

Equity Capital Markets Newsletter


FY23



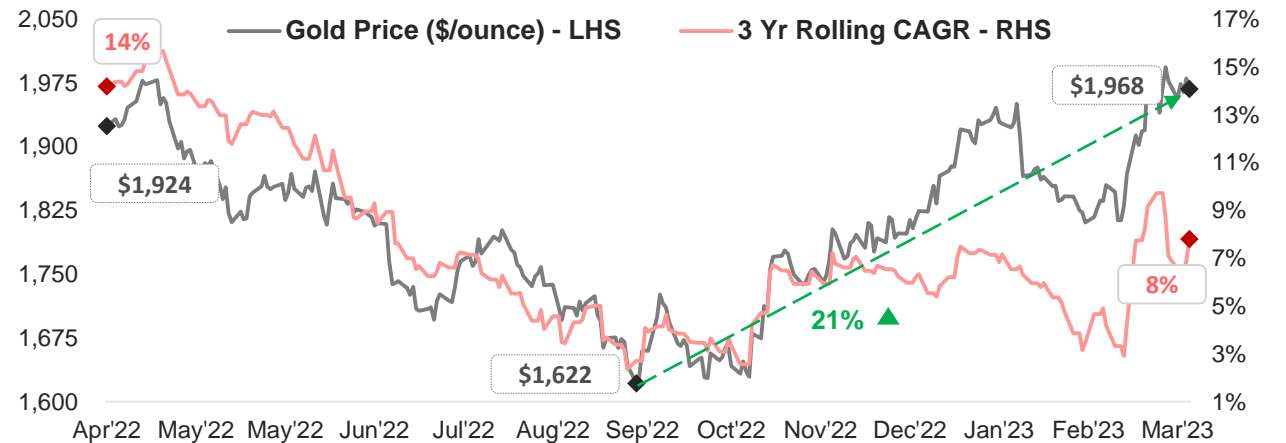
Global equities and commodities remained volatile in FY23

While FY23 was a muted year, Indian Equity Markets have been one of the best performers over the past 3-5 years

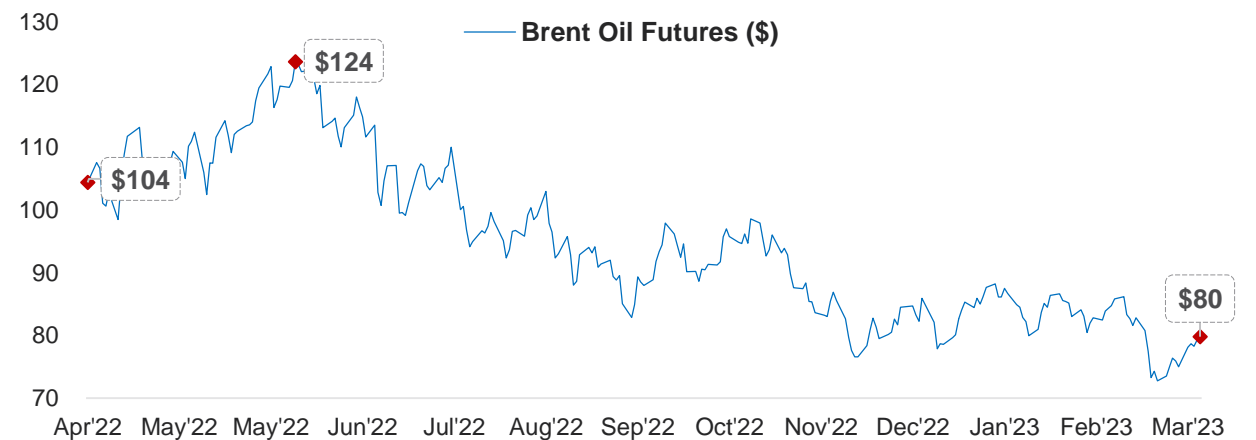
Compounded Annual Returns till Mar'23

| Period | 1 Yr | 3 Yr | 5 Yr |
|---|-------|-------|--------|
| Emerging Markets – Equity Indices | | | |
|  India | (2%) | 28% 🏆 | 11% |
| Brazil | (16%) | 13% | 4% |
| Indonesia | (4%) | 15% | 2% |
| China | (14%) | 4% | (0.1%) |
| Thailand | 0.2% | 3% | (1%) |
| Vietnam | (30%) | 16% | (2%) |
| Developed Markets – Equity Indices | | | |
| US | (14%) | 18% | 12% 🏆 |
| Japan | 1% | 16% | 6% |
| UK | 1% 🏆 | 12% | 2% |
| Gold / Currency / Crude | | | |
| Gold (\$/ounce) | 2% | 7% | 8% |
| Gold MCX (INR) | 15% | 13% | 14% |
| USD / INR | 8% | 3% | 5% |
| Crude | (24%) | 48% | 3% |

Gold Prices have rallied ~21% since Sep'22 lows, closing at c. \$1,970 / ounce in Mar'23



Crude prices cooled off after crossing \$100 per barrel in the beginning of FY23



Despite global headwinds, India presents huge potential and continues to be a preferred investment destination

Global Headwinds

Tightening of Monetary Policy

Increase in policy rates across global economies and its ripple effect on fund flows & liquidity in the market

Geo-political Tensions

Conflict in Ukraine and its impact on prices and supply of energy / fuel

Financial Crisis of Confidence

Failure of Silicon Valley Bank (SVB) and Credit Suisse (CS)

Global Supply Chain Disruptions

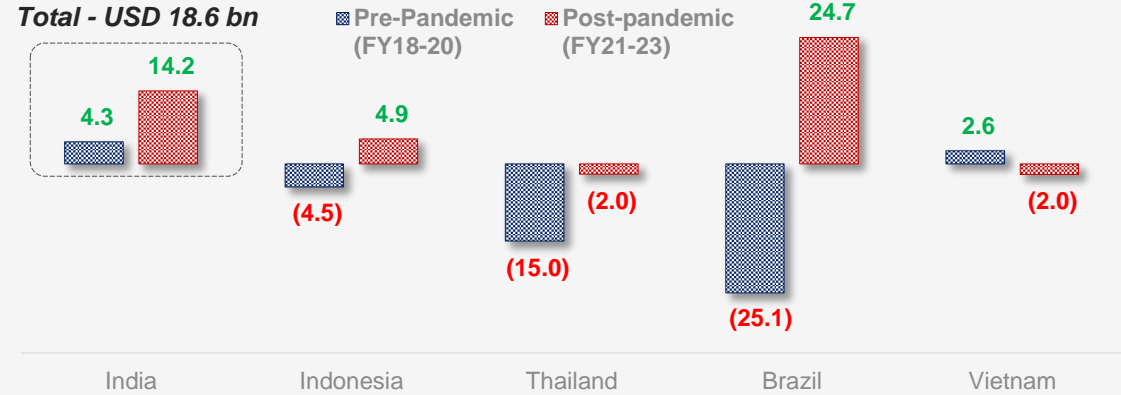
World events have combined to form a blitzkrieg effect on supply chain with operational & financial consequences

India received one of the highest net inflows amongst emerging markets from FY18-FY23

DII's continued to remain net Buyers, with FII flows turning positive in Mar'23

Global Net Flows in Equities (USD bn)

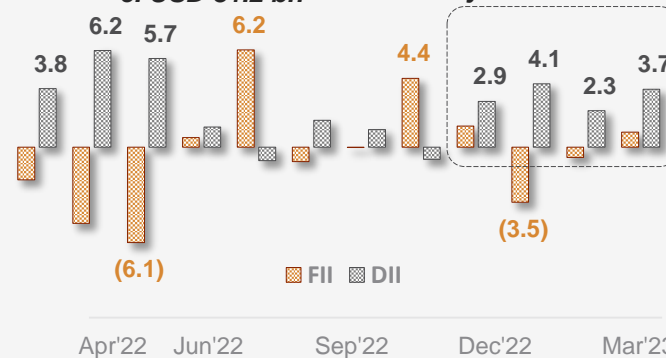
FY18-FY23
Total - USD 18.6 bn



Fund Flows in India – DII & FII (USD bn)

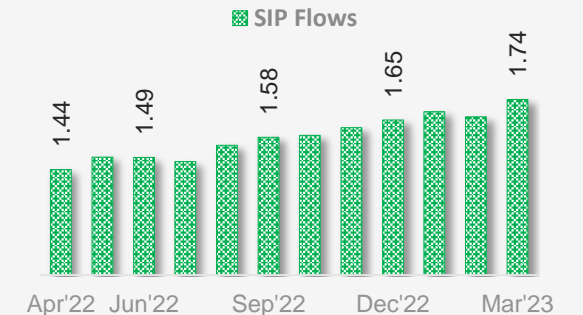
DII's net flow in FY'23 – c. USD 31.2 bn

DII's have remained net buyers since Dec'22



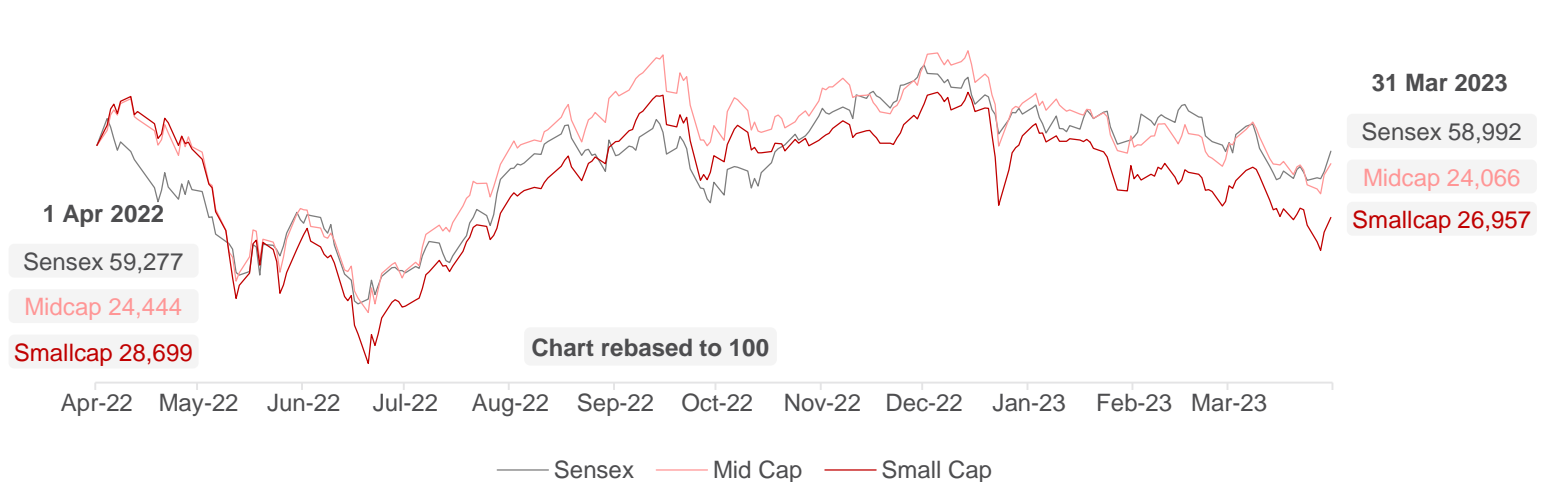
SIP Flows (USD bn)

Unaffected by market volatility, SIP Flows continued to increase month-on-month throughout FY23



Indian benchmark indices remained flat in FY23

While Sensex has remained flat in FY23, Midcap and Smallcap indices have underperformed

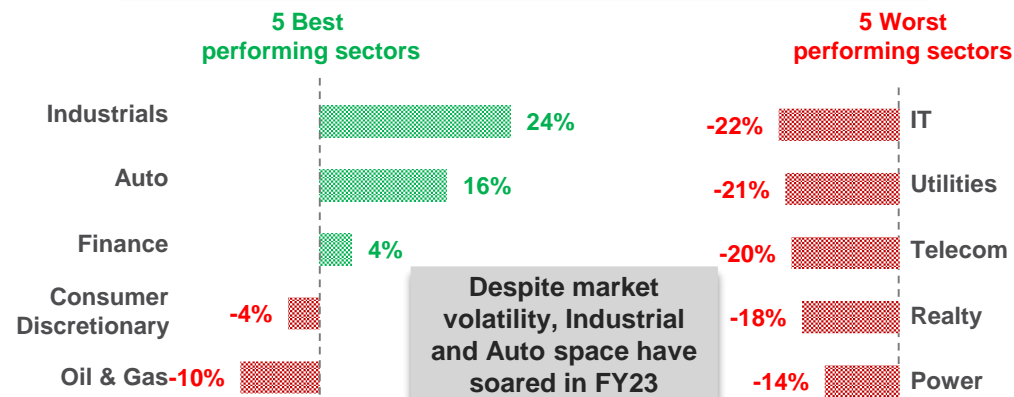


| Indices | CAGR (%) | | |
|----------|----------|-----|-----|
| | 1y | 3y | 5y |
| Sensex | 0% | 28% | 12% |
| Midcap | (2%) | 33% | 8% |
| Smallcap | (6%) | 42% | 9% |

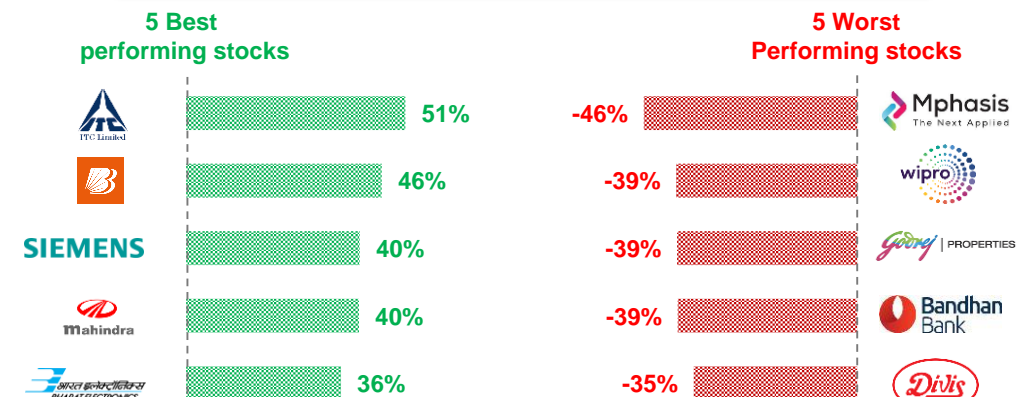
Returns are significantly high due to steep fall in Mar'20

Industrial and Auto space were the best performing sectors in the past year

Best and Worst performing sectoral indices¹ in FY23



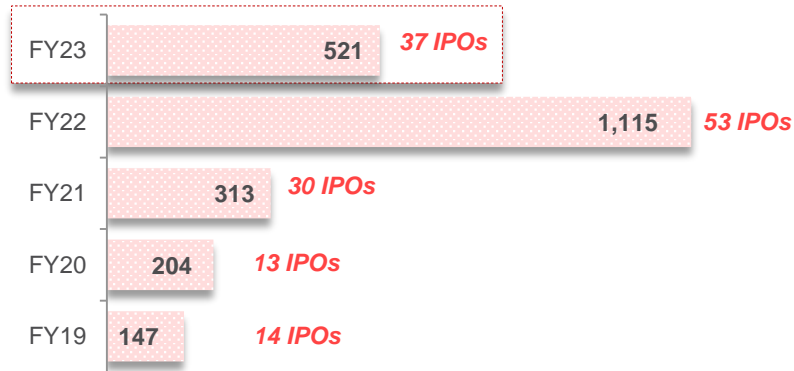
BSE 100: Best and Worst performing² stocks in FY23



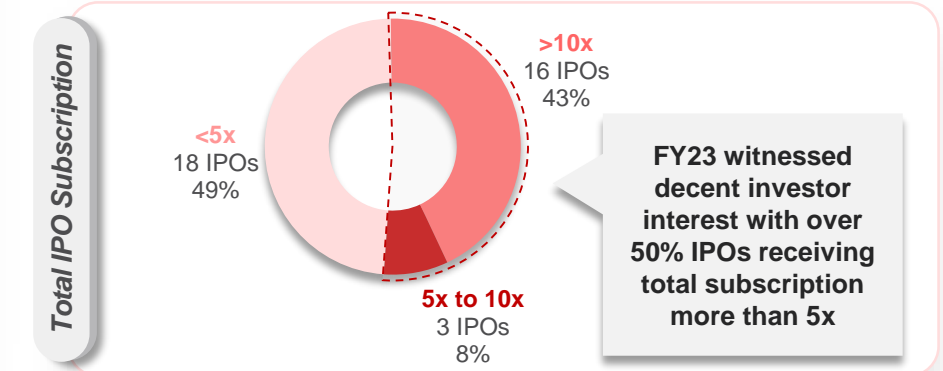
Source: Shares and Indices price as per BSE | Note: ¹Represents BSE Sectoral Indices; ²considering price performances and excludes dividend payment

IPO/QIP activity moderated in FY23 after phenomenal run in FY21 and FY22

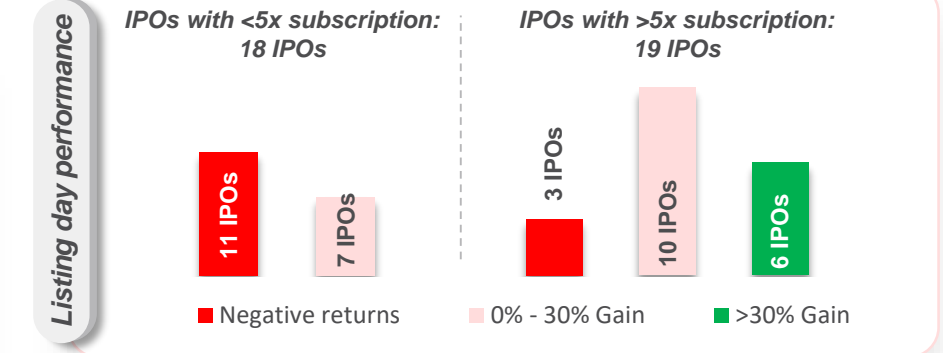
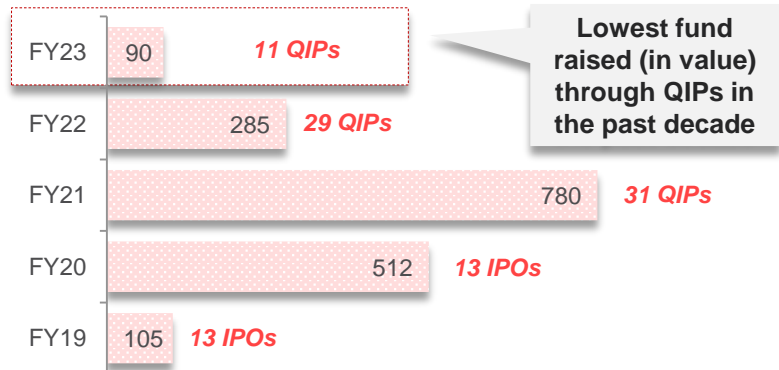
IPOs – Past 5 fiscals (INR bn)



FY23 IPOs: Investor interest and listing day performance

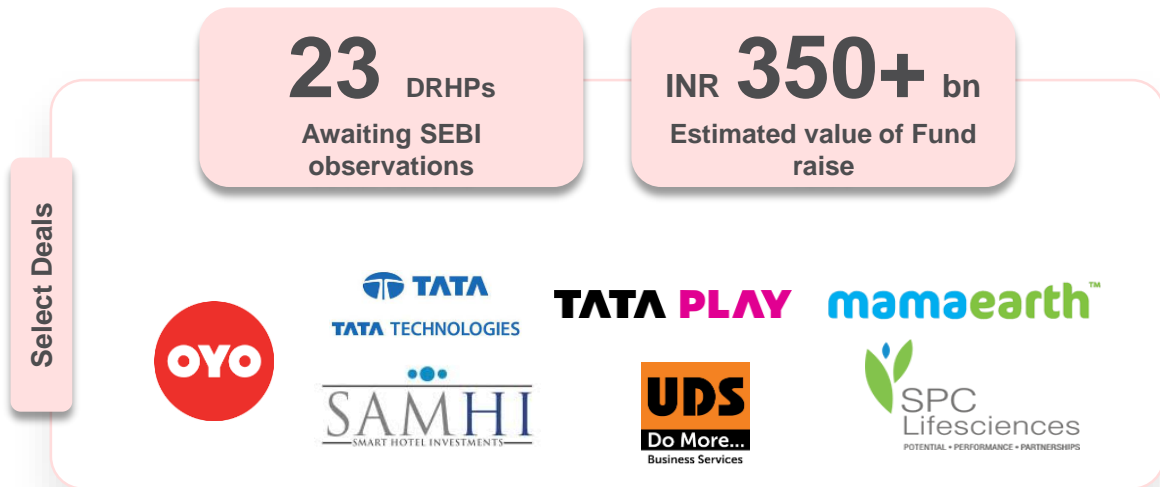


QIPs – Past 5 fiscals (INR bn)

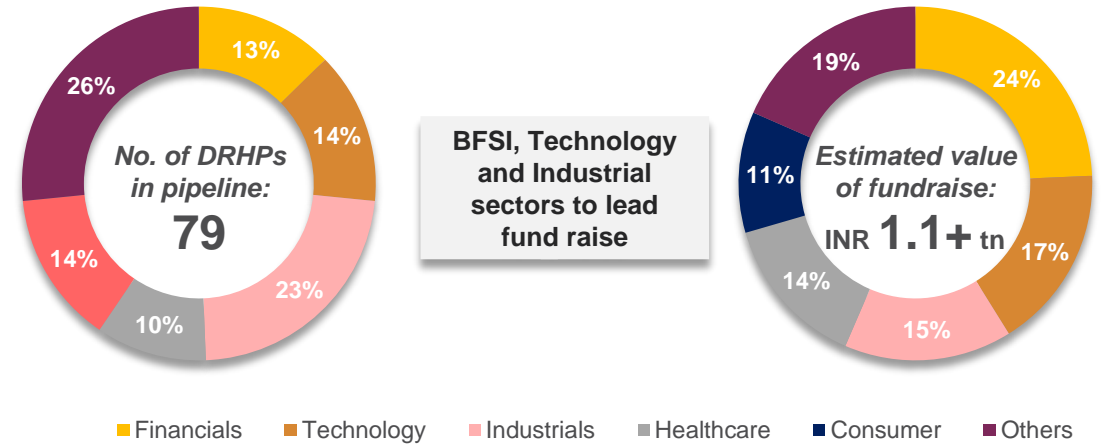


IPOs with 5x+ subscription have generally delivered listing day gains

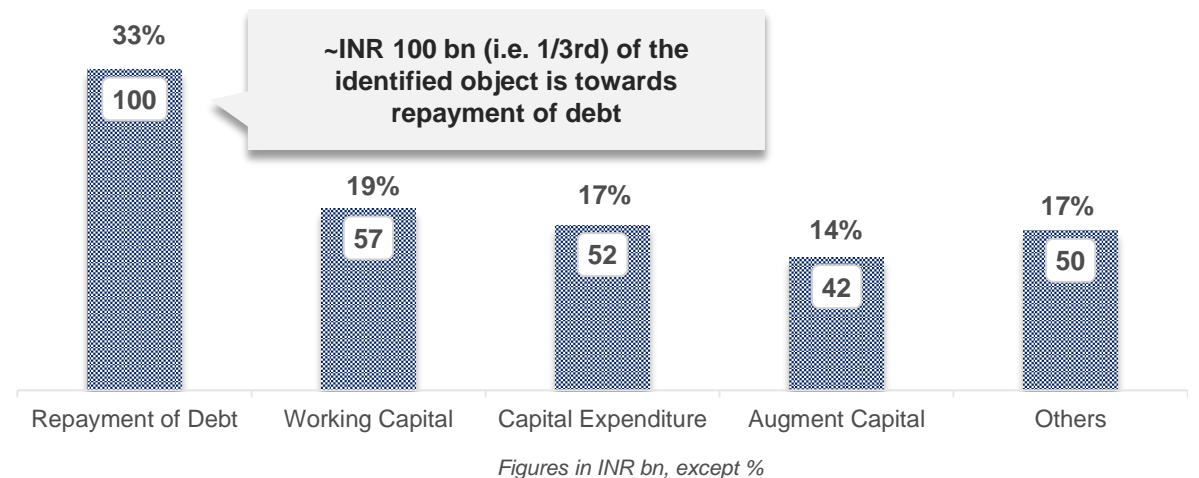
Robust IPO pipeline with corporates across sectors looking to go public



Sector-wise IPO pipeline



Of the above DRHPs, bifurcation of use of fresh issue proceeds¹ is as follows:



Note: DRHP SEBI observations status as on April 21, 2023 | ¹Objects of Issue excludes funds for General Corporate Purpose and Issue expenses and excludes DRHPs confidentially filed with SEBI | ²Objects of Issue: Others includes funding for Organic/Inorganic growth, Investment in subsidiaries

Drivers to watch out for in Equity Capital Markets

POSITIVE OUTLOOK ON INDIA

India continues to be a favorable long-term Investment destination on the back of strong economic fundamentals & robust banking system

IPO ACTIVITY

Strong IPO pipeline ready for launch in FY24

Recent IPO of Mankind Pharma (subscribed over 15x) – Should provide impetus to IPO bound companies to test the markets for launch

GEOPOLITICAL UNCERTAINTIES

Global fund flows into the country could be impacted – given prolonged cross border uncertainties

ACTIVE SECONDARY MARKETS

PE Investors to continue monetizing stake in listed companies through Blocks deals

INVESTORS' APPROACH

Investors have been selective, focusing on companies with strong corporate governance & business fundamentals



UPCOMING EVENTS TO WATCH OUT FOR



Karnataka Election
May'23



FOMC Meetings
May/Jun'23



MPC Meeting
Jun'23

Regulatory Updates: Recent amendments by SEBI impacting Capital Markets

REGULATORY UPDATE

AMENDMENT

KEY TAKEAWAYS

Confidential filing of IPO offer documents

- ❖ Option to confidentially pre-file offer documents with SEBI and making it public on completion of SEBI review

- 2 companies have done confidential filings
- Few more companies could utilise this option

Additional Disclosures in the Offer Documents w.r.t. KPIs

- ❖ Mandatory to now disclose historical KPIs shared with investors

- Helps in better understanding of the valuation vis-à-vis KPIs

Monitor utilisation of QIP and Preferential issue proceeds

- ❖ Monitoring agency to track utilization of issue proceeds in QIPs and pref issues with Issue size > INR 1 bn
- ❖ ¹Objects of the issue for QIP needs to be mentioned in detail, i.e. similar to an IPO

- Brings parity in disclosure and monitoring of objects with IPO

OFS – Stock exchange platform

- ❖ Non-promoters with < 10% shareholding allowed to divest via OFS
- ❖ Time gap between consecutive OFS transactions reduced²
- ❖ Platform extended to Public REITs and InvITs

- Popularity of the OFS platform to increase with these changes

Hard underwriting of IPOs³

- ❖ Introduces option for Hard underwriting in IPOs

- Financial commitment by underwriters imbibes confidence in investors

Ambit Investment Banking: Leading ECM Platform across products



Note: Deal Values are combined for multiple deals of the same client

Disclaimer

1. "Ambit" means Ambit Private Limited; 2. The word "Information" or "information" or "presentation" means the information contained herein or enclosed herewith and includes, without limitation, and any opinion expressed herein or therein.

This presentation is prepared by Ambit Private Limited for general information purposes only, without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, and should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities/ assets mentioned therein, and neither this presentation nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation and opinion, if any, contained herein have been prepared/compiled by Ambit in good faith based upon information available publicly and believed to be reliable. However, none of the information contained herein has been independently verified by Ambit. The information is intended for the exclusive use of persons to whom it is addressed. This presentation does not solicit any action based on the material contained herein. Nothing in this presentation is intended by Ambit to be construed as legal, accounting or tax advice. Past performance is not a guide for future performance. Forward-looking statements are predictions and may be subject to change without notice. Actual results may differ materially from these forward-looking statements due to various factors. No representation or warranty, express or implied is made by Ambit that the information is accurate, reliable, authentic, fair, correct or complete. In so far as it includes current or historical information, its accuracy, authenticity, correctness, fairness and completeness cannot be guaranteed. Ambit does not accept any responsibility or liability for any such information or opinions and therefore, any liability or responsibility is expressly disclaimed. Ambit is not under any obligation to provide you with any additional information or to update the information or to correct inaccuracies in or omissions, if any from the information. Recipient is recommended to seek its/their own financial and other advice, and should rely solely on recipient's own judgement, review and analysis, in evaluating the information contained herein. By receiving access to this presentation the recipient accepts terms of this important notice and agrees to be bound by it. This presentation has not been approved and will or may not be reviewed or approved by any statutory or regulatory authority in India or by any stock exchange in India. This presentation may not be all inclusive and may not contain all of the information that the recipient may consider material. This presentation and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published (in whole or in part) by the recipient without the prior written approval from Ambit. The distributing/taking/sending/dispatching/transmitting of this presentation in certain foreign jurisdictions may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. Ambit accepts no liability for any damages or losses howsoever arising (whether in negligence or otherwise) whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of or reliance on this presentation or information. This presentation may contain confidential, proprietary and/or legally privileged information and it must be kept confidential by the recipient. Recipients are reminded to ensure that the terms of confidentiality are strictly adhered to. Recipient of information should not use or communicate or redistribute this information (in contravention of applicable law) and this important notice.

By accepting the receipt of this document and not immediately returning it, you represent, warrant and acknowledge that you have read, agree to and will comply with the contents herein.