Capital Market Update

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Economic Update

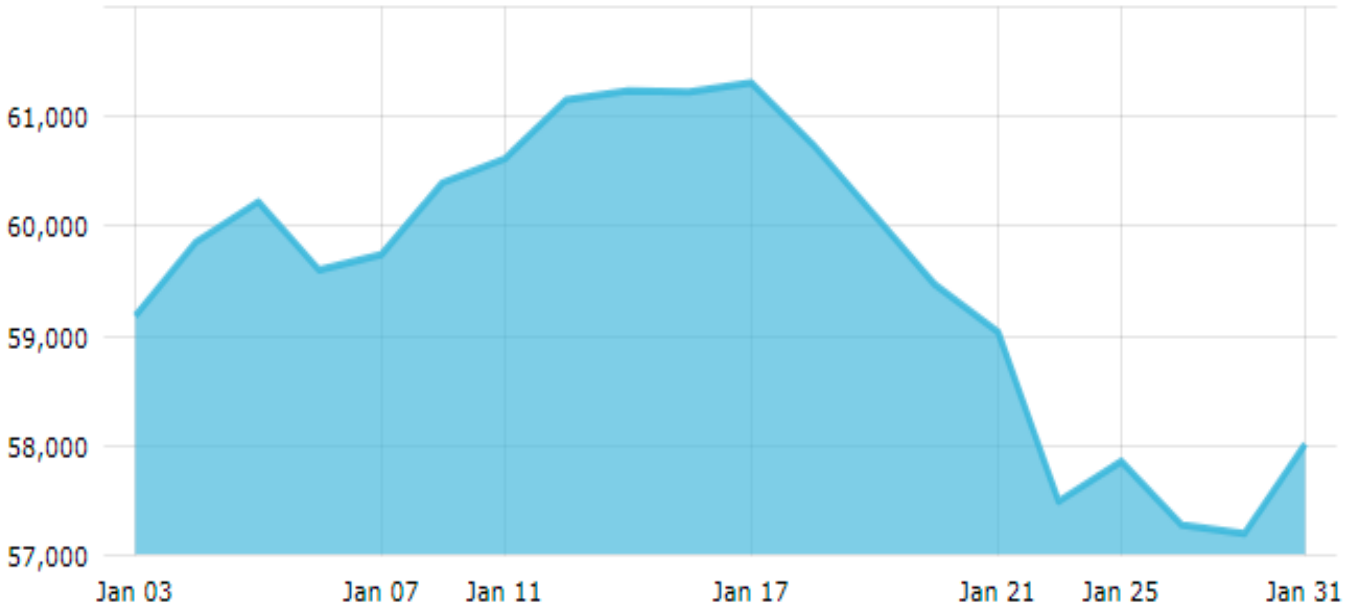
Economic Survey 2021-22 was presented in parliament on the last day of January and here are the highlights:

- Advance estimates suggest that the Indian economy has recovered to pre covid-19 pandemic levels.
- Agriculture and allied sectors were least impacted in pandemic with growth of 3.9% in 2021-22 and 3.6% in the previous year.
- Industry will rise at 11.8% in 2021-22 after contracting by 7% in 2020-21. The services sector has been the hardest in pandemic and estimated to grow by 8.2% in 2021-22 against contraction of 8.4% in previous year.
- India has become third largest startup ecosystem in the world with number of recognized startups increasing from 733 in 2016-17 to 14,000 in 2021-22 with 44 unicorns till 2021.
- Indian economy is estimated to witness GDP growth of 8.0-8.5% in 2022-23.
- Despite disruptions Indian balance of payments remained surplus in last two years (USD 634 billion in Dec-21) providing buffer against global liquidity tapering.
- Exports are expected to grow by 16.5% and imports by 29.4% in FY22.
- Global inflation has jumped in most countries and India too will be keeping a close eye on imported inflation due to energy prices.
- Overall Indian economy is well placed for 2022-23. One of the reasons for the same is flexible support to vulnerable sections based on eighty High Frequency Indicators rather than predetermined rigid response.
- Second reason is supply side reforms like deregulation of numerous sectors, simplification of processes, privatization, removal of legacy issues like retrospective taxes, production-linked incentives etc.

MARKET UPDATE

Trends in Secondary Markets

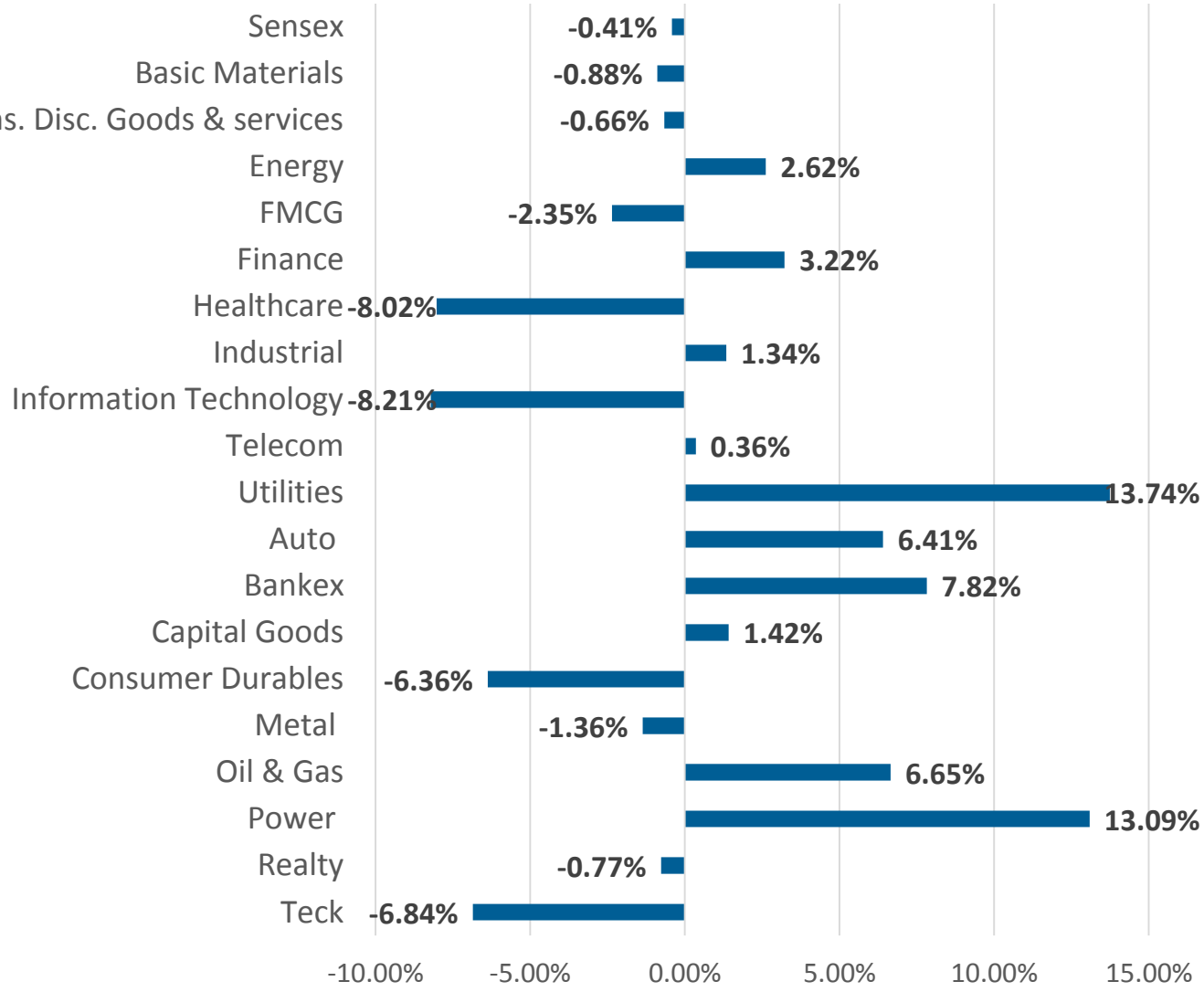
- BSE Sensex went down by 0.41% to close at 58,014 in January 2022 as against 1.73% up to close at 58,254 in December 2021. Nifty 50 closed at 17,340 which was 0.08% lower as against 2.18% high to close at 17,354 in December 2021.
- Sensex went up by around 848 points on February 1, 2022 owing to the Union budget 2022 announcements.
- Foreign Institutional Investors (FIIs) divested Rs.41,346 Crore while Domestic Institutional Investors (DIIs) invested Rs.21,928 Crore in the Indian equity markets in the month of January 22.



Equity Markets	Jan-22	Dec -21	Change%
Sensex	58,014	58,254	-0.41%
Nifty 50	17,340	17,354	-0.08%
BSE 500	23,715	23,811	-0.40%
BSE Bankex	43,569	40,409	7.82%
BSE Consumer Durables	41,919	44,768	-6.36%
BSE Healthcare	24,104	26,206	-8.02%
BSE FMCG	13,461	13,785	-2.35%

Performance of BSE sectoral Indices in % in January 2022

- BSE Indices saw mixed trends in the month of January.
- The highest increase was Utilities (13.74%) followed by Power (13.09%).
- Amongst the stocks that went down were Information Technology (-8.21%), Healthcare (-8.02%) and some others.



Primary Market Update

- There was one mainboard IPO of AGS Transact Technologies Ltd. in January 2022 as against 12 main board IPOs in December 2021.
- There was one SME IPO of Fabino Life Sciences Limited in January 2022 as against 3 SME IPOS in December 2021.

Funds Mobilisation by Corporates (₹ in Crore)

Particulars	Nov-21	Dec-21
I. Equity Issue	**63,439**	**21,620**
a. IPOs (i+ii)	36,305	15,681
i. Main Board	36,195	15,553
ii. SME Platform	110	128
b. FPOs	0	0
c. Equity Rights Issue	21,055	2,577
d. QIP/IPP	5,617	704
e. Preferential Allotment	462	2,658
II. Debt Issue	47,704	73,601
a. Debt Public Issue	50	456
b. Private Placement of Debt	47,654	73,145
Total Funds Mobilised (I+II)	**1,11,143**	**95,221**

MERGERS & ACQUISITIONS & PRIVATE EQUTY KEY DEALS

M&A: Reliance Retail acquires 54% in Robotics company Addverb Technologies – 1/2

Transaction:

- Retail unit of Reliance Industries Ltd. (RIL), Reliance Retail Ventures Ltd. (RRVL), has acquired 54% stake in Addverb Technologies for $132 million (Rs.983 crore approx.)
- The investment round values the company at around Rs.2000 crore. The cofounders together hold around 24-25% stake in the company after this deal and remaining stake is held by early investors.

Addverb Technologies:

- Addverb is a global robotics company based out of India. It is a startup that provides intra-logistics automation solutions. It builds robotics and automation solutions for factories and warehouses. It automates the laborious tasks related to storage and movement of goods in controlled environments.
- Company was founded by former Asian Paint executives. Its clients include companies like Amazon, Flipkart, ITC, Coca-Cola and Jio Mart.
- Its manufacturing facility in Noida has the capacity to make 50,000 different types of robots a year and currently produces around 10,000 robots per annum. Addverb has four subsidiaries located in Singapore, the Netherland, the US and Australia.

Reliance Retail Ventures Ltd.:

- RRVL, a subsidiary of Reliance Industries Limited, is the holding company of Reliance Retail Limited which operates the retail business. RRVL, incorporated in 2006, is a closely-held investment arm of RIL for the group's retail business.
- Reliance Retail operates a wide array of store formats which cater to planned shopping needs as well as daily or occasional needs of the customers across major consumption baskets of Grocery, Consumer Electronics and Fashion & Lifestyle.

M&A: Reliance Retail acquires 54% in Robotics company Addverb Technologies – 2/2

Rationale:

- With this investment Addverb will be able to accelerate its expansion in Europe and US and will be able to set up the biggest robotic manufacturing facility at a single location. The company plans to start an innovation lab with bases in Europe, US and India.
- Both companies also have a plan to collaborate on building 5G robotics and battery systems and harnessing carbon fiber to build affordable, advanced robots.
- Sangeet Kumar, Addverb Technologies co-founder and CEO commented that at present, 80% of company's revenue comes from India but this mix is expected to change to 50-50 between India and overseas business in the next 4-5 years.
- He added that each of the subsidiaries of Addverb will expand in terms of workforce. The manufacturing will happen in India, and overseas subsidiary will help in designing the robots.
- Addverb has raised $143 million in all till date including this deal. It had previously raised $11 million in funding led by Jalaj Dani, co-promoter of Asian Paints.
- Robotics is a diverse sector with significant upside potential. A BCG report of 2021 estimates global robotic market to be of $25 billion in 2020 and expects it to reach between $160 billion to $260 billion by year 2030 due to automation, social trends and artificial intelligence, machine learning & other technological advances.
- Robotics industry has more than 500 companies globally making products in four primary categories: conventional industrial robots and cobots, stationary professional services (like with medical and agricultural applications), mobile professional services (such as professional cleaning, construction, and underwater activities) and automated guided vehicles (AGVs) for transporting large and small loads in logistics or assembly lines.

PE: Chargebee raises $250 Mn from Tiger Global and Sequoia Capital– 1/2

Transaction:

- Chargebee, a software-as-a-service-based subscription management platform, has raised $250 million in a funding co-led by Tiger Global Management and Sequoia Capital at the valuation of $3.5 Billion.
- Existing investors including Insight Partners, Sapphire and Steadview Capital also participated in the funding round.

Chargebee Technologies:

- Launched in 2011 in Chennai, Chargebee is a subscription management and a recurring billing platform that helps SaaS (software-as-a-service) and SaaS-like businesses streamline Revenue Operations.
- Chargebee helps companies identify new revenue channels through experimenting with pricing models; upselling through pitching additional features or bundles; and gleaning a unified view of all subscription and customer data. Additionally it offers tools to automate recurring billing and invoicing and forecast through data and analytics.

Investors:

- Tiger Global Management, LLC is an investment firm that focused in the global internet, software, consumer, and payments industries.
- Sequoia Capital is an American venture capital firm headquartered in Menlo Park, California mainly focused on the technology industry.

PE: Chargebee raises $250 Mn from Tiger Global and Sequoia Capital– 2/2

Rationale:

- Company plans to use these funds for product innovation and global expansion as well as strategic corporate growth initiatives. As subscription offerings continue to rapidly evolve, Chargebee's focus remains on providing a flexible growth engine to power, capture and understand revenue, all in real time.
- Chargebee CEO Krish Subramanian commented that more traditional businesses like automotive and food and beverage are now entering the subscription space to increase customer loyalty and collect better data. They have also seen a rise in subscriptions in the replenished goods, healthcare services, beauty and wellness and e-learning spaces to meet consumer demand for convenience and accessibility.
- Many business have aligned themselves with subscriptions like Netflix and spotify. However now traditional businesses have also started looking at subscription based models like monthly $10 taco subscription from Taco Bell.
- Chargebee has so far raised $470 million with this fundraise. The company became a unicorn in 2021, when it raised $125 million in Series G round from Sapphire Ventures, Tiger Global, Insight Venture Partners and Steadview Capital. Earlier in October 2020, the company had raised $55 million in a Series F funding round from Insight Partners.
- Chargebee has recently acquired customer retention platform Brightback in January 2022. Brightback is a customer retention solution that automatically saves customers at the moment of cancel.

THANKS

Acknowledgements:

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

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