AnandRathi
Private Client Group
Equity
PCG

FINANCIAL

FLASH

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Index

PCG Communique

From the Desk of the PCG Head

Rajesh Kumar Jain

Consolidation with Volatility Ahead!!!

The last week of the August month has been fragile. The market has showed us what volatility is all about. Tuesday market opened with a downward gap of >350 pts due to the hawkish comment by the Fed at the Jack Hole meet and later Nifty recovered some of the lost ground and Wed closed > 400 pts up. Almost 5% movement in just 2 days. Nifty started a correction last week of Aug after six straight weeks of gain and this correction may continue in the coming week because there is a sharp sell-off in the US market after hawkish commentary by Fed Chairman Jerome Powell. The market has been in action for the whole of Aug. After turning net buyers last month, foreign investors have become aggressive shoppers of Indian equities and have invested INR 22,000 CR in Aug amid softening inflation concerns and after 10 months of continuous selling in the Indian Mkts. While DII were net sellers to a mere 7,068CR.

More than market, let's understand what & how the 1st quarter results for most of the companies were. With the low base as compared to the previous year, Nifty was estimated to give growth of 30% in terms of EPS. Considering the loss from Tata Motor & BPCL, Nifty has given an aggregate EPS growth of 23% but if we remove Tata Motor & BPCL, then the aggregate growth on Nifty EPS is 34%. We are anticipating a 15% growth for FY23 over FY22 which has already grown by 35% Vs 20-21. So if this quarter Nifty has given an aggregate growth of 23% then, if we spread the earnings for the remaining three quarters then earning growth will be in the range of 12%-13% spread between the next three quarters.

GDP numbers for the 1st quarter were @ 13.5%, Aug PMI data came at 56.2 which is above the consensus of 55, and Credit off-take has been relatively higher. RBI press release shows Credit growth to agriculture and allied activities improved to 13.2%, industry accelerated to 10.5%, services sector credit growth improved to 16.5%, and personal loans sector was robust at 18.8% supported by 'housing' and 'vehicle loans' segments, Crude is on its downward journey and Rupee depreciated less Vs rest of the currency. But all that is not rosy. On the flip side, global macros are not in favour, as we still have high inflation world over: the US is in so-called technical recession, the energy crisis in Eurozone due to Russian - Ukraine war, fear of recession, China is de-growing, and New Geopolitical risk of China – Taiwan spreading its wings of uncertainty.
China's economic slowdown deepened in July due to a worsening property slump, defaults, and industries numbers slowing down due to continued covid lockdowns, with an unexpected cut in interest rates unlikely to turn things around while these twin drags remain. Retail sales, industrial output and investment all slowed and missed economists' estimates in July. The surveyed jobless rate for those aged 16-24 climbed to 19.9%, a record high and headache for the Communist Party as it gears up for a major congress in coming months that's expected to give President Xi Jinping a precedent-defying third term in power.

China's central bank cut both one-year and seven-day lending rates by 10 basis points, a move economists said would have little impact since Covid controls have made households and businesses reluctant to borrow. New credit in July increased at the slowest pace. China is battling a worsening property downturn as well as sluggish retail sales and rising youth unemployment. In Turkey, where inflation is running at the fastest pace in 24 years, policy makers said they're only responding to a possible slowdown in manufacturing. Elsewhere, growth is diverging. The European region and Chile are under heightened recession risk, while strong consumer spending in Japan.

Federal Reserve Chair Jerome Powell signalled the US central bank is likely to keep raising interest rates and leave them elevated for a while to stamp out inflation, and he pushed back against any idea that the Fed would soon reverse course. He added “We are moving our policy stance purposefully to a level that will be sufficiently restrictive to return inflation to 2%. “Restoring price stability will take some time and requires using our tools forcefully to bring demand and supply into better balance. Americans will experience a difficult period of poor economic growth and possibly increased unemployment. Fed seems to have sacrificed economic growth for inflation control, which says a lot about their resolve.

2020 was the year of the pandemic and due to lockdowns, the entire world was reeling under slowdown and recession. India too experienced a de-growth of 23% in the quarter ending June-20. The vaccinations against Covid-19 arrived and as the populations of various countries started getting vaccinated, recovery staged a comeback and helped boost the economies. Meanwhile, most of the countries had given stimulus to their respective populations in the form of interest rate cuts, loans and assets purchases, personal cheques (in western economies), and regulation changes. A staggering amount of $ 9.3 trillion was spent by the entire world to provide stimulus. As recovery started towards the end of 2020 and the beginning of 2021 the demand for all commodities increased as countries opened up their economies. Oil prices, commodity prices, and food prices increased considerably as demand increased and there was a supply shortage.

The FED and other Central Banks expected that this increase in commodity prices was transitory and as supply increases, due to the opening of the economies the price increases will settle down. But they were proved wrong towards the end of 2021 when due to the stimulus given, too much money was chasing too few goods thus causing inflation unprecedented in the past 40 years. Most Western economies have seen inflation to the tune of less than 2% before the pandemic and started reeling under inflationary impact.

In Jan-2022 most Central Banks in the world started increasing interest rates in big numbers. Fed increased rates by 25, 50 bps once each, and 75 bps twice. Canada increased it by 1% last. ECB and BOE have recently increased it by 50 bps. The Fed is expected to increase it by another 50 bps (Possibly 75 bps as the data of CPI is still higher) in September-2022. The Job growth in most of these countries has been very good with the latest number from the US indicating a lower Jobs growth of 315k in Aug Vs 526k in July. Growth in Manufacturing and Services has been mediocre in 2022. As US FED tightens the US economy has technically fallen into recession as growth in the first two quarters has been negative and it is expected that it may remain in a mild recession towards the end of 2022 despite decent jobs growth. The US Fed wants to have a growth slowdown to create some slack so that the supply side can catch up.

The Russian-Ukraine war took oil to $ 139 per barrel levels before we saw a fall to $ 95 per barrel due to recession concerns. The prices of most commodities have fallen by 20%-50% from their peak due to the same reason. The China-Taiwan situation has aggravated recently and a war on that front could cause serious implications on most economies as US and China will be directly confronting each other unlike in Russia-Ukraine. The UK and European economies are already in doldrums due to gas supply issues from Russia as the winter approaches. They are expected to be in recession by the end of the year as higher inflation and rate hikes take a toll on the economy. Global economic growth slowed to a crawl according to the latest PMI survey data, led by the developed world falling into a contraction for the first time in 2 years but price pressures eased.

India is in a bright spot among all these economies despite the high oil prices and the recession in the other parts of the world and economic collapses like Russia (due to sanctions), Sri Lanka, Pakistan (Very little Reserves), and very recently Bangladesh, has caused a trade deficit number which has been above $ 22 billion for the past 6 months leading to lower exports and higher imports.

Most of the analysts are still bullish on India because of the demographic dividend as we have more working-age people than either old people or young people. And once you have that, automatically, it will lead to economic growth, provided you create enough jobs for them. So, we have to execute on that. But if we can create enough jobs for them, then we'll have many, many years and even decades of economic growth, which will then lead to better lifestyles, reduction of poverty, people becoming wealthier, and so on. So, I think there's a whole economic growth story.

With GST wherein most of the informal

economy is coming under the formal economy I also believe that India will go from being informal to formal in the next 10 years. So, more and more people and companies become part of this system. And once they become part of the system, they will have access to facilities, they will pay taxes. The whole structural nature of the Indian society will become much more formal, which will also make it much more stable.

GDP growth in Q1 FY23 was at 13.5% year-on-year, compared to 4.1% for Q4 FY22, according to data released by the Ministry of Statistics and Programme Implementation. Gross value added, which strips out the impact of subsidies and indirect taxes, grew 12.7% year-on-year in the first quarter, compared with 3.9% for Q4 FY22. Though the quarterly GDP growth numbers of Q1 FY23 are influenced by the base effect, it indicates that the recovery is on course despite the global headwinds, high commodity prices, especially oil, and the weakening of the rupee. The RBI says the country's GDP is expected to witness a growth of 7.2% in the current fiscal amid elevated inflation at 6.7%. Both the Central Government's and RBI's focus will be to curb inflation, which has remained above the central bank's tolerance level of 6% since January 2022. Besides, the falling rupee hovering around 80 per dollar is adding pressure to inflation. India remained the fastest growing major economy as China registered economic growth of 0.4% in the April-June 2022 quarter.

Overall India looks like a shining star amidst collapsing economies, uncertainties, geo-political concerns, high inflation, rate rising spree by major central banks, supply chain disruptions, slowing growth, and recession concerns offsetting buoyancy in the recovery. India will remain the fastest growing major economy of the world with a stable growth, slower inflation, and a domestic story. A recent Bloomberg survey said that there is a zero probability of India slipping into a recession but headwinds of slower export growth, higher oil prices, pollution, and environmental issues remain a concern.

In the coming months Kharif sowing supported by the southwest monsoon coupled with higher MSP for Kharif crops is likely to enhance rural demand. Urban consumption is expected to benefit from the demand for contact-intensive services, improving the performance of corporates and growing optimism of consumers. A rise in consumer demand during the festive season. Robust central government capital outlays are supporting investment activity. But business investment remains tepid despite strong sales growth and an increase in profits.

For now, indicators are giving mixed signals on activity going forward. While global demand is softening, government spending and a possible pick up in private investment is stoking hopes of a revival.

Yet, we may continue to see the market remaining volatile until and unless the US 10-year bond yield does not come below 3 percent. Historically, 3 percent has remained carved in stone for stocks and whenever the yield has crossed this threshold limit, the stocks have tumbled. We saw the Indian equity market represented by NIFTY touching recent lows of around 15,200 in mid-June when the US 10-year treasury yield touched 3.48 percent, its highest level in more than a decade. From this point, the yield recovered almost 100 basis points and that coincided with the recent rally in the equity market with a gain of 19 percent from its June low.

Moving forward market will take the clue from 4 things – Softening for Crude further, earning from the 2nd qtr results, Inflationary trend, and Central Bank rate hikes. These 4 things will determine the course of the next trend in the market. We will see more sector & stock-specific action playing off Vs the overall market. September going to be the month, wherein we expect market will be quite volatile. Currently, markets are neither cheap nor expensive. We estimate NIFTY EPS for FY23/24 will be 840 & 960. Nifty @ 17500 trades at a 21PE multiple which is near to the 10 years average median. I am very optimistic on the equity side and look for a next year Diwali target of 21000 estimating FY24 Nifty earning @ 940.

With lower commodity prices, crude below $100, good monsoon, good agriculture sowing, we will see inflation on a downward trajectory. Most of the sectors & companies which are direct beneficiaries of these lower raw material prices will post growth in EPS. The sector to look on FMCG, Sector on the Discretionary spending (QSR, Retail etc), Cement, Capital Goods, Auto, Renewable, and Financials. There is no point in timing the market and it is better to participate in the market for the long term.

Happy Investing!!!!

Market Commentary

The Nifty index ended the August month on a positive note at 17,759 with a return of 2.4%. However, Sensex ended the month of July at 59,537 with a positive return of 2.4%.

Extending their rally for the second straight month, Indian equity benchmarks ended the month of August with massive gains of around three and a half percent on the back of strong Foreign Institutional Investors (FIIs) buying in August coupled with a robust earning season. Additionally, a normal monsoon, cool-off in commodity prices, and healthy wage growth (especially in the Services sector) have boosted traders' confidence. Markets started the month on a very optimistic note with the government data showing that the output of eight core infrastructure sectors expanded by 12.7% in June against 9.4% in the year-ago period. In the last leg of the month, markets pared most of their monthly gains as traders turned cautious after India Ratings and Research's report stated that the Indian manufacturing sector, which received a fillip in FY22 due to export growth, is likely to be hit by a slump in foreign trade activity in FY23.

In terms of economic performance, the IHS Markit India Manufacturing Purchasing Managers' Index (PMI) was little-changed to 56.2 in August as against 56.4 in July signaling the second-strongest improvement in operating conditions since last November. A sustained improvement in demand conditions boosted new order intakes at Indian manufacturers during August, which in turn pushed output growth to a nine-month high. Production volumes were also supported by a pick-up in exports and upbeat projections for the year-ahead outlook. Firms were at their most optimistic for six years. Indian manufacturers reported the fastest increase in production in nine months, which they attributed to greater sales, recent efforts to enhance capacities, fewer COVID-19 restrictions, and product diversification.

The IHS Markit India Services PMI continued its strong recovery as it came in higher at 58.9 in May up from 57.9 in April, indicating the fastest rate of expansion in over 11 years. Anecdotal evidence suggested that the upturn in output reflected better underlying demand and strong inflows of new work. The increase was sharp and the quickest since July 2011. Service providers mentioned that demand continued to strengthen following the lifting of COVID-19 restrictions and the resumption of events.

India's retail inflation, measured by CPI fell to a five-month low of 6.71% in the month of July as compared to 7.01% in June due to moderation in food inflation, but stayed well above the Reserve Bank of India's tolerance limit of 4-6% for the 7th consecutive month. Further, core inflation - or inflation excluding food and fuel - fell to 5.8% in July from 6% in June. At 5.8%, core CPI inflation is the lowest since September 2021, when it had also come in at 5.8%.

India's monthly exports grew by 2.14% year over year to $36.27 billion in July 2022 vs $35.51 billion in July 2021. However, imports during the month shot up by a whopping 43.6% year over year to $66.27 billion in July 2022 vs $46.2 billion in July 2021 led by silver, petroleum, coal, and gold. The trade deficit was $10.63 billion in July 2021.

The Goods and Services Tax (GST) collection in Aug 2022 came in at another record high level of ₹1.43 lakh crore up 28% YoY. This was the sixth month when GST revenues remained above Rs.1.4 lakh crore showing a steady increase every month.

India's foreign exchange reserves declined to their lowest level since October 2020, to $564 billion due to a sharp decline in foreign currency assets. The reserves dropped by $6.7 billion in the week ending August 19, 2022, compared to the previous week. In the week ending August

12, the reserves contracted by $2.2 billion. All components under forex reserves witnessed a drop in the week ending August 19, 2022. Gold reserves dipped as well after two consecutive weekly rises. The country's forex reserves continue to be under pressure amidst the biggest buying from overseas investors in the Indian market. Forex reserves are likely to be vulnerable in the near term as the US dollar index is moving towards mid-July highs.

The U.S. markets ended lower during the past week on lingering concerns about the outlook for interest rates and the impact further rate hikes will have on the economy. Markets have been under pressure since Federal Reserve Chair Jerome Powell indicated the central bank plans to continue aggressively raising interest rates during a speech last Friday. Powell suggested that even after the Fed finishes tightening monetary policy, rates will remain at higher levels to ensure inflation remains contained. Further, cautiousness prevailed in the markets as with a decrease in spending on private construction more than offsetting a jump in spending on public construction, the Commerce Department released a report showing U.S. construction spending fell by more than expected in July.

European markets ended the passing week in deep red. After a negative start, markets remained lower during the week, as Eurozone economic confidence weakened more than expected in August amid fears of recession. The survey results from the European Commission showed that the economic sentiment index fell more than expected to 97.6 in August from 98.9 in the previous month. The reading was forecast to drop moderately to 98.0. Likewise, the economic confidence index for the EU dropped 1.0 points to 96.5. Besides, Italy's industrial turnover declined for the first time in six months in June, though slightly. The data from the statistical office Istat showed that industrial turnover dropped a seasonally adjusted 0.2 percent month-over-month in June, in contrast to a 1.2 percent increase in the previous month. Domestic market turnover fell 0.3 percent after rising 1.4 percent. Meanwhile, foreign market turnover edged down 0.1 percent versus a 1.1 percent gain in May.

The S&P Global US Manufacturing PMI edged lower to 51.5 in August of 2022 broadly in line with market forecasts of 51.3 but down from 52.2 in July. The headline index reading was the lowest since July 2020, with the latest data indicating subdued overall health conditions across the US manufacturing sector. The weakness was mainly due to a fall in new orders leading to a contraction in output in turn linked to the impact of inflation and economic uncertainty on customer spending. Although employment rose further, it did so at the slowest pace since January, with backlogs of work rising only marginally. Output expectations strengthened from July's recent low, but stayed below the series trend.

The eurozone manufacturing sector continued to contract midway through the third quarter. Output fell at a similar pace to that seen in July, which was the strongest since May 2020, while new orders declined sharply once again. The S&P Global Eurozone Manufacturing PMI fell to 49.6 in August, down from 49.8 and further beneath the 50.0 mark that separates growth from contraction. Overall, this was the lowest reading since June 2020 and signaled a second successive deterioration in manufacturing operating conditions. Weak demand conditions were a major drag on goods producers in August, reflecting deteriorating purchasing power across Europe amid high inflation. Manufacturers subsequently cut their buying activity back further in response to the darkening economic outlook, although the reduced need for inputs helped lower the strain on suppliers.

The AU Jibun Bank Japan Manufacturing PMI came in at 51.5 in August 2022 as compared to 52.1 in July, indicating a softer improvement in the health of the sector that was the joint-weakest since February 2021. The Japanese manufacturing sector registered a slower improvement in operating conditions midway through the third quarter of 2022, according to August data. However, the headline figure masked weaknesses in two key components that make up the reading, as both output and new orders fell for the second successive month. Moreover, the rates of decline quickened from July, with the contraction in new orders the sharpest recorded in nearly two years. In a further sign, that near-term activity will remain depressed, the level of outstanding business fell for the first time in one-and-a-half years amid the lack of incoming orders.

Regarding China, The National Bureau of Statistics Manufacturing PMI for China rose to 49.4 in August 2022 from 49.0 in the previous month, surpassing market forecasts of 49.2. That said, the latest figure was the second straight month of contraction in factory activity, amid a resurgence of COVID-19 cases, new lockdowns in some cities, and power rationing due to the worst heat waves in decades.

Going Ahead

The global economy and financial markets have gone through extreme upheavals in the last two and half years. With the threat of the pandemic receding substantially, at last, the global economy is coming back to normalcy. Yet, the extremely benign monetary policy approach of the advanced countries since the Global Financial Crisis, of 2008 and huge stimulus measures rolled out by these countries during the pandemic have created structural imbalances. One manifestation of this has been very high inflation rates in most of those countries. In order to address such high inflation, countries are now tightening both monetary and fiscal policies in an aggressive manner. The process is likely to slow down growth in these countries impacting the overall global growth. Simultaneously, China one of the major engines of global growth in the last two decades is facing multiple challenges resulting in a major growth slowdown. The combined impact is likely to reduce global growth substantially in the current and the next year. There are fears of a global recession. These factors are adversely impacting financial market liquidity, corporate earnings, and investor sentiments.

There has been a substantial withdrawal of investments from equities by the foreign portfolio investors in the past year. With the ebbing of the threat from the pandemic and greater clarity on inflation and monetary policy outlook, foreign portfolio investors are turning back positive on Indian equities. With strong macro and corporate fundamentals and a reasonable valuation, there has been a marked improvement in foreign portfolio equity flows into Indian equities since late July 2022. As the fundamental, valuation and domestic liquidity situation has already been favorable for Indian equities, the turnaround in the sentiments of foreign portfolio investors is a major positive development for Indian equities. We remain positive on the medium to long-term outlook of Indian equities.

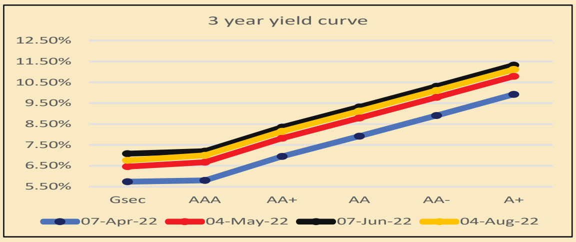
Fixed Income Services

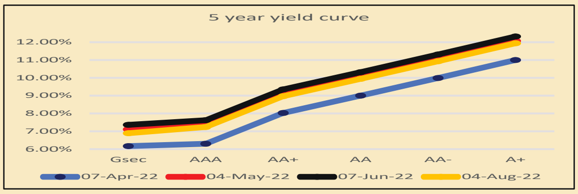
Monetary Policy Update
On 5th August 2022, based on the prevailing adverse global environment, the Monetary Policy Committee (MPC), unanimously increased the Repo Rate above the pre-pandemic level by 50bps to 5.40%, continuing the focus on withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting growth.

Key Rates:
- Repo Rate: 5.40% • Bank Rate: 5.65%
- Marginal Standing Facility (MSF) Rate: 5.65%
- Standing Deposit Facility (SDF) Rate: 5.15%
- Cash Reserve Ratio (CRR): 4.50%
- Statutory Liquidity Ratio (SLR): 18%

This has been RBI's third consecutive rate hike in the past three months, sticking to its resolve to withdraw accommodation. However, before the policy, in expectation of a dovish stance, the 10 Year G-sec rallied to ~7.12% which later retraced to 7.30% after the policy. To recall, the bond prices had already factored in for a large part of future rate hikes. The rally seen in the bond market over the last few days pre-policy, was in expectation of a dovish stance, which has reversed as the MPC's withdrawal of monetary accommodation is warranted over the next few meetings to keep inflation expectations anchored. That said, the RBI continues to see spillovers from prolonged geo-political tension, tightening global financial conditions, and the upsurge in global financial market volatility as key risks to growth and hence kept its growth projection and inflation forecast unchanged at 7.2% and 6.7% respectively. RBI said, it will remain vigilant on the liquidity front and conduct two-way fine-tuning operations as and when warranted – both variable rate repo (VRR) and variable rate reverse repo (VRRR) operations of different tenors, depending on the evolving liquidity and financial conditions. Going forward, pressures on USD/INR, actual inflation , and liquidity measures will drive yields.

The 3 year and the 5 year yield curve below demonstrates how yields have moved since the last review in June, 2022:





Source: RBI Press Release, Fixed Income Databases

- As seen above, the 3 year and 5 year yield curve saw easing across credits over the June review, with the 3 year and 5 year curve easing by ~20bps and ~38bps respectively.
- The AAA spread over G-sec has expanded by ~12bps in the 3 year space, from ~12bps to ~24bps, while the 5 year spread expanded by ~9bps, from ~26bps to ~35bps
- The 3 year G-sec eased by ~32bps whereas the rest of the 3 year curve eased by 20 bps leading to the expansion in the 3 year AAA spread over G-sec.

Secondary Market Bond Offers

Security	Maturity/C	IP	Rating	Yield
Tax Free Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
8.50% NHAI Tax Free 2029	05-Feb-29	Annual on 15-Mar	IND AAA/Stable	5.20%
8.66% IIFCL Tax Free 2034	22-Jan-34	Annual on 22-Jan	IND AAA/Stable	5.32%
PSB Perpetual Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
7.55% SBI Perp 2026	14-Dec-26	Annual on 14-Dec	AA+ by CRISIL & IND	7.70%
7.74% SBI Perp 2025	09-Sep-25	Annual on 9-Sept	AA+ by CRISIL & IND	7.49%
PSU Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
7.50% PFC 2031	22-Jan-31	Annual on 22-Jan	AAA by CRISIL, CARE & ICRA	7.55%
7.03% IRFC 2036	30-Jul-36	Annual on 15-Apr	AAA CRISIL & ICRA	7.32%
Corporate Bonds				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (31-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	11.50%
8.05% Mahindra & Mahindra Financial Services Ltd 2032	24-Jul-32	Annual on 01-Apr	AAA by IND Ratings & CARE	7.91%
8.00% HDFC LTD 2032	27-Jul-32	Annual on 27-Jul	AAA CRISIL & ICRA	7.72%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.45%
7.95% Tata Capital Fin Ser 2032	12-Aug-32	Annual on 12-Aug	AAA by CRISIL	7.75%
9.40% Hinduja Leyland Ltd 2024	28-Aug-24	Annual on 28-Aug	AA- by CARE	9.20%
8.95% Aditya Birla Finance 2029	06-Jun-29	Annual on 06-Jun	AAA by CARE & IND	7.80%
7.85% LIC Housing Finance Ltd 2032	18-Aug-32	Annual on 18-Aug	AAA by CRISIL & CARE	7.72%
9.70% UP Power 2031	Staggered Maturity (31-Mar-31)	30 Jun, 30 Sep, 31 Dec, 30 Mar	A+ (CE) BY CRISIL & INDIA RATINGS	9.32%
9.30% L&T Finance Ltd. 2026	23/03/2026	Annual on 23-Mar	AAA by CRISIL & CARE	7.58%

The above mentioned offer(s) are indicative and subject to changes in market conditions.
'Please note that investments in these bonds should not be construed as an advice or recommendation however we can facilitate the execution of the same. The bonds are tradeable on the Exchange platform, however we do not provide any assurance or guarantee on the liquidity of bonds. The investment decision shall at all times exclusively remain with the investor. The organisation shall not responsible or liable for any loss or shortfall incurred by the investors.'

ANCHOR (Market Linked Debentures)

C — **(Capital Preservation, Credibility & Transparency)**
Principal Protection[2]
At maturity, Independent Trustee to look after Investor interest

R — Secured by 1x cover on principal & Coupon

E — **(Equity)**
Strong & Adequate Equity Capital across business

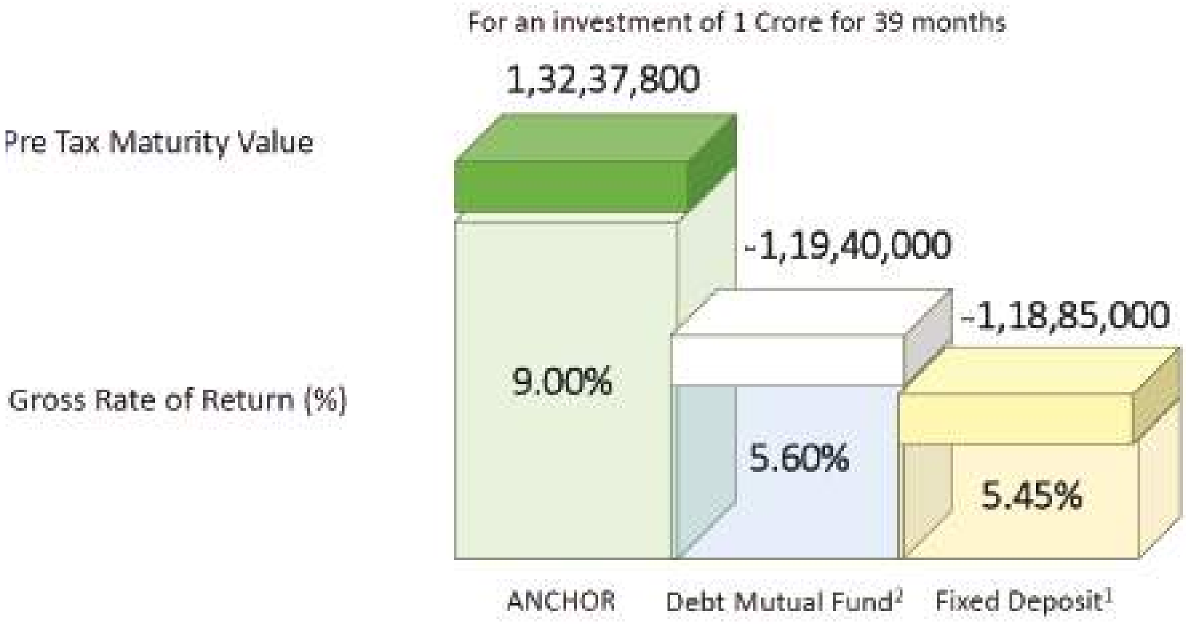
D — **(D/E)**
Low Leverage at 1.21

I — **(Interest)**
Opportunity[1] to lock in Pre – Tax High Yield of upto 9.00%

T — **(TAX)**
Taxed as LTCG of 20%[3] (Tenor> 36M)

1. Realized return on investment may differ depending on the investment timing, due to the difference in purchase value and face value of the security on the date of investment & Return is subject to the credit Risk of the Issuer.
2. Principal protection is at maturity; to the extent of the Face Value of the underlying investment in Market Linked Debenture (MLD) and subject to the credit risk of the Issuer
3. Taxation is pre surcharge and cess and as per our understanding, Investors are requested to solicit personal & professional tax advice on these instruments before investing.

What is ANCHOR?



1. 3 year Fixed Deposit rate effective 15th Feb, 2022, per SBI website https://sbi.co.in/web/interest-rates/deposit-rates/retail-domestic-term-deposits
2. Average Gross Yield to Maturity for Corporate Bond Fund Category as on 31st March, 2022

Product Specification

Product Name	ANCHOR
Entity	Anand Rathi Shares & Stock Brokers
Underlying	10 Year G-Sec (6.54 GS 2032)
Listing/Secured	Unlisted/Yes, with a minimum 1x charge against receivables
Face Value/Min Application	1,00,000 per bond/ Minimum 25 bonds
Type	Conservative G-Sec Linked
Principal Protected	Principal is protected at maturity
Option Tenor	36 Months
Redemption Tenor	39 Months
Entry Level	Primary Trade Date
Exit Level	36th Month from the date of issue
Min Coupon	0 % (0 % IRR)
Max Coupon	32.38 % ~(9% IRR)
Taxation	20% + Cess after 3 years
Coupon Scenario	If Final Level > 25% of Initial Level = Max Coupon,
	If Final Level <= 25% of Initial Level = Face Value Per Debenture

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This communication does not constitute an offer or solicitation for the purchase or sale of any financial instrument/security.

Product Payoff - ANCHOR (Illustration)*

G-Sec Entry Price	G-Sec Performance	ANCHOR Return	Redemption Value	ANCHOR IRR
110	10%	32.38%	1,32,37,800	9%
105	5%	32.38%	1,32.37,800	9%
100	0%	32.38%	1,32,37,800	9%
50	-50%	32.38%	1,32,37,800	9%
25.1	-74.90%	32.38%	1,32,37,800	9%
10	-90%	0.00%	1,00,00,000	0%
0	-100%	0.00%	1,00,00,000	0%

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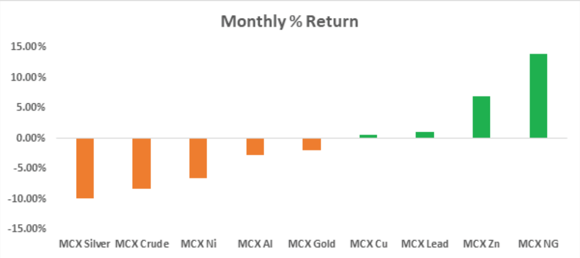
*Returns/IRR showcased are for illustrative purposes only. The returns are pre-tax. G-Sec Entry Price in the entry level of the 10 year G-Sec on Primary Trade Date.

Commodities Outlook

Commodities dropped as the IMF lowered global forecast



(Source: Bloomberg)

Bullions Update: Hawkish Central Bank & Rising Treasury Yield erases Monthly gains for August seen in Precious Metals Complex.

Bullions Prices ($/Ounce)				
	Spot Market (USD)		MCX Prices (INR)	
Date	Spot Gold	Spot Silver	MCX Gold	MCX Silver
31-Aug-22	1711.04	17.99	51238	54780
29-Jul-22	1765.94	20.36	50584	54715
1-Jun-22	1846.6	21.83	50913	62116
31-Dec-21	1829.2	23.31	48042	62514
% Change				
Monthly	-3.21%	-13.15%	1.28%	0.12%
QTD	-7.92%	-21.34%	0.63%	-13.39%
YTD	-6.91%	-29.55%	6.24%	-14.12%

Bullion ETF Holdings		
Date	SPDR ETF (tonnes)	ISHARE ETF (Million tonnes)
31-Aug-22	984.38	13328.10
24-Aug-22	989.01	13622.06
29-Jul-22	1005.29	14049.95
1-Jun-22	1069.81	15821.05
1-Sep-21	1001.72	15475.37
% Change		
Weekly	-0.06%	-2.21%
Monthly	-0.27%	-5.42%
Quaterly	-1.10%	-18.70%
Yearly	-0.22%	-16.11%

Gold & Silver Spot Gold declined for the fifth month in a row as fell by around 3 % in August month as it continued to lose its investment appeal against a stronger dollar and rising interest rates scenario with short-term treasury yields seen rising to the highest levels since 2007. Spot Silver however lost more heavily on concerns of a fall in industrial demand due to recessionary scenario emerging in top economies along with a slowdown in top consumers such as China while outperforming Gold as it lost 13.15 % in Spot markets.

MCX Gold September future however gained marginally at around 1.37% at Rs. 50,584 per 10 gm. Holding at the world's largest Gold ETF, SPDR Gold Trust moved lower to 984.38 tonnes as on 31st August 2022 from 1,005.29 tonnes as of 1st August 2022 indicating a continued loss in momentum in investment demand.

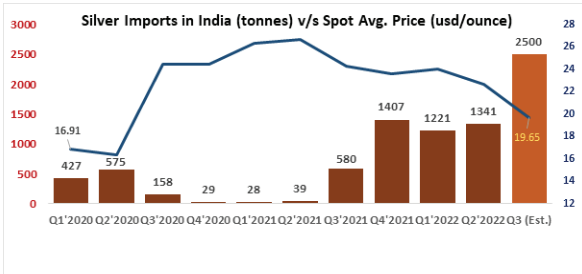
The month was guided by a string of hawkish stances from US Fed policymakers as they continued to prioritize their fight against inflation demonstrating a rate hike rush as Gold posted its longest monthly losing streak in 4 years.

The U.S. Federal Reserve's Loretta Mester said the central bank would need to raise interest rates somewhat above 4% by early next year which led Gold to lose its shine as it went almost near to USD 1705 per ounce.

In a high-interest rate environment, investors may fav other interest-yielding assets.

Meanwhile, the World Gold Council lowered its outlook for physical gold demand in the second half of 2022 amid slowing growth in the biggest markets, with China and India facing economic headwinds. The WGC also warned of weakening investment demand due to aggressive global monetary tightening.

Silver Industrial Demand to recover in India amid low prices



India's Silver imports in 2020 and 2021 were 2,218 tonnes and 2,773 tonnes respectively, down from 5,969 tonnes in 2019. This was mainly because Investors and Industry sold off silver after strong imports in 2018 & 2019. This led to destocking and depleted available stocks which led silver imports to surge to 5,100 tonnes in the first seven months of 2022 from just 2,773 tonnes in the entire 2021, according to provisional data from the Ministry of Commerce and Industry.

In July alone, India imported a record 1,700 tonnes of Silver, while in 2021, in the first seven months silver imports were a meager 110 tonnes. According to market participants, Silver imports are expected to bounce back to pre-Covid levels of 6,500-7,000 tonnes this year as there is a strong demand for the metal.

Bullion Outlook

Going ahead for the September month expectations that the Federal Reserve may continue to aggressively raise interest rates by 75 bps could continue to pressure prices in the initial half of the month while any significant recovery in the yellow metal prices remains dependent on macro data from the US along with dollar movements.

Expectations of ease in US CPI figures as food & fuel inflation continues to go down could ease the pace of rate hike expectations and may provide a temporary bounce in prices for September. On the downside MCX Gold to witness strong support around Rs. 49,600 per 10 grams in the October contract amid continued dollar strength a breach and a successful close below which we can expect further downside up to Rs. 47400 / 10 gm levels. Broader trading range for September to remain around Rs. 53700 – 49600 / 10 gm on MCX.

Meanwhile, Silver looks heavily sold as corrected sharply and outperformed gold last month. However owing to continued dollar strength and prospects of increased imports from the largest consumer India, silver may see a technical bounce back in the current month to around Rs. 54700 – 57625 / Kg levels in MCX December Contract. Overall broad trading range to remain around Rs. 57625 – 50625 / Kg. levels for September month.

Base Metals Update: Copper, along with other metals drifts lower as demand slowdown concerns offset supply tightness amid continued dollar strength.

LME 3M Forward Prices ($/tonnes)					
Date	Copper	Aluminium	Zinc	Lead	Nickel
31-Aug-22	7801.5	2359	3459.5	1950	21411
29-Jul-22	7917.5	2488.5	3308.5	2034.5	23619
31-May-22	9447.5	2787	3913.5	2182	28392
29-Dec-21	9680.5	2810.5	3513	2286.5	20383
% Change					
Monthly	-1.49%	-5.49%	4.36%	-4.33%	56.75%
Quaterly	-21.10%	-18.14%	-13.12%	-11.90%	48.01%
Yearly	-24.09%	-19.14%	-1.55%	-17.26%	62.68%

initial half of the August month which was seen since Mid-July as supply tightness persisted in the Metals complex driven by low inventory levels, especially in Copper & Zinc. The risk of smelter closures for Zinc & Aluminium driven by soaring energy costs in Europe & Power driven shortages in China supported the upside in the initial half of the month.

However, data released towards the end of the month showed China's manufacturing sector contracted for the second straight month in August as COVID-19 infections, the worst heat wave in decades, and an embattled property sector weighed on production, suggesting the economy is struggling to sustain momentum.
The real-estate crisis has ballooned this year, engulfing developers to banks, and forcing Beijing to soften its growth ambitions. Steel mills that churned out more than a billion tons last year, around half of the global output, are highly vulnerable to the slump that's also hit iron ore prices and miners from Australia to Brazil. China however lowered its benchmark lending rate during August while authorities stepped up support for the property market with additional loans, an attempt to bolster waning business and consumer sentiment as the economy struggled during the year while set to miss its annual growth target by a substantial amount.

Also, the state council of China's cabinet outlined a 19-point policy package in August, which included another 300 billion yuan that state policy banks can invest in infrastructure projects on top of the 300 billion yuan already announced at the end of June. But that failed to revive sentiments in Copper markets.

Outlook

Copper may continue to face headwinds on the upside as no significant signs of revival in demand are seen from China this month with the property market continuing to slump to new lows. Although with inventory levels at multi-year low levels in Shanghai coupled with yearly low inventories in LME, supply tightness could also persist during the month with Copper backwardation seen rising on LME in the past few weeks. MCX Copper may drop to 605 per kg in the September contract.

Energy Update: Black gold tumbled on recession fears, Iran deal talks WTI Crude oil futures declined for the third straight month and fell more than 9% to close below $90 per bbl, paring all the war premium amid a weakening demand outlook as aggressive rate hikes by major central banks threatened global growth, while top importer China adheres to a strict zero-Covid strategy that is derailing the recovery. After surging to a 14-year high of $130.5 per bbl in March, WTI futures declined to pre-war levels in February. OPEC production continues to rise as Libya's crude output has rebounded to its early April levels, to 1.2 million barrels per day after officials reached an agreement with protesters. Meanwhile, re-emerge of Iran nuclear talks further weighed on sentiments.

Market weighs the possibility of the return of Iranian oil into the global markets which could add almost 1.3 mbpd to the global supply. In August, President Joe Biden spoke with leaders from France, Germany, and the UK about reviving a nuclear deal with Iran. Still, a consensus has to be reached on various fronts between the two parties for reaching a final agreement, however, the odds of a deal are rising ahead of the mid-term election. Meanwhile, Iran has sent a constructive" text back to European Union mediators intending to finalize talks with the US to revive the 2015 nuclear deal, Nasser Kanaani, Iranian foreign ministry spokesman said in a statement.

Renewed lockdowns in China also raise fresh concerns. Millions of people in areas surrounding China's capital were ordered into lockdown, with authorities doubling down on efforts to contain Covid-19 ahead of a key ruling Communist Party meeting this year. Nearly four million people in Hebei province, which surrounds Beijing, were ordered to stay home until the end of the week as officials rush to curb a small virus flare-up. China is the only major global economy sticking to a zero-Covid policy and some of China's biggest cities from Shenzhen to Dalian are imposing lockdowns and business closures to curb COVID-19 outbreaks at a time when the world's second-biggest economy is already experiencing weak growth.

A slew of central bank meetings is due in the month of September, with the major ones being the Federal Reserve, European Central Bank, and Bank of England. Fed and ECB are expected to hike rates by a hefty 75 basis points, while BoE might raise by 50 basis points which might lead to a demand-sapping recession. Eurozone is already struggling from record-high inflation and power prices, while aggressive rate hikes hammer the economy.

OPEC+ meeting due on 5th September will be in focus after recent comments from Saudi Arabia on output curbs. Saudi Energy Minister bin Salman flagged the possibility that OPEC+ nations could cut production to counter the "disconnect" in the oil market and the potential return of crude exports from Iran. Fellow OPEC members like Iraq, Algeria, Kuwait, Equatorial Guinea, and Venezuela also released statements expressing their support. Meanwhile, the alliance's committee of technical experts slashed forecasts for this year's supply surplus in half, to 400,000 barrels a day. At the same time, it flipped projections for next year from an overhang of 900,000 barrels a day to a deficit of 300,000 a day.

Outlook

Oil has slumped by more than 20% in the three months through August as the Fed and other central banks hoisted rates, stoking concern of a slowdown or even a recession. The slump overturned all of the crude's gains since Russia's invasion of Ukraine at the end of February and prompted Saudi Arabia to signal the Organization of Petroleum Exporting Countries and its allies could cut supply. We believe the ongoing pressure on oil prices might continue to persist through September as fresh Covid lockdowns in China coupled with hawkish central banks poised to hike rates aggressively to quell inflation might hit demand. On the supply side, OPEC output is poised to rise in September aided by Libya and Saudi, while progressive talks in Iran nuclear deal might further add more than 1 mbpd in case a deal is clinched. OPEC+ is expected to keep output steady in next week's meeting as the market is already tight and uncertainty looms around Iran's nuclear deal. In case of any output cut surprises, we might see a bounce back, but the overall picture looks bearish for September. Risks to the view include an active hurricane season hitting production facilities in the Gulf of Mexico. We expect MCX Crude oil September futures to decline towards Rs.6,700 per bbl for September.

Agro commodity prices to recover on global weather woes

Agricultural commodities the world over are grappled with weather woes and the impact of the same was seen on the prices, which saw a moderate recovery in August. The Bloomberg Commodity Agricultural Subindex recovered 10% from lows hit in late July. The Index had earlier plunged more than 22% from its May peak amid the gloomy economic outlook and fears of a dent in demand. CBOT Soy oil and ICE Cotton contributed majorly to the gains in the Index. Half of Europe is facing a drought, including Romania, Spain, Ukraine, and the United Kingdom while similar conditions are being faced by the US and China as well. More recently, the deadly floods in Pakistan have damaged as much as half of Pakistan's cotton crop which accounts for 5% of global output, and could further shrink the world's cotton supply. ICE cotton gained almost 17% in August due to heightening weather worries affecting the world demand-supply balance sheet.

Talking about the domestic agro derivatives markets, the spillover effect of the international markets was seen to some extent on the Indian cotton prices as well. However, the gains were limited in the new crop contract considering a 5-6% increase in sowing and the arrival season ahead. The arrival of cotton from the Northern region will commence this month. However, the downside to is restricted as the domestic supply pipeline is empty and there will huge demand for the new crop arrivals.

We are at the fag end of the monsoon season and the MET department has forecasted above-average rains for September, 109% of the Long Period Average. Withdrawal signs are still not seen and thus next one-two month would be crucial for the cotton crop which is in its different growth phases across India. Accordingly, we expect the volatile movement to continue in the domestic cotton markets with the broad trading levels for the October contract seen between Rs 35,100 and Rs 41,000 (CMP: Rs 37,700 per bale).

Based on the trading volumes on the NCDEX Agro derivative market, Guar complex is having the highest liquidity at present. Both Guarseed and Guargum have seen around 30% fall from their peak hit in April 2022 and are now hovering near their one-year low. The fall was mainly due to favorable monsoon, the early arrival of rains in the largest growing state of Rajasthan, and almost 50% higher sowing, raising hopes of a bumper crop in the upcoming 2022-23 season that will start in

October.

Having discounted most of the bearish factors, the commodity is now due for a recovery considering the lower inventories amid two back-to-back years of lower production and improved exports. Guarseed and guargum prices rebounded sharply later in August erasing most losses and settled at 4% and 0.3% lower every month. In September, we expect 10-12% gains in both commodities on expectations of strong demand to meet the rising export commitments. Guard may test 5400-Rs 5,500 levels while guargum may see prices rising toward 10,000-10,200 levels.

Monsoon precipitation and withdrawal hold key for agricultural commodities and will also play a key role in driving prices in September. Thus, development needs to be monitored closely.

Currency Outlook

INDIAN RUPEE UPDATE:

The rupee fell for the eighth month in a row

Indian Rupee spot depreciated almost 20 paise and closed at 79.46 in the month of August amid broad dollar strength and worsening macro factors. On 29th August Rupee spot notched a fresh record low of 80.1287 against the dollar index after hawkish comments from Powell at the Jackson Hole symposium dampened investor sentiments. However, Rupee pared most of the losses towards month end, as strong foreign inflows into the domestic equities and the long-term Indian growth story aided sentiments.

Indian equity markets bounced back almost 3.5% during August amid easing domestic inflation, sharp fall in crude oil prices, dip buying, and robust FII inflows. Domestic equities have seen foreign investor inflows of about $6 billion in August, the highest since December 2020. FPI net investments have seen inflows of Rs.56,521 crores in the month of August, with more than 10% of the total flows coming into bonds. Crude oil plunged more than 9% amid concerns of demand sapping recession, rising supply from OPEC+, and covid led lockdowns in China. A decline in crude prices is a positive factor for the net importer of India.

Meanwhile, India’s foreign exchange reserves fell by $6.69 billion to $564 billion in the week ended 19th August, the latest data released by the Reserve Bank of India showed. The reserves are at their lowest level since October 2020 as RBI continues to intervene in the forex market to prop up the Rupee. Forex reserves have fallen more than $75 billion after touching a record high of $642 billion in September 2022.

In the August monetary policy meeting, RBI raised the benchmark repo rates by 50 basis points for the second time in a row to 5.4%, withdrawing 140 basis points of accommodation in the last three months. The Reserve Bank of India’s six-member rate-setting panel voted unanimously on the decision while sticking with its resolve to withdraw accommodation. Aggressive rate hikes by major central banks like the Fed, Bank of England, and European central banks have also prompted the central bank to hike rates by 50 basis points, even at the expense of a hit to growth. Meanwhile, RBI maintained FY23 forecasts for inflation at 6.7% and growth at 7.2%.

On the economic data front, the annual inflation rate in India edged lower to a five-month low of 6.71% in July of 2022 from 7.01% in June amid a slowdown and food and transportation costs. Federal tax cuts on auto fuels, edible oils, and higher subsidies on cooking fuels in effect since May have helped curb food and fuel price pressures. The Indian economy expanded 13.5% YoY in the second quarter of 2022, the most in a year but less than market forecasts of 15.2%. High GDP growth in Q2 was primarily aided by a low base as the second virus wave cratered output in the year-ago period. The QoQ output contracted at a larger pace than the typical seasonal drop, while YoY growth was sharply lower than the Reserve Bank of India's forecast, suggesting the central bank might be nearing the end of rate hikes.

The dollar index rose sharply in August by almost 2.7%, closing in at a 20-year high as broad hawkishness from Fed meeting minutes, the Jackson Hole symposium, and official speeches improved the conviction that Federal fund rates might stay higher for longer. During his speech at the symposium, Fed Chair Powell noted that the central bank remains determined to bring inflation down to 2% and that restoring price stability could require borrowing costs remain elevated for a prolonged time and dent growth. Meanwhile, Cleveland Fed President Loretta Mester said the central bank will need to raise the fed funds rate to above 4% in early 2023 and hold it there to curb sky-high inflation. Short-term yields in the US skyrocketed with 2-year treasury yields surging above 3.5%, the highest levels since 2007 on expectations of higher Fed funds rate in the near future. Weakness in the index heavyweight Euro also aids the greenback. Euro fell below $1 parity as the bloc’s economic outlook deteriorates amid a looming recession owing to the ongoing energy crisis.

Outlook

Indian Rupee spot has been continuously falling since the beginning of the year and has shed more than 7% YTD, but the trend has been unanimous even among the hard currencies such as Euro, Pound, and Yen as the greenback notched 21-year highs. Macro factors will take center stage in September with the much-awaited Labour data and CPI data from the US in focus. The dollar index might stay buoyed above 109 levels as Fed is expected to keep rates higher for longer, while safe-haven buying from China's slowdown and the Eurozone energy crisis might boost the rally towards the 111 mark. Ease in domestic inflation towards RBI’s upper tolerance level along with early signs of dampening growth might prompt the central bank to go slow from now on and is expected to hike by 25/35 bps in September and a similar move in December, taking the terminal rates to 6%. Going forward, we expect the Rupee spot to further depreciate towards 80/80.5 levels in September amid widening interest rate differentials as Fed might front-load another 150 basis points in 2022. Emerging market currencies might continue to see this weakness until the peak dollar and market acknowledgment of a dovish pivot from the Fed.

Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

Objective Focus on consistency of return and risk moderation by investing in Multinational Companies listed in India.

Investments into listed companies in India in which the foreign shareholding is over 50% and/or the management control is bestowed in foreign company and/or the technological and managerial know-how brought in by foreign partner/investor.

Successful Business Model

MNC's benefit from the economy of scales by spreading R&D expenditures and advertising costs over their global sales, pooling global purchasing power over suppliers, and utilizing their technological and managerial know-how globally with minimal additional costs.

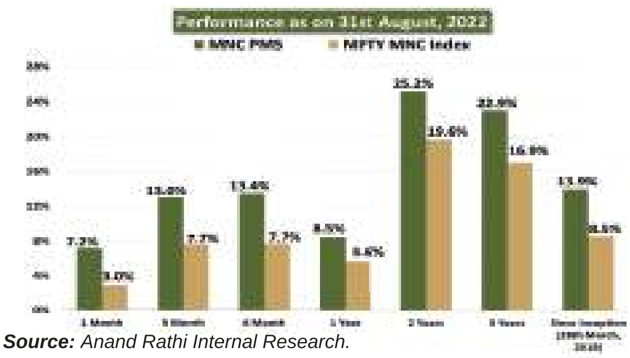
MNC's can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries

Strong Corporate Governance

MNC's are generally rated high for their corporate governance standard.

MNC's depict high transparency and accountability with well laid out policies and regulatory framework, internal control and risk management.

This provide good comfort for an investor who would not fall prey to any negative impact on investment due to corporate mis-management and fraud.



Source: *Anand Rathi Internal Research.*

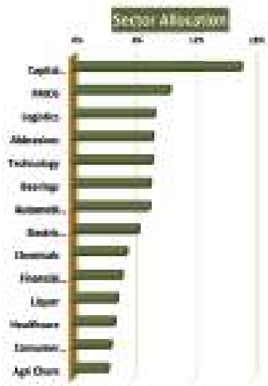
Healthy Balance Sheet

Top Holdings and Allocation

Sr No	Top 10 Holdings	% Holdings
1	KSB Limited	9.4%
2	Blue Dart Express Ltd	8.2%
3	Grindwell Norton Ltd	8.0%
4	SKF India Ltd	7.8%
5	Maruti Suzuki India Limited	7.7%
6	Siemens Ltd	6.6%
7	BASF India Ltd	5.4%
8	Hindustan Unilever Limited	5.3%
9	CRISIL Ltd	4.9%
10	Coforge Limited	4.7%

	Avg Mkt Cap (cr)
Large Cap	250647
Midcap	27076
Small Cap	8060
Overall Portfolio	86118

Data as on 31st August, 2022



The current model client portfolio comprise of 18 stocks. Portfolio is well diversified across market capitalization and sector. We have shown top 10 stocks based on current portfolio. Most of the stocks are given more or less equal and sizable weightage in portfolio

Selection Process

Out of 4500 listed Company, there are only 90 odd MNC Companies which are own by Foreign Promoter with more then 1000 cr Market Cap which make the stock universe limited for further evaluation.

Note: *Returns above one year are annualized. Returns are net of fees and expenses.*

Disclaimer: *Past Performance is not necessarily indicative of likely future performance. Performance mentioned above are not verified by SEBI. We have shown the performance as Aggregate performance of all clients on TWRR basis.*

Anand Rathi PMS

Decennium Opportunity

Focus on return optimization by investing in multicap portfolio of companies with good corporate governance, strong emerging business or companies entering into next business upcycle.

India Vision: Global Powerhouse with USD 5 Trillion dollar economy by 2025

Emerging business of ongoing Industrial Revolution

Opportunity - Accelerated Growth from Business Upcycle

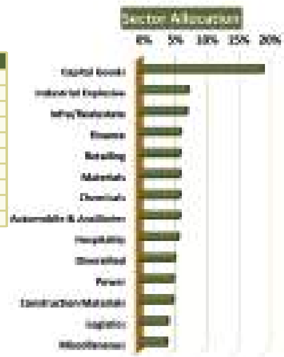
- Indian economy has found its place among the key global players in many of the sectors.
- India increasing its share and becoming a part of the global supply chain and also a reliable partner.
- Government focus on building capabilities, scale and good manufacturing practices.
- PLI, Export incentive and Atmanirbhar Bharat Initiative very well supportive to strengthen India's private players/ Entrepreneurs to scale up their business.
- With overall economic growth both at macro and micro level and favorable policy many sectors enters into their next business upcycle

Opportunities at every level of emerging business

Stock Selection Process

Portfolio Synopsis

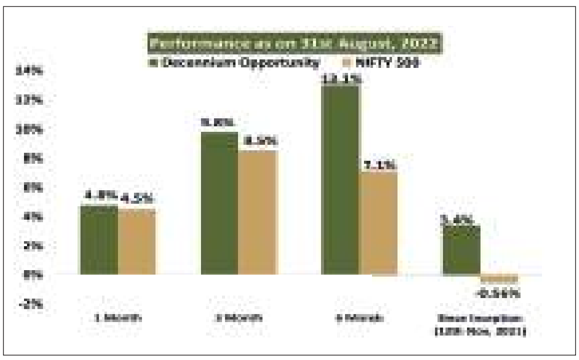
No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.1%
2	Solar Industries India Limited	7.8%
3	Oberoi Realty Limited	7.6%
4	Praj Industries Ltd	6.7%
5	Bajaj Finserv Limited	6.5%
6	Aditya Birla Fashion and Retail Limited	6.4%
7	Greenpanel Industries Limited	6.4%
8	Gujarat Fluorochemicals Limited	6.4%
9	Craftsman Automation Limited	6.4%
10	Easy Trip Planners Limited	6.2%



	Avg Market Cap (cr)
Large Cap	551351
Midcap	33053
Small Cap	6901
Overall Portfolio	141564

Data as on 31st August, 2022

The current model client portfolio comprise of 16 stocks. Portfolio is well diversified across market capitalization and sector. Most of the stocks are given more or less equal and sizable weightage in portfolio.



Structure Product Idea

Nifty Accelerator

Product Name	Nifty Accelerator : 100%	
Issuer	Anand Rathi Global Finance Limited	
Underlying	Nifty 50 Index	
Capital Guarantee	Principal is not protected	
Tenor(days)	1875 Days	
Initial Fixing Level	150 pointscontingent from closing nifty then rounded to next 100	
Final Fixing Level	Average of Closing NIFTY on last Thursday of 47th, 50th, 53rd & 56th Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100.0% (IRR –~12.12%)	
Participation Rate1 (PR1)	100% (From 108% to 133% of Initial Fixing Level)	
Participation Rate2 (PR2)	2500% (From 130% to 133% of Initial Fixing Level)	
Decay Multiple (DM1) Knock-In Put @ 84.99%	1.10x (below -15% till - 30% fall with catch-up)	
Decay Multiple (DM2) Nifty @ 70% of initial	0.10x (Beyond -30% fall decay decreases)	
Payoff	If Final Fixing Level is at or above 133% of Initial Fixing Level	Contingent Coupon
	If Final Fixing Level is Above 108% & below 133% of Initial Fixing Level	(NP-8%)* PR1+ Max (0%,(NP-30%)*PR2
	If Final Fixing Level is above 85% & at or below 108% of Initial Fixing Level	Principal Protection
	If Final Fixing Level is below 85% of Initial Fixing Level	MAX(-100%,MAX((-30%*DM1),NP* DM1)+MIN(0%,(NP+30%)*DM2))

PAYOFF (100.0%: Market Linked Debentures Idea)

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
36540	110.00%	100.00%	15.50%	14.40%
34800	**100.00%**	**100.00%**	**14.40%**	**14.40%**
26100	50.00%	100.00%	8.20%	14.40%
23142	**33.00%**	**100.00%**	**5.70%**	**14.40%**
22968	32.00%	74.00%	5.60%	11.40%
22794	31.00%	48.00%	5.40%	7.90%
22620	**30.00%**	**22.00%**	**5.20%**	**3.90%**
20880	20.00%	12.00%	3.60%	2.20%
18792	**8.00%**	**0.00%**	**1.50%**	**0.00%**
17400	**0.00%**	**0.00%**	**0.00%**	**0.00%**
17158	-1.40%	0.00%	-0.30%	0.00%
15660	-10.00%	0.00%	-2.00%	0.00%
14790	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
14788	-15.01%	-16.51%	-3.12%	-3.45%
13920	-20.00%	-22.00%	-4.30%	-4.70%
13050	-25.00%	-27.50%	-5.40%	-6.10%
12180	**-30.00%**	**-33.00%**	**-6.70%**	**-7.50%**
11310	-35.00%	-33.50%	-8.00%	-7.60%

Product IRR* **14.45%**

Tenor **1875 Days**

Target Nifty Perf. **33%**

Product Explanation

NP >= 33%	100% (Contingent Coupon)
32% < NP < 33%	Max(0%,(NP-30%)*PR2
8% < NP < 33%	(NP-8%)* PR1
-15% <= NP <= 8%	Principal Protection
-30% <= NP < -15%	1.10x Decay with Catch-up
Nifty falls beyond -30%	Decay decreases to 0.10x

*Product IRR assume to be Pre-Tax IRR
•NP: Nifty Performance
^ Initial Fixing Level is taken as 17158 adding 150 points contingent: 17308, rounded off to next 100: 17400.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only)return from 1st Jan'2001 –31ttJuly 2022.

Source: Anand Rathi Internal Research.
Note: Such representations are not indicative of future returns.

Structure Product Idea

Nifty Magnifier

Product Name	Nifty Accelerator : 80%	
Issuer	Anand Rathi Global Finance Limited	
Underlying	Nifty 50 Index	
Capital Guarantee	Principal is not protected	
Tenor(days)	1875 Days	
Initial Fixing Level	150 pointscontingent from closing nifty then rounded to next 100	
Final Fixing Level	Average of Closing NIFTY on last Thursday of 50th, 53rd & 56th Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	80.0% (IRR –~12.12%)	
Participation Rate1 (PR1)	100% (From 108% to 124% of Initial Fixing Level)	
Participation Rate2 (PR2)	2133% (From 121% to 124% of Initial Fixing Level)	
Decay Multiple (DM1) Knock-In Put @ 84.99%	1.10x (below -15% till - 30% fall with catch-up)	
Decay Multiple (DM2) Nifty @ 70% of initial	0.10x (Beyond -30% fall decay decreases)	
Payoff	If Final Fixing Level is at or above 124% of Initial Fixing Level	Contingent Coupon
	If Final Fixing Level is Above 108% & below 124% of Initial Fixing Level	(NP-8%)* PR1+ Max (0%,(NP-21%)*PR2
	If Final Fixing Level is above 85% & at or below 108% of Initial Fixing Level	Principal Protection
	If Final Fixing Level is below 85% of Initial Fixing Level	MAX(-100%,MAX((-30%*DM1),NP*DM1)+MIN(0%,(NP+30%)*DM2))

PAYOFF (80.0%: Market Linked Debentures Idea)

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
33060	90.00%	80.00%	13.30%	12.10%
31320	**80.00%**	**80.00%**	**12.10%**	**12.10%**
26100	50.00%	80.00%	8.20%	12.10%
21576	**24.00%**	**80.00%**	**4.30%**	**12.10%**
21402	23.00%	57.70%	4.10%	9.30%
21228	22.00%	35.30%	3.90%	6.10%
21054	**21.00%**	**13.00%**	**3.80%**	**2.40%**
20010	15.00%	7.00%	2.80%	1.30%
18792	**8.00%**	**0.00%**	**1.50%**	**0.00%**
17400	**0.00%**	**0.00%**	**0.00%**	**0.00%**
17158	-1.40%	0.00%	-0.30%	0.00%
15660	-10.00%	0.00%	-2.00%	0.00%
14790	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
14788	-15.01%	-16.51%	-3.10%	-3.50%
13920	-20.00%	-22.00%	-4.30%	-4.70%
13050	-25.00%	-27.50%	-5.40%	-6.10%
12180	**-30.00%**	**-33.00%**	**-6.70%**	**-7.50%**
11310	-35.00%	-33.50%	-8.00%	-7.60%

Product IRR* **12.12%**

Tenor **1875 Days**

Target Nifty Perf. **24%**

Product Explanation

NP >= 33%	80% (Contingent Coupon)
32% < NP < 33%	Max(0%,(NP-21%)*PR2
8% < NP < 33%	(NP-8%)* PR1
-15% <= NP <= 8%	Principal Protection
-30% <= NP < -15%	1.10x Decay with Catch-up
Nifty falls beyond -30%	Decay decreases to 0.10x

*Product IRR assume to be Pre-Tax IRR
•NP: Nifty Performance
^ Initial Fixing Level is taken as 17158, adding 150 point contingent : 17308, rounded off to next 100: 17400.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only)return from 1stJan'2001 –31stJuly 2022.

Source: Anand Rathi Internal Research.
Note: Such representations are not indicative of future returns.

Technical Analysis

NIFTY: SEPTEMBER 2022

LEVELS TO WATCH OUT FOR: 17800 – 18000 / 17350 - 17000

In our August monthly view, we mentioned that trading the markets might be difficult during the month. In line with that, the domestic markets remained extremely volatile throughout the month on the back of various domestic and international triggers. In-house RBI policy; FED commentaries, geopolitical issues, and the Covid situation in China were the major elicits that kept the markets moving. During the process; index NIFTY almost retested the 18K mark during the first half of the month and then nosedived to the 17200 mark and ultimately closed the month near 17800 with gains of around 3%.

The bearish SHARK pattern on the NIFTY index is still intact. In addition; the index has breached the previous week's low after nine-week and this indicates the first sign of weakness. Also, we are witnessing a reversal candlestick pattern on the weekly scale. We reiterate that; even a bare minimum correction of 38.6% of the entire rally from 15200 to 18000 could lead to a bigger crack in the stocks. Thus, we maintain our stance that the prudent strategy can be to avoid fresh longs in index and book profits in trading bets. On the downside; 17350 might be crucial support for the coming weeks. A breach of this support might drag the index towards 17000 - 16800 levels. On the upside; 17750 – 18000 might be a supply zone for the coming weeks. We would turn aggressively bullish only on a close above the 18000 mark. The recent price action indicates signs of some distribution and hence we have a cautious stance on the markets.

Along with the benchmark index; even the NIFTY BANK index remained highly volatile during the month but also outperformed. However; the index recovered back to reclaim the 39000 mark and end the week extremely flat. We maintain a cautious stance on the NIFTY BANK index and below 38000 we might see a corrective move toward 37000 – 36000 in the coming weeks. The view would be negated above the 40000 mark on a closing basis and that would affirm a fresh breakout in the index.

Technical Pick - BUY DHANUKA

POTENTIAL UPSIDE 16.90%- 22.54%

- Since Nov 2021; **DHANUKA** has been trading sideways to slightly negative.
- However; recently the stock has broken out of the range as per price action.
- The price action resembles descending triangle breakout and that could trigger faster upside.
- Along with the breakout; the counter has managed to close back above its 200 day exponential and simple moving average. Thus; traders are advised to accumulate the stock **in the range 720 - 700** with a stop loss of 630 on closing basis forthe upside potential target of 830 followed by 8701evels in coming 3 — 6 months.

Overview of ICICI Venture

ICICI Venture, established 1988, is a pioneer in Indian Alt Assets market

ICICI Venture at a Glance

$5bn	600+	100+	81+
AUM/A since inception	Investments since 1988	Investments since 2002	Exits since 2002

Our Existing 4 Verticals

	Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A[1]	$1.6bn[2]	$700mn[2]	$453mn[3]	$1.25bn[4]
Strategies	Growth Equity	Equity	Energy	Debt, Mezzanine
	Joint Control	Debt	Utilities	Distress Buyouts
	Buyouts	Mezzanine	Buyouts	Equity Recaps

Sector Footprint

- Banking, Financial Services, Insurance
- Consumer, Retail/eTail Brands
- Healthcare, Pharmaceuticals
- Media & Entertainment
- Manufacturing, Industrials, Logistics
- RE & Infra

[1] Excluding IIC AUM (1988-2002); [2] Includes co-invest capital; [3] Through Resurgent Power which is co-sponsored by ICICI Venture and Tata Power Company; Figure represents equity capital commitments; [4] Through AION which is in a strategic alliance between ICICI Venture and Apollo Global (US). As of April 2020, ICICI Venture and Apollo have jointly agreed to a revised format whereby AION will continue to be managed by Apollo and advised by ICICI Venture until the end of its term. Both of ICICI Venture and Apollo are free to pursue future investment opportunities independently.

Overview of ICICI Group

ICICI Venture leverages ICICI Group linkages

Trusted Brand Name

- Strong brand identity in the Indian ecosystem
- Partner of choice for global and domestic investors

Access to Proprietary Deal flow

- Longstanding relationships across the ecosystem of Indian businesses: owners/promoters, bankers, regulators, policy makers and consultants
- Being one of India's largest banks, well connected across the spectrum of small, medium and large corporates

Deal lifecycle

- Sectoral expertise and information
- Institutional knowledge and experience
- Privileged market insights from networks with key stakeholders
- Relationships across the value chain

Access to a large pool of talent and infrastructure

- Support from the banking, insurance, capital markets intermediation and asset management teams
- Access to financing options / M&A advisory

Our PE exit track record (2009 onwards)

We have a proven, superior exit track record through diverse strategies

Realisation by exit strategy[1]

Examples of different exit strategies

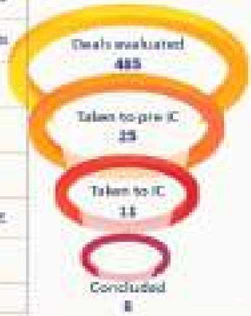
RFCL	GO COLORS!	KIMS HOSPITALS	STAR	WABAG
Exit Strategy : Sum of parts sale	*Exit Strategy: IPO*	*Exit Strategy : Sale to PE*	*Exit Strategy: Sale to Strategic,PE*	*Exit Strategy : IPO*
Investment : Dec-2009	Investment : Jan-2018	Investment : Jun-2014	Investment : Mar-2010 (IAF3) / Aug -2016 (IAF4)	Investment : Apr-2005
Exit : Feb-2013	Exit: Nov/Dec 21 (Partial)	Exit : Jun-2018	Exit : Mar-2023	Exit : Jul-2011
Gross INR MOIC: 8.2x[4]	Gross INR MOIC : 6x	Gross INR MOIC : 2.8x	Gross INR MOIC : 4.2x/3x	Gross INR MOIC : 29.8x
Gross INR IRR: 81.9%[3]	Gross INR IRR: 59%	Gross INR IRR: 28.0%	Gross INR IRR: 25% / 55%	Gross INR IRR: 118%

(1) INR Realization represented in USD based on actual exchange rates corresponding to the period of the respective exit transactions 2009 onwards ; (2) Indicates number of exit transactions corresponding to AF portfolio companies include both fully and partial realized exits; (3) Q3 CY 2009 onwards, "IPO/Capital Markets" realization includes exits from unlisted companies that were merged/swapped with listed companies; (4) Consolidated MOIC and IRR across two separate exit transactions i.e., RFCL Wabco and RFCL

IAF4 Portfolio Overview

Backing leaders and emerging leaders in fast growing sectors in India

IAF4 Portfolio	Entry Year	Investment[1] (INR Mn)	Sector	Strategy	Stake	Exit/ Liquidity	Gross INR MOIC[2]	Exit Strategy
STAR	2016	1,000	BFSI	Growth PE	4.19%	Exited	3.03x	Sale to strategic/PE
GO COLORS!	2018	1,000	Consumer	Growth PE	13.79%[3]	Partially Exited	6x-8x	IPO, Capital markets
India1	2019	1,000	BFSI	Joint Control	21.40%[4]	2022-23	2.5x-3x	IPO / strategic
Antheo	2016	1,650	Mfg	Growth PE	26.22%[5]	2022-23	2.5x-3x	Sale to PE / IPO
KIMS	2021	1,800	Healthcare	Growth PE	2.42%	Listed	2.5x-3x	Capital markets
[illegible]	2017	1,250	Consumer	Joint Control	40.99%	2024-25	5.5x-6x	Sale to strategic/PE
DCB BANK	2018	2,358	BFSI	Growth PIPE	4.36%	Listed	2x	Capital markets
[illegible]	2021	1,600	Mfg	Growth PE	15.3%-24.2%	2024-25	2.5x-3x	IPO



Proposed key fund terms (India Advantage Fund S5 II)

Key fund terms*

Indian Fund (Feeder Fund)	Organized as a close-ended, contributory, determinate trust, under registration with SEBI as a Category II AIF (Fund of Funds); ICICI Venture is Settlor, AIF Sponsor, Manager of the Feeder Fund. Will invest solely in India Advantage Fund S5 I which is organized as a close-ended, contributory, determinate trust, registered with SEBI as a Category II AIF (Master Fund). ICICI Venture is Settlor, AIF Sponsor, Manager of the Master Fund
Minimum Capital Commitment	INR 10 Million (or as per extant SEBI AIF Regulations)
Final Closing	18 months from First Closing (excluding extensions, if any)
Investment Period	5 years from First Closing (excluding extensions, if any) for Master Fund. Feeder Fund to be co-terminus with Master Fund
Fund Term	8 years from Final Closing (excluding extensions, if any) for Master Fund. Feeder Fund to be co-terminus with Master Fund
Management Fee	2% p.a. (net of GST) at Master Fund level plus INR 1 Mn p.a. (net of GST) at Feeder Fund level. Master Fund Management Fee to be charged on the basis of Capital Commitment made by Feeder Fund during Investment Period and net invested capital thereafter
Offering Expenses (Class FC1 Unit-holders)	Upto 2% (net of GST) of the capital commitment made by Class FC1 Unit holders. Will form part of overall Capital Commitment
Feeder Fund Expenses	Feeder Fund Set up Expenses and Operating Expenses shall be charged at actuals, subject to a cap of 0.25%^ per annum (net of GST) as percentage of aggregate capital commitments received by the Feeder Fund at it's Final Closing, on an annualized average basis over Feeder Fund's term, plus pro-rata share of Master Fund Expenses
Master Fund Expenses	Master Fund Set up Expenses and Operating Expenses shall be charged at actuals, subject to a cap of 0.75%^ per annum (net of GST) as percentage of aggregate capital commitments received by the Master Fund at it's Final Closing, as calculated on an annualized average basis over the Master Fund's Term or Extended Term as maybe applicable, excluding one-time acquisition and divestment expenses incurred by the Master Fund
Hurdle Rate of Return	Applicable at Master Fund level (12% IRR on INR basis, pre-tax with full catch up)
Additional Return	Applicable at Master Fund level only (20% on whole fund basis)
Application Money (Class FC1 Unit-holders)	10% of Capital Commitment. Will form part of overall Capital Commitment and shall be utilized towards first drawdown

*Subject to legal & tax advice, SEBI Regulations and approvals; for further details please refer PPM; ^ subject to final closing size being equal to target size

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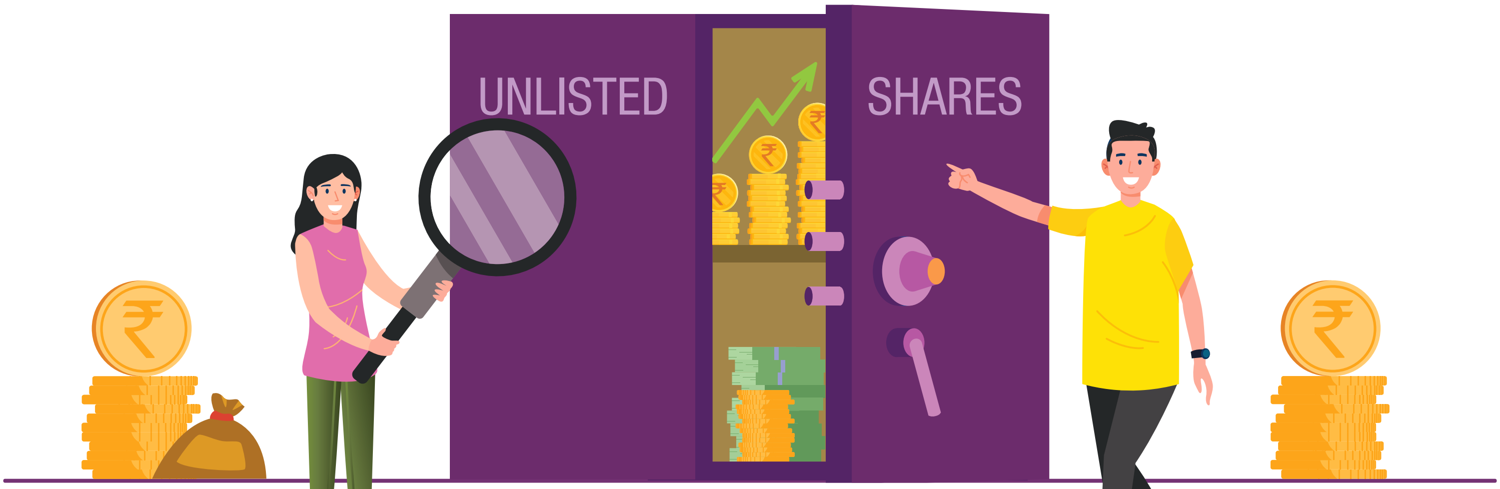
Explore the
Hidden Treasure of **Unlisted Shares***
With
EQUITY UNICORN
Investment in Unlisted Shares*



What are
Unlisted Shares*?

Unlisted shares is a financial instrument that is not traded on a formal exchange, Trading of unlisted shares is done in over-the-counter (OTC).

Reliance Retail	Retail
HDB Financial Services Ltd.	Financial Services
Chennai Super Kings	IPL Team
TATA Technologies Ltd.	Engineering
(API holdings Ltd.)	Healthcare Product
Studds Accessories Ltd.	Helmet Accessories
Care Health Insurance	Insurance
Sterlite Power Transmission Ltd.	Power & Transmission
Phillips India Ltd.	Electronics
Mohan Meakin Ltd.	Beverages
Kurlon Ltd.	Mattresses
Hero Fincorp Limited	Financial Services

*These are not Exchange traded products and all disputes with respect to the distribution activity, would not have access to Exchange Investor Redressal Forum or Arbitration mechanism.

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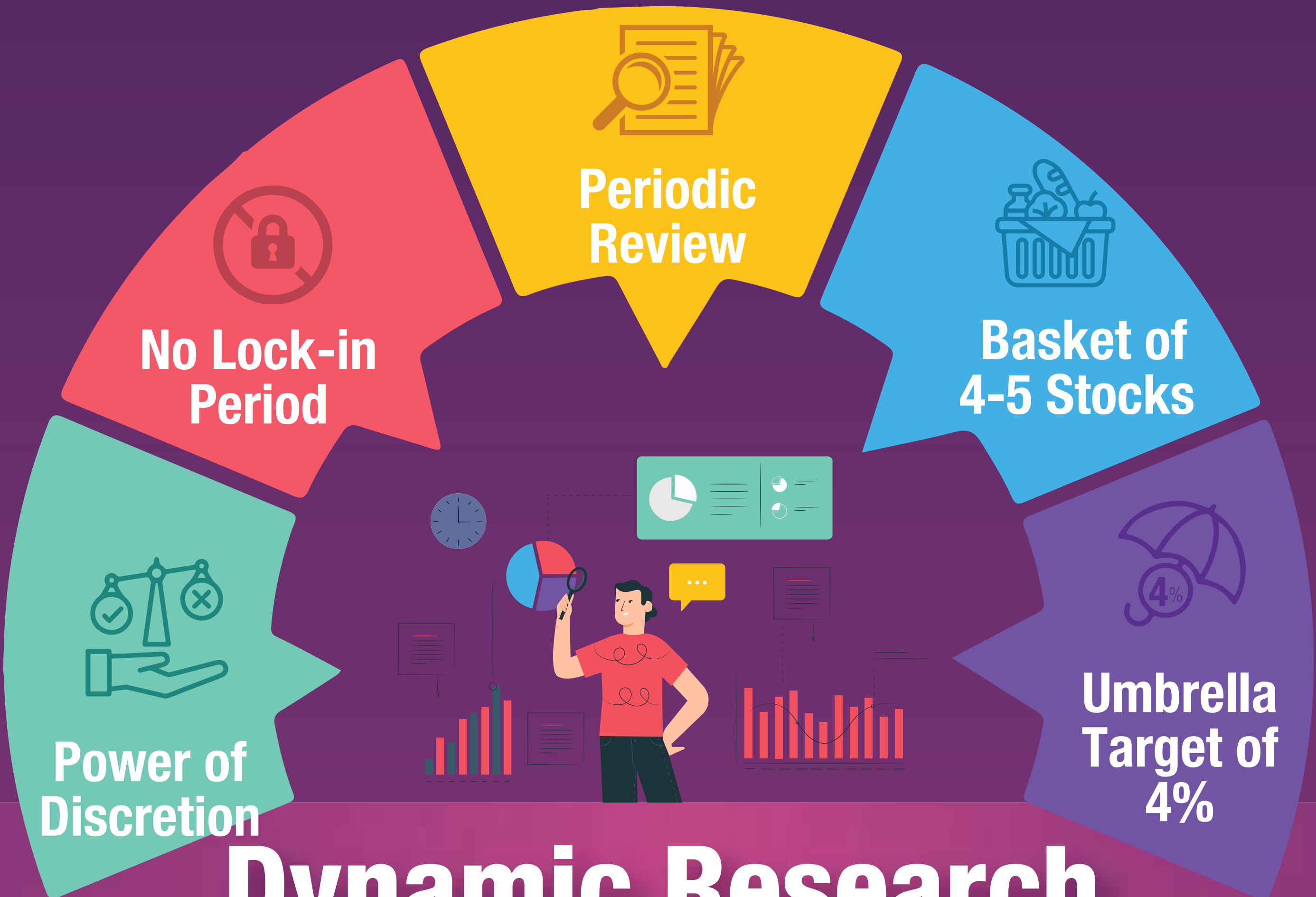
Quality Investing - Simplified!

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

Finkart offers benchmark-relative strategies across the market-cap spectrum of India. We believe the stock market is tremendously efficient to provide opportunities for the disciplined investor.



Dynamic Research Basket Stock Allocation

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FINANCIAL
FLASH
SEPTEMBER 2022

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The Investments recommended in News letter / research reports, may not be suitable for all investors. Investors must make their own investment decisions based on their own specific investment objectives and financial position and using such independent professional advisors as they believe necessary.