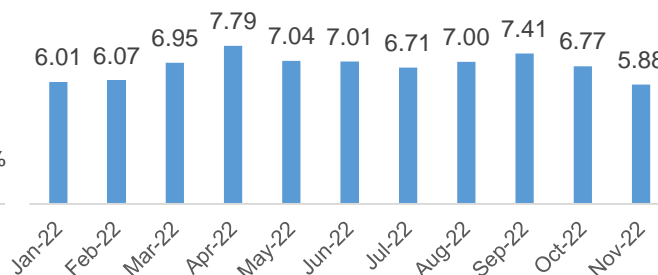
India's GDP growth | CY21 vs CY22

GDP growth rate declined for most of the quarters as compared for same period in CY21

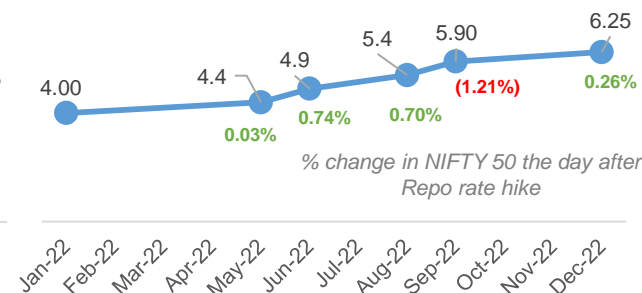


Inflation remained high throughout the year despite repeated rate hikes by RBI

Inflation rate in India

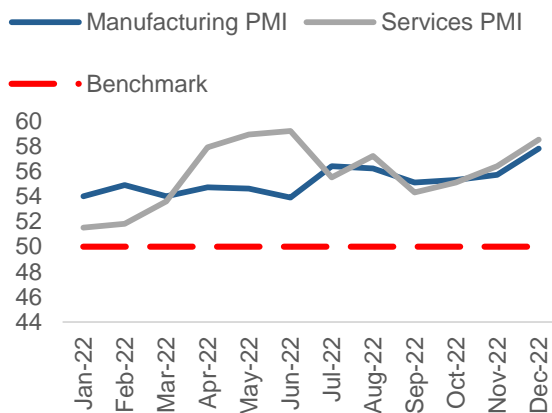
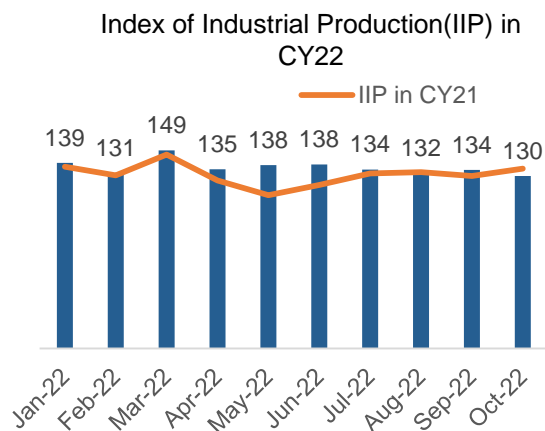


Repo Rate Hikes by RBI



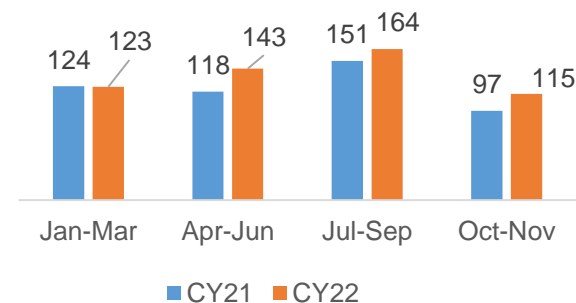
India's economic indicators showed signs of resilience inspite of Global Headwinds

Industrial & Service Sector Indicators



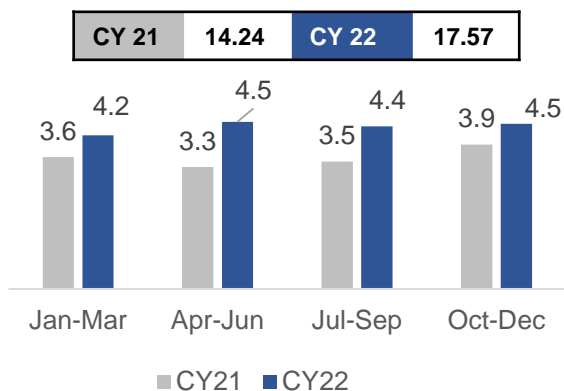
Agriculture Sector Indicators

Fertilizers Sales (LMT)



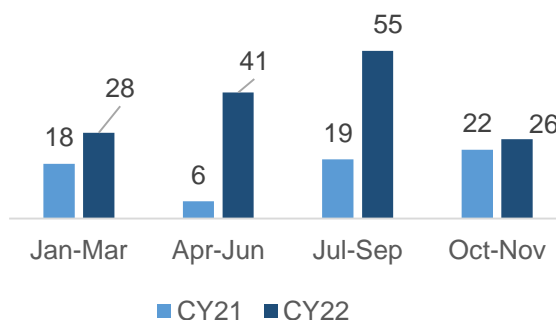
Fiscal Indicator (GST Collection)

Amount in ₹ Lakh Cr.



External Indicator (Trade)

Trade Deficit (USD bn)



Key Highlights

- Average IIP for CY22 was 136 which was above the average IIP for CY21 i.e. 130; Broad base expansion was witnessed across sectors
- Manufacturing and Services PMI remained resilient throughout the year due to predications of better sales with consumer goods being the brightest sector.
- Fertilizer sales increase due to measures taken by GOI for release of subsidy to farmers
- GST Collections increase due to high inflation and actions taken to ensure compliance
- Trade deficit widen in CY22 primarily due to increase in prices of crude, petroleum products among others

LMT – Lakh Metric tonne, GOI – Government of India

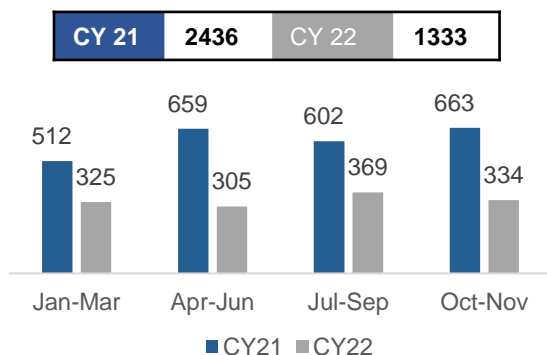
Source: Ministry of Statistics & Programme Implementation (MoSPI) & Office of Economic Adviser

Source: Ministry of Finance & GST council website,

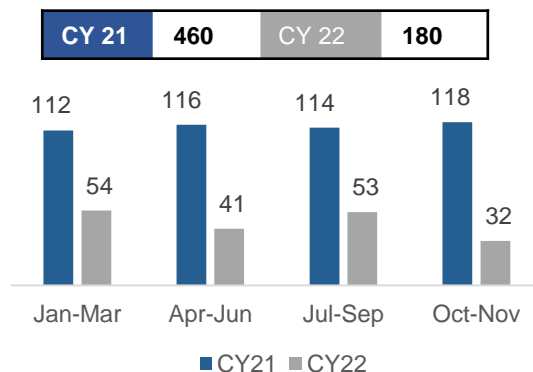
Primary market performance remained subdued in CY22

Performance of Global IPO

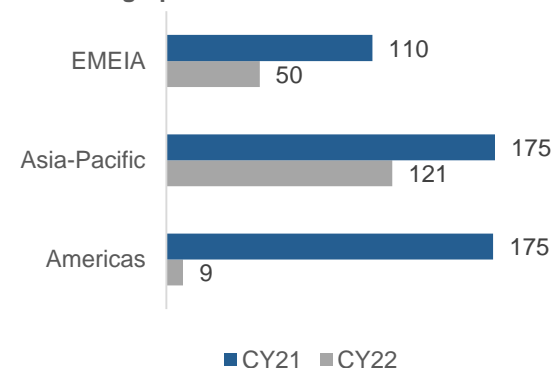
No of IPO's Globally



IPO Proceeds globally in US\$bn

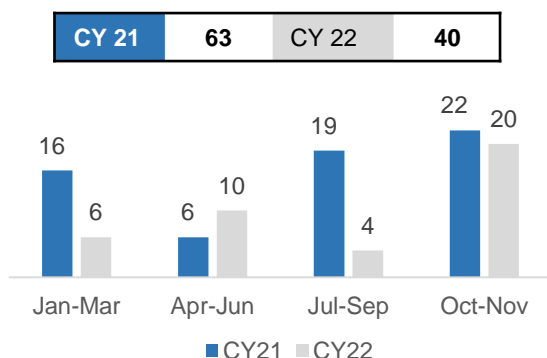


Geographical Data – Proceeds in US\$bn

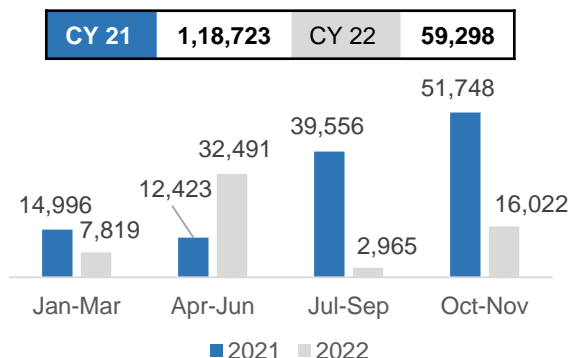


Performance of Indian IPO's

No of IPO's



IPO Proceeds ₹ Crores

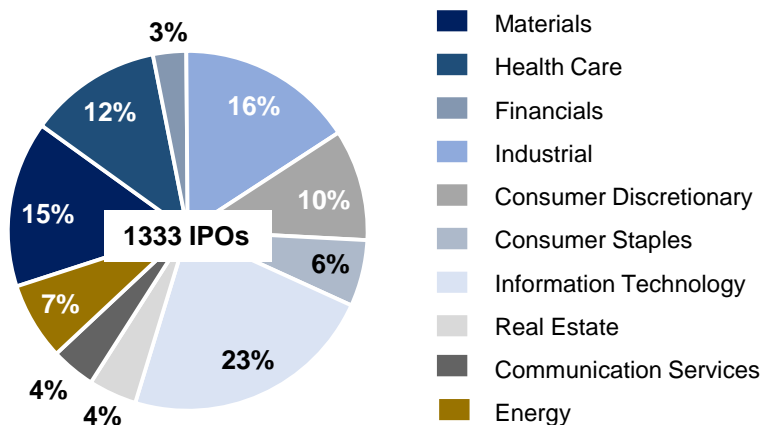


Key points

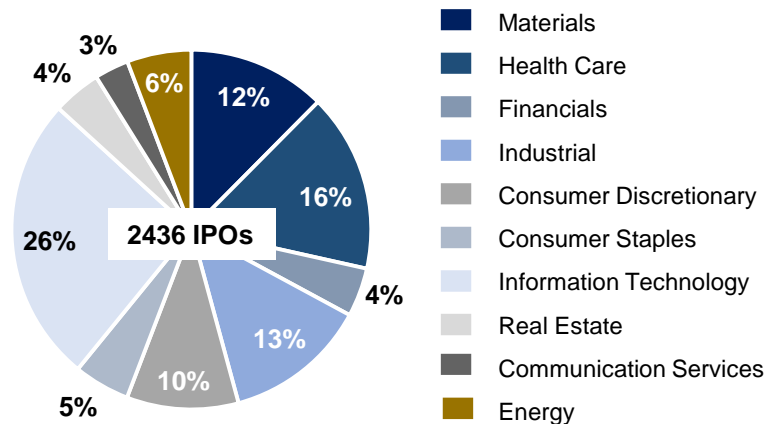
- In India, CY22 has been underwhelming for primary market. In CY21, about 63 companies raised around ₹1.19 lakhs Cr. via IPO compared with CY22, wherein 40 companies collectively raised ₹0.59 lakhs Cr. i.e. almost half seen in CY21.
- Returns generated by IPOs in CY22 were superior to that in CY21 - Nearly 75% of the companies listed in CY22 are trading higher to their issue price due to their reasonable valuations unlike that in CY21
- CY22 saw India's biggest IPO, with government selling 3.5% stake in LIC fetching close to ₹21,000 Cr.

Globally in CY22, Energy Sector over took IT sector in terms of amount raised

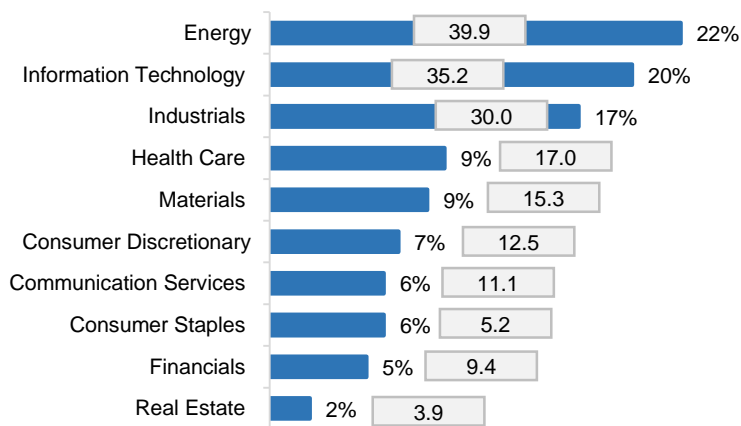
IPOs in CY22 (By no. of IPOs)



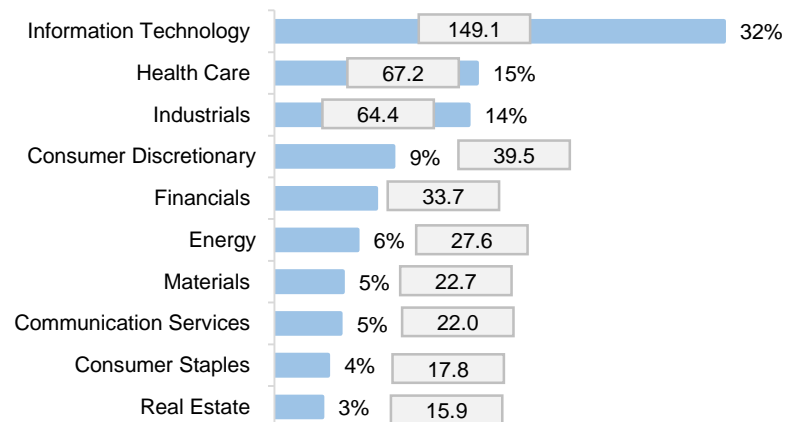
IPOs in CY21 (By no. of IPOs)



IPOs in CY22 (By issue amount in US\$ bn. and %)

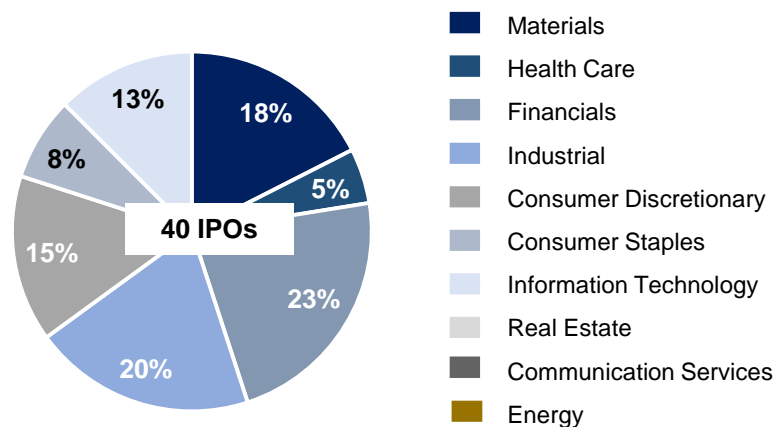


IPOs in CY21 (By issue amount in US\$ bn. and %)

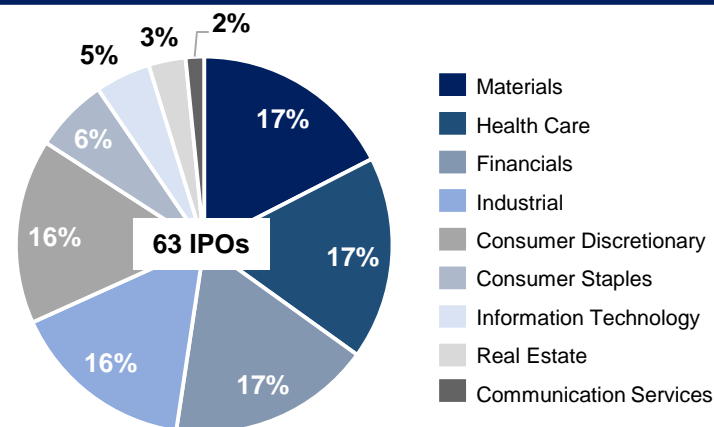


In India Financial Sector remained at the top in CY22

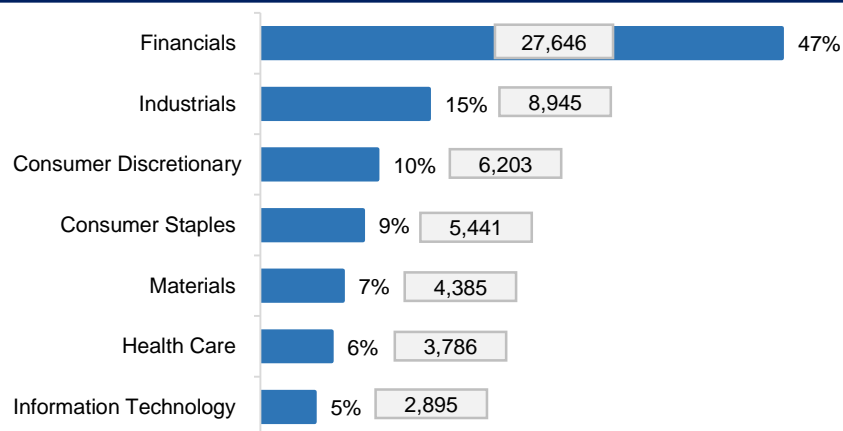
IPOs in CY22 (By no. of IPOs)



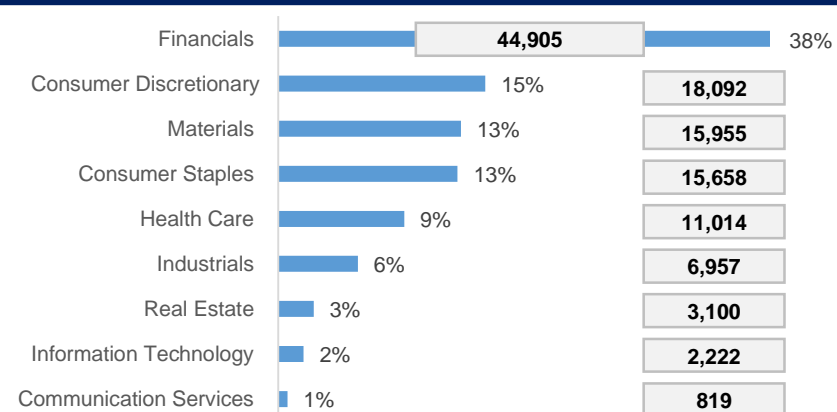
IPOs in CY21 (By no. of IPOs)



IPOs in CY22 (By issue amount in ₹ in crores and %)

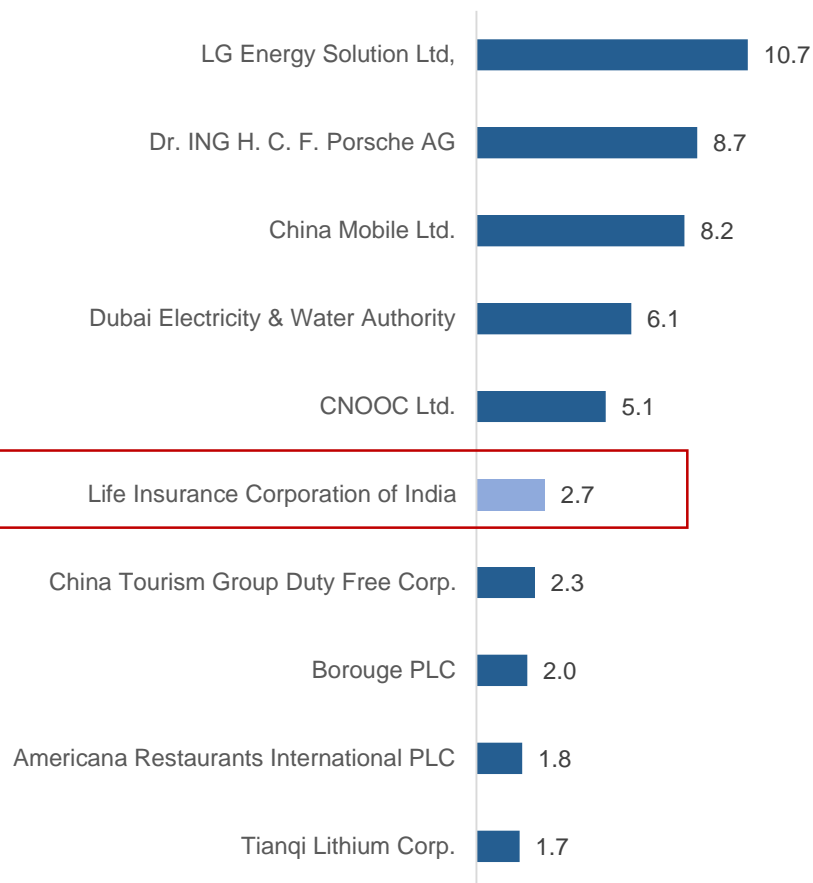


IPOs in CY21 (By issue amount in ₹ in crores and %)



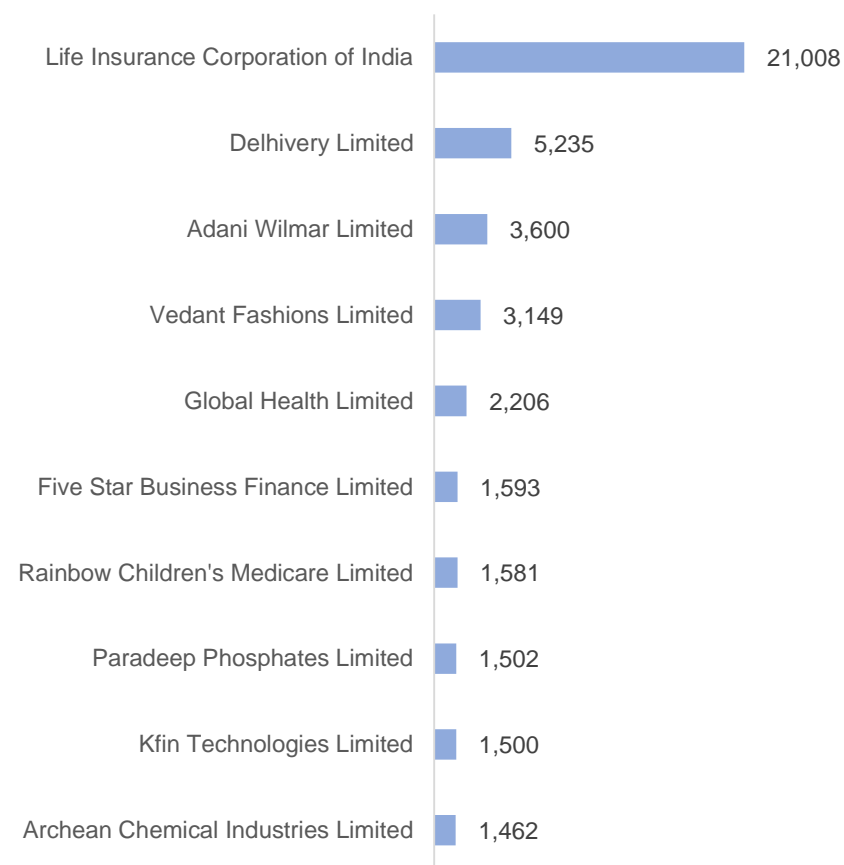
Biggest IPOs in CY22

Top 10 IPOs Globally (Issue size wise in US\$bn)



The top 10 IPOs contributed 27.47% of the total IPO proceeds of 2022.

Top 10 IPOs in India (Issue size wise in ₹ Crores)

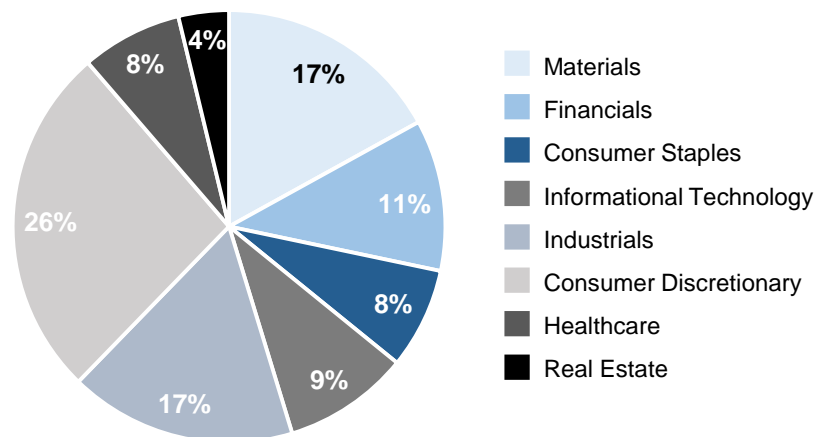


The top 10 IPOs contributed 72.24% of the total IPO proceeds of 2022.

In India, IPO mood appears upbeat in 2023 after a lull in 2022

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

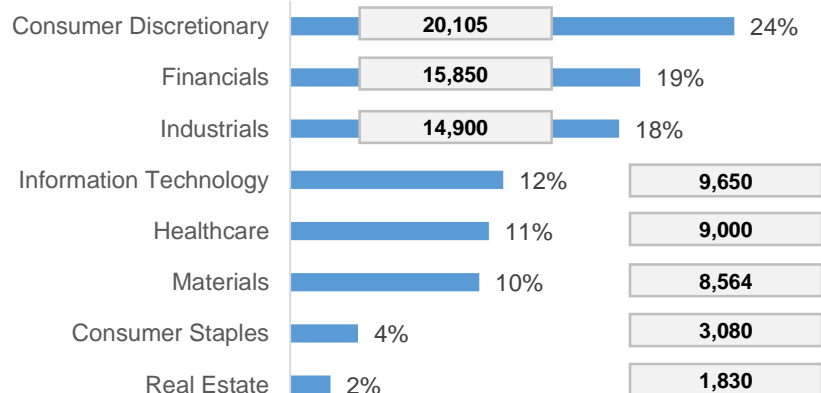
No. of issues in pipeline (By Industry)



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

Company	Date of Filing	Date of Approval	Estimated Issue Amount (Rs. Cr.)
Cmr Green Technologies Ltd.	27-Sep-21	16-Feb-22	2,000
Api Holdings Ltd.	10-Nov-21	17-Feb-22	6,250
Imagine Marketing Ltd.	27-Jan-22	30-Apr-22	2,000
Fabindia Ltd.	24-Jan-22	30-Apr-22	4,000
Tvs Supply Chain Solutions Ltd.	14-Feb-22	4-May-22	5,000
Aadhar Housing Finance Ltd.	24-Jan-21	5-May-22	7,300
Tbo Tek Ltd.	27-Dec-21	19-May-22	2,100
Macleods Pharmaceuticals Ltd.	15-Feb-22	20-May-22	5,000
Bharat Fih Ltd.	24-Dec-21	10-Jun-22	5,000
Vikram Solar Ltd.	24-Mar-22	10-Aug-22	2,000
Navi Technologies Ltd.	14-Mar-22	5-Sep-22	3,350
Hemani Industries Ltd.*	29-Mar-22	13-Oct-22	2,000
Concord Biotech Ltd.	17-Aug-22	28-Nov-22	2,000
Allied Blenders & Distillers Ltd.	28-Jun-22	16-Dec-22	2,000

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

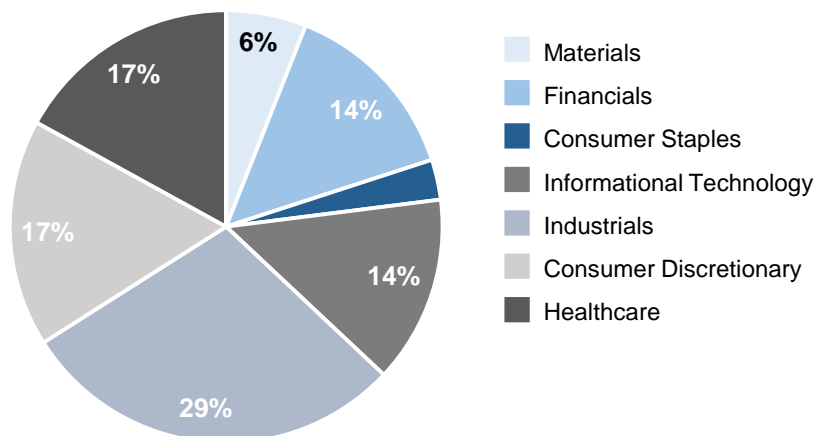


53 issues in pipeline that have received SEBI Approval with an estimated issue amount of ₹ 830 Bn.

IPOs filed with SEBI, awaiting approval

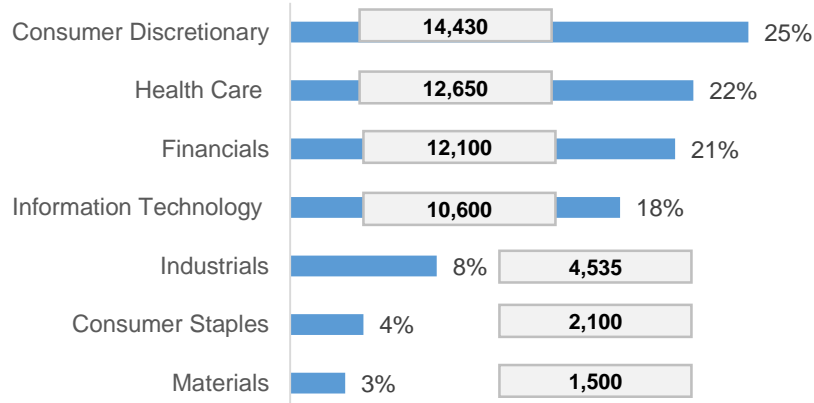
35 issues in pipeline

No. of issues in pipeline (By Industry)

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

Company	Date of Filing	Estimated Issue Amount (Rs.crore)
Oravel Stays Ltd.	30-Sep-21	8,430
Ebixcash Ltd.	10-Mar-22	6,000
Joyalukkas India Ltd.*	28-Mar-22	2,300
Go Digit General Insurance Ltd.	17-Aug-22	5,000
Mankind Pharma Ltd.	16-Sep-22	5,500
Indiafirst Life Insurance Co.Ltd.	27-Oct-22	2,000
Tata Play Ltd.	1-Dec-22	2,500
Indegene Ltd.	16-Dec-22	3,200
Honasa Consumer Ltd.	28-Dec-22	2,100

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



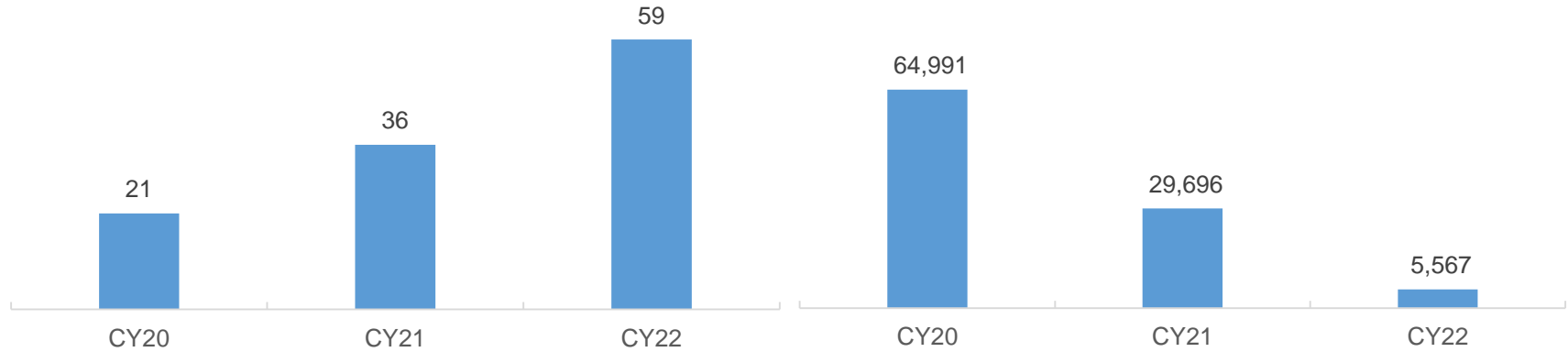
35 issues in pipeline that are yet to receive SEBI Approval with an estimated issue amount of ₹ 579 Bn.

CY22 clearly not a year for Rights Issue and QIP

Rights Issue

By number of Rights Issues

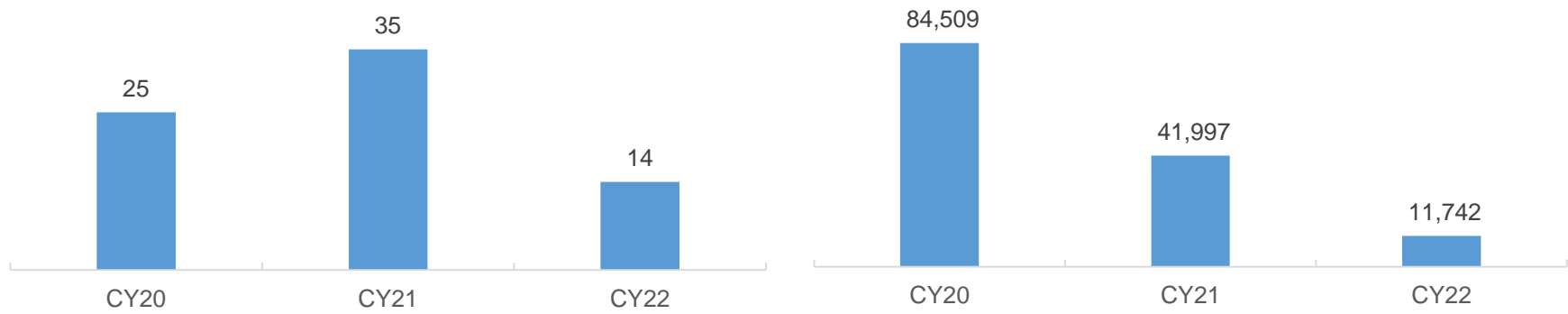
By issue amount in ₹ Cr.



QIPs

By number of QIPs

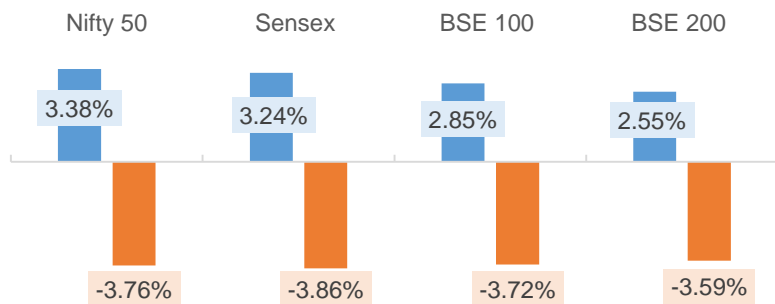
By issue amount in ₹ Cr.



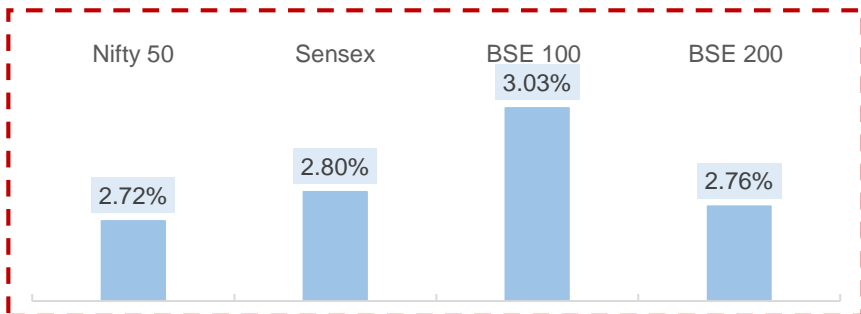
Index Performance | Global and Indian Markets

Index Performance | India

 **INDIA (MONTHLY)** Nov 2022
Dec 2022

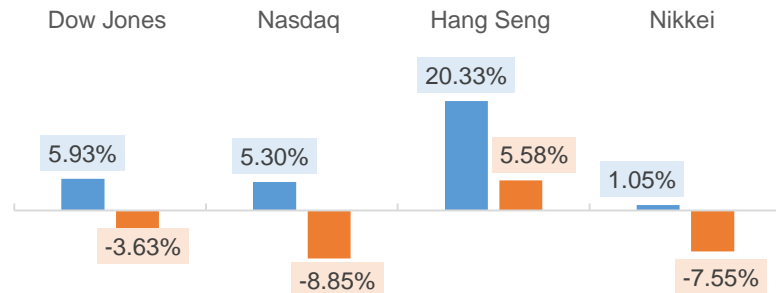


 **INDIA (YEARLY)** *January 2022 to December 2022*

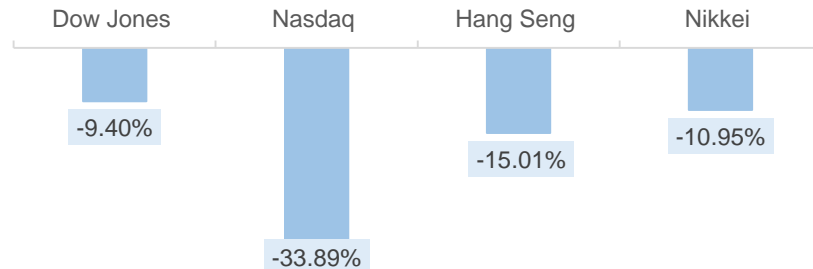


Index Performance | Global

 **GLOBAL (MONTHLY)** Nov 2022
Dec 2022

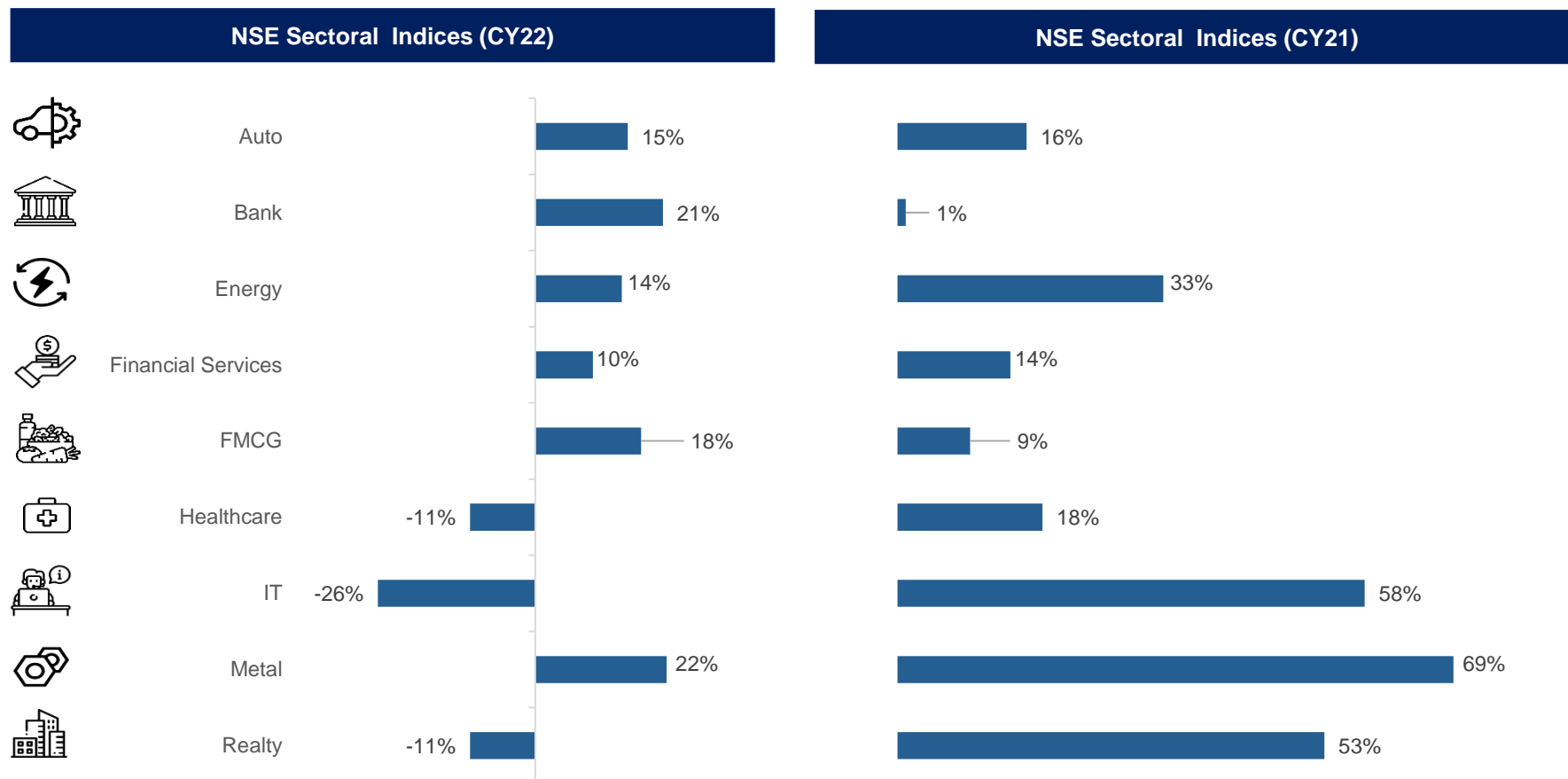


 **GLOBAL (YEARLY)** *January 2022 to December 2022*



Indian markets have been resilient and have outperformed the global market by giving positive returns this year while all major global indices have delivered negative returns

Sectoral Indices Performance in CY22 vs.CY21

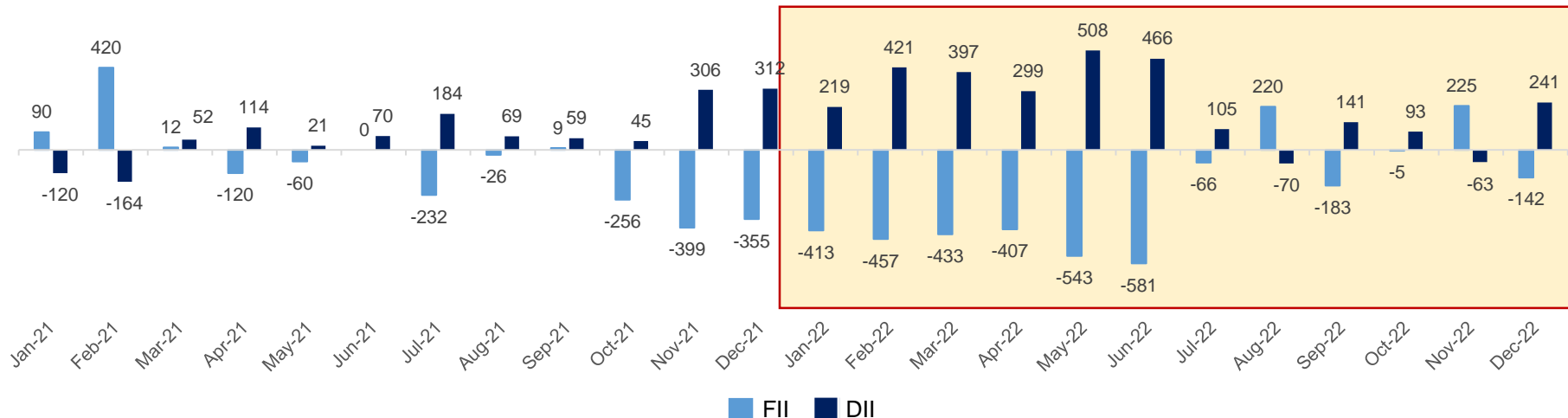


The outperformance of banking sector was driven by the exceptional growth of public sector banks. Even after an increase in inflation and a dip in sales volume, the FMCG sector has outperformed. The IT Sector has given negative returns globally with one of the major reasons being the high attrition rate.

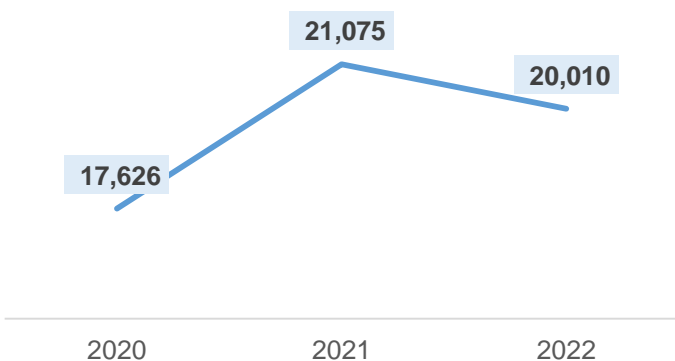
FII / DII Investments in 2022

FII and DII Net Purchase / Sales
₹ Billion

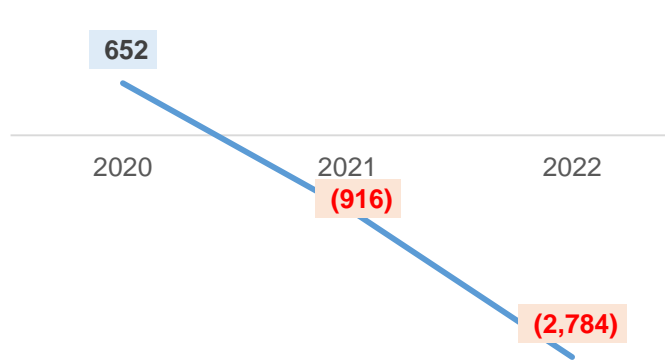
FII remained net sellers for most of the months in CY22, however market was supported by participation of DII being net buyer for most of the year



FII Gross Purchase (Cash)
₹ Billion



FII Net Purchase / Sales (Cash)
₹ Billion



- Unprecedented FII selloff in 2022 as the Fed started its most aggressive policy tightening in four decades in 2022
- Hike in US interest rates is one of the main reasons why FIIs are shifting money from emerging markets like India to developed markets

Summary of Key Amendments in SEBI Regulations in CY 2022

SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018

- Book building : **Allocation in the NII Category** :
 - a) 1/3rd shall be for application size of Rs. 2 < 10 lakh.
 - b) 2/3rd shall be for application size of > Rs.10 lakh
- **Introduction of new process under Chapter II A pre-filing regime:**
 - a) DRHP to be filed only with SEBI & SE for their comments.
 - b) Post that RHP to be filed publically
- Introduction of framework for **Social Stock Exchange** which majorly provides eligibility of:
 - a) Organizations to raise funds
 - b) Entities to be classified as “Not for Profit Organization” and “For Profit Social Enterprise”

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

- **Appointment & removal of Independent Directors** - ordinary resolution and approval of majority of the minority shareholders, in case special resolution cannot be passed.
- Introduction of Chapter on **Obligations of Social Enterprises** covering:
 - a) Disclosures by a For Profit and Not-for-Profit Organizations.
 - b) Disclosures in respect of social impact.
 - c) Statement of utilization of funds.
- **Appointment or re-appointment** of a managing director/whole-time director/manager, **earlier rejected** by the shareholders - **prior approval** of the shareholders required.
Notice of meeting to contain a **detailed explanation** by the NRC and BOD for such recommendation.
- Submission of **monitoring agency report** on a quarterly basis - extended to preferential issue and qualified institutions placements as well.
- Listed entities submitting both standalone and consolidated financial results to the stock exchanges, shall **publish only the consolidated financial results** in the newspaper.

SEBI (Prohibition of Insider Trading) Regulations, 2015

- Chapter- II A has been introduced which emphasizes **restrictions on communication** in relation to and trading by insiders in the **units of mutual funds**.

Abbreviations::

- SEBI - Securities and Exchange Board of India
- SE – Stock Exchange
- NII – Non Institutional Investors
- DRHP – Draft Red Herring Prospectus
- RHP –Red Herring Prospectus
- NRC – Nomination & Remuneration Committee
- BOD – Board of Directors

Thank You

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