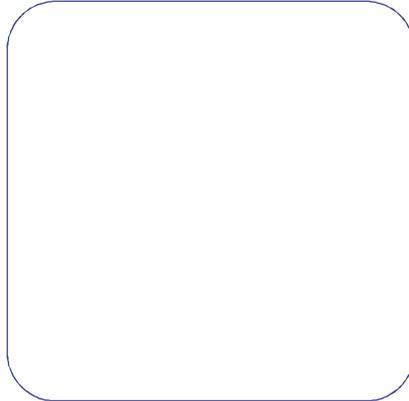


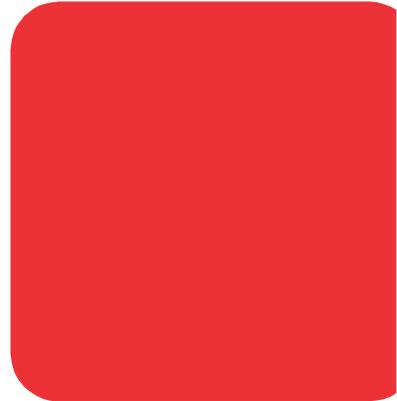
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Capital Markets



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Summary:

Domestic economic activity has started normalizing with the receding of the second wave of Covid-19 and the phased reopening of the economy as GDP grows 20% YoY in Q1 FY21. Indian equity markets have remained bullish in the month of August. There has been a record number of IPOs in August with mixed performance on listing.

Key M&A& Private Equity Deal include Adani Group to acquire MBCPNL portfolio from Sadbhav Infrastructure and software startup Postman, which is cofounded by ISB Alumni Ankit Sobti, raising \$225 million at a valuation of US\$5.6 Billion.

Economic Update:

- India's Gross Domestic Product (GDP) grew by 20.1% in the first quarter of 2021-22, compared to the 24.4% contraction recorded in the same quarter a year ago. The GDP though is still 9.2% lower than GDP in the same period in FY19-20.
- Manufacturing and construction sectors grew 49.63% and 68.3% respectively and showed a significant recovery of economy in April-June post second wave of Covid-19.
- Index of Industrial Production (IIP) witnessed a y-o-y growth of 13.6% in June 2021 as against rise of 29.3% in May 2021, however it is still lower than 2019 levels.
- Monetary Policy Committee (MPC) decided to retain the prevailing repo rate at 4 per cent and continue with the accommodative stance. It was also decided to continue the accommodative stance as long as necessary with an eye on inflation by all accept one member.

- India's Retail Inflation, CPI, eased to 5.59% (Target is $4\% \pm 2\%$) in July 21 as result of drop in food prices from 6.26% in the month of June 21 while the wholesale inflation eased marginally to 11.2%.
- Inflation pressure was observed in US, UK and Euro area as well, highest in a decade, but temporary in eyes of many economists.
- GST collections for the month of July 2021 were Rs.1.16 lakh crore, again surpassing the Rs.1 lakh crore mark.

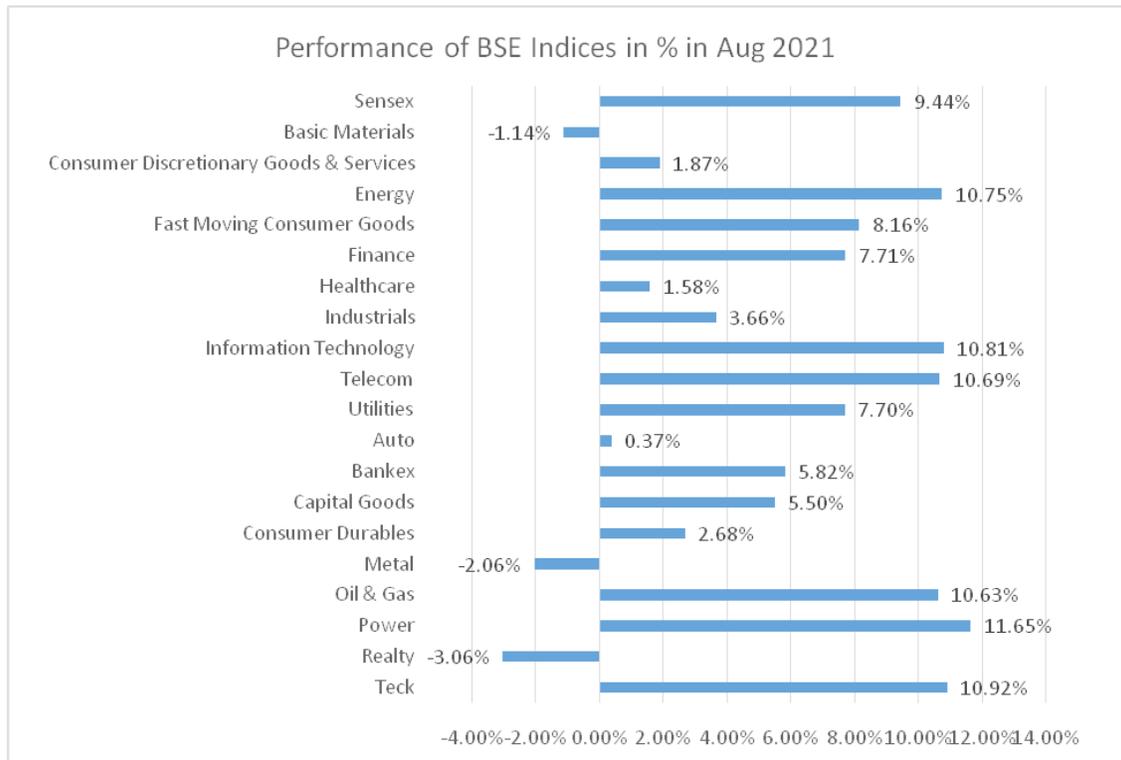
Trends in Secondary Markets:

BSE Sensex went up by 9.44% to close at 57,552 in August 2021. Nifty 50 closed at 17,132 higher by 8.69% from 15,763 in July closing. Sharp gains were on account of economic recovery, low interest rate environment and strong earnings of corporates in Q1 FY22 with especially strong show by Large caps.

Foreign Portfolio Investors (FPIs) invested Rs. 2083 Crore in the Indian equity markets in the month of August.



Equity Markets	Aug-21	Jul-21	Change%
Sensex	57,552	52,587	9.44%
Nifty 50	17,132	15,763	8.69%
BSE 500	23,174	21,754	6.53%
BSE Bankex	41,470	39,190	5.82%
BSE Consumer Durables	37,361	36,386	2.68%
BSE Healthcare	26,570	26,156	1.58%
BSE FMCG	14,581	13,481	8.16%



Amongst the BSE indices, Almost all the indices showed strong gains with many indices like Power, IT, Telecom, Teck registered more than 10% gains.

China ordered cuts in steel output in the main producing region of Tangshen to control emissions. It has decided to implement ultra-low emissions by reducing crude steel production by 8.8 percent in this year. This move to reduce output of steel by China had a direct impact on global prices of steel and iron ore which led to poor performance by Metal sector.

Primary market Update:

There were 10 main board IPOs of Glenmark Life Sciences Limited, Rolex Rings Limited, Windlas Biotech Limited, Devyani International Limited, Krsnaa Diagnostics Limited, Exxaro Tiles Limited,

CarTrade Tech Limited, Nuvoco Vistas Corporation Limited, Chemplast Sanmar Limited and Aptus Value Housing Finance Limited in August 2021 (the highest IPO filings in 17 years) as against 5 main board IPOs in July. There was one SME IPO of Gretex Corporate Services Limited in August as against 2 SME IPOs July.

Performance of these IPOs was mixed as 5 of them were at a premium and 5 of them at a discount, an under performance compared to June and July's stunning listing gains of IPOs, largely due to Oversupply and aggressive valuations. Global Investors are being prompted to look for new opportunities across Asia as China has imposed restrictions on technology companies. This has contributed to a record jump in initial public offerings from India and other Asian countries.

Particulars	Apr-21	May-21
I. Equity Issue	16,408	9,470
a. IPOs (i+ii)	3,009	1
i. Main Board	2,953	0
ii. SME Platform	56	1
b. FPOs	0	0
c. Equity Rights Issue	280	25
d. QIP/IPP	4,010	3,847
e. Preferential Allotment	9,110	5,596
II. Debt Issue	34,326	22,887
a. Debt Public Issue	2,316	1,265
b. Private Placement of Debt	32,010	21,622
Total Funds Mobilised (I+II)	50,734	32,357

Initial Public Offers:

Mergers and Acquisitions and Private Equity deals:

M&A: Adani Group to acquire MBCPNL portfolio From Sadbhav Infrastructure:

Transaction:

- Adani Road Transport Limited ('ARTL'), a wholly-owned subsidiary of Adani Enterprises Limited, has signed a definitive agreement with Sadbhav Infrastructure Project Limited ('SIPL') for acquisition of Maharashtra Border Check Post Network Limited ('MBCPNL'). ARTL will initially acquire 49% stake in MBCPNL with an option to acquire additional stake in MBCPNL.
- 49% shares will be sold initially to ARTL, along with an option for the buyer to acquire the remaining stake, in one or more tranches. The consideration for sale would be at an enterprise value of Rs. 1,680 Crore.

Adani Road Transport Limited:

- Adani Road Transport Ltd is a wholly owned subsidiary of Adani Enterprises Ltd, the flagship company of the Adani Group. ARTL is a transport infrastructure developer involved in the construction, operation and maintenance of roads, highways and expressways.

- ARTL has concession agreements with the National Highway Authority of India (NHAI) structured on the Hybrid Annuity Mode (HAM), Build-Operate-Transfer (BOT) and Toll-Operate-Transfer (TOT) models.

Maharashtra Border Check Post Network Limited:

- MBCPNL, a subsidiary of Sadbhav Infrastructure Project Limited, is an integrated portfolio of 24 border check posts with exclusive service fee collection rights from commercial vehicles for all traffic routes in and out of Maharashtra until at least 2033, which covers 20% of commercial road traffic in India.
- MBCPNL was incorporated in 2009 as a Special Purpose Vehicle, for construction, operation and maintenance of roads and check-posts.

Rationale:

- The acquisition is at an enterprise value of Rs.1,680 Crore implying an EBITDA multiple of 7x. MBCPNL has turnover of Rs. 192 Crore in FY21 and Rs. 221 Crore in FY20.
- MBCPNL has a business model underlined by long term concession, good traffic growth, inflation protection and robust margins.
- The acquisition of MBCPNL's border checkpost assets will enhance the bouquet of ARTL's business in highways and will help accelerate ARTL's growth. CEO of ARTL commented that acquisition is part of Adani Group's drive to create a portfolio of road networks banking on group's strength in logistics.
- On the other hand Sadbhav group is actively trying to deleverage its capital structure by monetizing number of assets. Company has recently sold six BOT and two annuity assets to IndInfravit Trust, sold stake in AIIRL and raised fund through NCD issuance to improve its liquidity position.

PE: Software startup Postman raises \$225 million :

Transaction:

- Postman, a SaaS Startup, has raised \$225 million in a funding round led by Insight Partners (existing investor) at a valuation of US \$5.6 Billion.
- Other investors include Coatue, Battery Ventures, BOND, existing investors CRV and Nexus Venture Partners. Individual investors Gokul Rajaram of DoorDash and Girish Mathrubootham of Fresh works have also joined.

Postman:

- Founded in Bangalore in 2015, Postman is headquartered in San Francisco and has an office in Bangalore. Postman is a web-based platform that allows businesses and developers to design, develop and manage Application Programming Interfaces (APIs).
- Postman has added more than 300 employees across 13 countries since the beginning of 2020, doubling its head count. Its clientele include 98% of the Fortune 500 and the likes of Sales force, Stripe, Kroger, Cisco, PayPal, and Microsoft.

Rationale:

- Developers are adopting the API-first model to build new applications faster, modernize legacy

architectures, and scale business processes. Organizations are also adopting the API-first model to build and ship new products faster and create products of higher quality with less code.

- APIs have become the fundamental building blocks of software and Postman has established itself as a preferred platform for developers. It recently announced that its Public API Network is now the largest API hub in the world, with more than 75,000 APIs shared on the network.
- Postman intends to utilize the funds to expand its team, invest in its community of developers, support students through API literacy programs and contribute to open source projects to nurture API ecosystem.
- Insight Partner Jeff Horing commented that Postman has the opportunity to become a key pillar of how enterprises build, deliver products, and seamlessly enable partnerships across the ecosystem.

Acknowledgements: RBI Bulletin (www.bulletin.rbi.org.in), SEBI (www.sebi.gov.in), NSE (www.nseindia.com), BSE (www.bseindia.com)
