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INDEX

PCG Communique

From the Desk of the PCG Head

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The globe was healing from post Covid pandemic, that's when we, entered into a geopolitical conflict between Ukraine & Russia which create ripple effect across the global in terms higher crude prices, across commodity prices has started inching up resulted in higher inflation. Higher inflation which has resulted in higher interest rates hike by all central banks across the globe. We haven't come out of the war and there has been an insurgence of a another geopolitical crisis in the Middle East after the surprise attack of Hamas on Israel and subsequent declaration of war by the latter. The conflict between Israel and Hamas risks embroiling other Middle East nations and has the potential of fuelling another bout of inflationary pressures and even tipping the global economy into a recession.

An escalation of the Israeli-Hamas war would be the second geopolitical jolt for the global economy in less than two years. The war in Ukraine compounded by the attacks on Israel may have far-reaching impacts on energy and food markets, global trade, and geopolitical relationships. Compounding the problem, US Treasury yields have soared on concerns that higher oil prices will revive inflation pressures. That's another headwind for nations running high budget deficits as they'll likely struggle to raise funds in global markets.

The World is facing the war crisis on 3 front. Israel-Hamas conflict comes on top of Russia's protracted war on Ukraine and there is already a simmering superpower tensions between the US, South Asian Countries and China along the South China Sea. These risk will rattle the global market for longer than expected with higher US Bond Yields, higher-for-longer dollar and oil price. The world is at an interception point, where either we make or break.

The U.S. economy has shown resilience and a similar trend is being witnessed in India. The American economy accelerated to a 4.9% annualised rate in the July-September period, the fastest pace in nearly two years. The FOMC commentary states that the interest rate will to be higher for longer. These high elevated rates will result in economic slowdown by early next year, helping bring down inflation further over the next few months, and the first sign of rate cuts will be then around the 2nd qtr of next calendar year. That's where we will see markets move ahead of economic recovery.

Almost 787 companies have declared the 2nd qtr results. While we have seen the top line has been almost flat for most of the companies leaving BFSI. The bottom line for most of the companies has seen a significant upside. The high PAT growth was due to the correction in commodity prices and price hike by most companies for their products which resulted in high EBITA margin. We have seen volume uptick in Auto while FMCG has shown no growth in volume uptick or the volume growth has been in low single digit. IT has seen a very muted 2nd qtr results as expected. Companies are looking for cost optimisation and attrition are coming down. Most of the IT company has commented lower in discretionary spending.

The International Monetary Fund has raised India's growth forecast on higher consumption even as the global economy is estimated to slow down. The IMF projects India's GDP to grow 6.3% in FY24, 20 basis points higher than previously estimated, according to the World Economic Outlook published. Growth in India is projected to remain strong at 6.3% in both FY24 and FY25, with an upward revision of 0.2 percentage point for FY23, reflecting stronger than expected consumption during April-June. However, the baseline forecast is for global growth to slow from 3.5% in 2022 to 3% in 2023 and 2.9% in 2024, well below the historical (2000–19) average of 3.8%. Advanced economies are expected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline from 4.1% in 2022 to 4% in 2023 and 2024. Global inflation is forecast to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024 due to tighter monetary policy aided by lower international commodity prices, according to IMF. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases. Monetary policy actions and frameworks are key at the current juncture to keep inflation expectations anchored.

India's September CPI inflation came in at 5.02% YoY, lower than the Bloomberg consensus forecast of 5.4%. This compares with a print of 6.8% in August and a peak of 7.4% in July 2023. In some sense, it is a shot in the arm for the RBI, which consistently maintained that there was hope of some of the inflationary pressures being transitory. However, the larger question is whether lower inflation can bring about a change in stance by the central bank and, eventually, the investing appetite of corporate India.

Coming to markets, Oct has been the month wherein FII's has been net sellers to an extent of INR 29,056CR, while DII's has been net buyers for INR 25106 CR. For the last 3months FII's has been net seller in Indian market to a tune of INR 76368CR while DII's has been supporting the market. The Mutual Fund industry crossing the 4 crore unique investors mark is a testament to Indian retail investors' participation in equity markets through the Mutual Fund route. This is further demonstrated by the SIP contribution crossing 16k crore. In September 2023 SIP contribution has been of ₹ 16,042.06 crores which is the highest to date and the stellar growth of 21% in overall AUM. Even after experiencing foreign fund outflows for the last three months, India is still the largest recipient of FPI flows so far this year among emerging markets. The FPIs were sellers in Thailand, Taiwan, the Philippines, Malaysia, Indonesia, and Vietnam, according to Bloomberg data.

India is 6 months to go for the election years we have witnessed that in the last 5 elections since 1999 till 2019, in all the five election year except for 2004, Nifty has given a positon return. I opine to the view that markets will anticipate the existing govt to come for the next term and will give a pre-election rally.

Understanding data, if we see Nifty levels on Nov 2021, market was trading near to 17900 and currently we are @ 19200. So ideally if you see over the last 2 years Index has appreciated by just 7.26%. Dollar terms the return is (-5%). In dollar terms Indian market hasn't given any return for the last 2 years. At the same time if we see the Nifty EPS on 2021-22, we ended @ 765 Vs 23-24 we are projected to end @ 950. So Nifty EPS has appreciated by 24.5% whereas mkt delivering a return of 6% in rupee terms. As told we are projecting to end the FY with a NIFTY EPS of 950 for FY24 and with the current NIFTY of 19200 we are trading near to a P/E multiple 20x and 17.5x PE for FY25 earnings of 1100. Market will start catching Y25 earning and we are relatively at the lower end of the valuation taking FY25 earnings estimates. I believe there is a lot scope of price catching the earnings. Most of the Large caps are trading below their mean average multiple. And especially large caps weren't trading at those high multiples vs what the mid-caps were trading at. Hence at these times of fear & crisis, investors will move from high beta names to defensives and Large cap is the place, where most of the investment will take its shelter where valuation supports.

In last six months till Sept 2023, the small-cap index is up 40%, while the Nifty Mid-Cap 100 Index has risen by 29% Vs Nifty is up by 13%. In terms of valuation Nifty was trading @ PE of 21, while the mid-caps index was trading @ P/E of 22 and small caps index is trading @ P/E of 24.4. On a 1- year forward basis the Mid-Cap index was trading at 24.1 times compare to 18.7 times for the Nifty. There was clearly a room for correction in the mid-cap area, most particularly as a continuing rise in the oil price has created the potential to create some renewed inflationary noise in India and across the globe.

We see most of the large Cap Pvt banks are trading P/BV of 2-2.5x Vs the historical P/BV of 2.5-4x. IT companies are trading nearing to their 10 year mean P/E. Most of the auto companies has seen margin expansion due to cooling of raw materials prices. We believe there is there is lot of potential in some of Pvt Banks, Auto & IT names where investor should look for an opportunity.

Wish you Happy Investing…

Election Year	Nifty Status (Nov to April)		Total Points Rally	Nifty Return(%) in the last 6 months of the Election Year
	Nov	April		
1999	823	978	155	18.83%
2004	1601	1483	-118	-7.37%
2009	3043	3473	430	14.13%
2014	6307	6696	389	6.17%
2019	10380	11748	1368	13.18%

Diwali Picks 2023

Diwali Picks 2023

Script Name	CMP as on 30th Oct-2023	Target Price (12 Months)	Upside Potential	Market Cap. (₹Bn.)	PE/PB (FY25E)	Rationale/Description
Syrma SGS Technology Ltd.	612	735	20%	108	36	The company has a total order book of approx. ₹ 35,000 million, with ₹ 22,000-23,000 million expected to be delivered in the next 12 months. The company has done a capex of ₹ 500 million in the Q1 FY24 and plans to spend ₹ 2,000-2,500 million in total for the year. Company can be a key player in the growing ESDM industry (especially in the ODM segment) if it grabs the opportunities available across end-user industries and executes well on the burgeoning order inflows.
IDFC First Bank Ltd.	83	114	37%	587	12	IDFC First has undergone the first phase of its transformation from an infra financier to a granular retail lending bank. Investment in technology and building a scalable liability franchisee would keep costs high in the near term, despite strong granular loan growth. The bank expects the credit card business to breakeven by FY25. 24-25% of the credit card mix are revolvers. The bank expects to reach 13-15% ROE by FY25 and 1.4-1.6% ROA by FY25.
DLF Ltd.	554	640	16%	1,370	40	The company is re-entering Mumbai with a slum redevelopment project in Andheri West. This project is a joint venture with the Trident Group, with DLFU investing Rs 4,000 million for a 51% stake. The planned development spans 3-3.5 msf, with the first 0.9 msf to be launched within 12 months. For FY24, management expects pre-sales to surpass ₹ 1,20,000 million, driven by significant inventory, upcoming launches, and strong demand. They plan to introduce msf of projects valued at Rs 1,97,000 million, with the majority in Gurugram along with projects in Chennai, Chandigarh , and Noida.
MTAR Technologies Ltd.	2,471	2,970	20%	76	32	The company is expanding its product range, including valves and semi-cryogenic engines in the defense and space sectors. MTAR expects to secure defense contracts shortly, enabling direct supply to major OEMs and the Ministry of Defense. They are also considering new facilities in Europe and the US to enhance their supply chain and competitiveness. Their electrical and harness system is undergoing certification and is expected to qualify by Q2 FY24.
TVS Motor Company Ltd.	1,609	1,850	15%	764	33	TVS has been able to expand its presence beyond the South and currently has a significant presence in all the regions, in terms of sales. The efforts taken over the years to improve its PAN-India dealer network have resulted in having a domestic presence. company is poised to outperform the industry on the back of new product launches in ICE & EV segments, higher focus on exports and premiumization, operating leverage, benign input prices and price hikes.
Mahindra & Mahindra Ltd.	1,497	1,770	18%	1,862	12	M&M has been the dominant market leader in the domestic tractor market, commanding a market share of 42.9% in Q1FY24 (41.2% in FY23). With its offerings across different brands of Mahindra, Swaraj, Trakstar and soon to be launched Oja and its well-entrenched sales and service network, it is expected to maintain its leadership position going forward as well. The introduction of new range of OJA tractors is expected to boost its topline in the future.

Market Commentary

The Nifty index ended the October month on a slighter weaker note as it closed at '19,047' as compared to September end '19,709', a decline of 3.35%. Similarly, Sensex ended the October month at 63,783 with a negative return of 3.10%.

Bears strengthen their grip over Dalal Street with frontline gauges tumbling two and a half percent during the passing week as traders continued to remain worried over Israel-Hamas conflict which created an environment of uncertainty and put pressure among global stock markets. Rising US Treasury yields too dampened sentiments as 10-year US Treasury yield had retraced from 16-year higher levels and had come down below 5 per cent levels. Markets made pessimistic start to the holiday truncated week as Crude oil quoting above $90 a barrel mark plays spoil sports for the markets. Sentiments also remain dampened with statement of Shashanka Bhide, one of the three external members on the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC), that trade-related measures to improve domestic supply can help cool down food inflation only in the short run. Selling continued during the week as sentiments remained down-beat with private report stating that Indian consumer spending during this year's festival season will be slightly better than in 2022, but probably not enough to ramp up the speed of what is already the world's fastest-growing major economy. Investors overlooked report that investment in the Indian capital markets through participatory notes rose over a six-year high at Rs 1.33 lakh crore at September-end, making it the seventh consecutive monthly increase, on the back of robust macroeconomic fundamentals. Traders also paid no heed towards reports that government think tank NITI Aayog initiated a study to develop a comprehensive action plan to bridge India's trade deficit with China over time and align trading strategies with emerging geopolitical situation and potential risks to safeguard supply chains. Meanwhile, the Union Cabinet has approved a memorandum of cooperation (MoC) between India and Japan on a Semiconductor Supply Chain Partnership. The memorandum of cooperation between the two countries was signed in July. However, buying on final day of the week helped markets to pare some losses as traders took some comfort after Israel heeded to US's request of delaying its Gaza invasion to make time to negotiate hostage releases and keep humanitarian aid flowing into Gaza.

The S&P Global India Manufacturing PMI unexpectedly dropped to 55.5 in October 2023 from 57.5, missing market consensus of 57.7. It was the 28th straight month of increase in factory activity but the softest pace since February, as output rose the least in 8 months, new order growth hit its lowest level in a year, and foreign sales expanded at the softest pace in 4 months. At the same time, the rate of job creation was slight and the slowest since April while backlogs of work were little-changed since September. Concurrently, suppliers were often able to deliver inputs on time, with vendor performance being broadly stable. Buying levels remained robust, but the rate of increase was the softest in 8 months. Price trends were mixed, as both input costs and output charges increased but inflation of the former accelerated while factory gate charges rose to a weaker extent. Lastly, confidence slipped to a five-month low, amid concerns surrounding the path for inflation and demand.

The S&P Global India Services PMI decreased to 58.4 in October 2023 from 61.0 in September, below market forecasts of 60.5, pointing to the softest growth in the sector since March, amid subdued demand and price pressures. New business rose for the twenty-seventh month in a row. Although the weakest since May, the expansion remained substantial, with export order growth being the second-fastest upturn since the series began in September 2014. Employment continued to rise despite the job creation being the slowest in three months. On the pricing front, input price inflation accelerated and was above its long-run average but remained softer than most of those registered in the prior fiscal year. Meanwhile, output cost inflation rose to the fastest in close to six-and-a-half years. Finally, business sentiment deteriorated amid rising inflation expectations.

India's retail price inflation dropped to 5.02% year-on-year in September 2023, down from 6.83% in the previous month and well below the market consensus of 5.5%. This rate fell within the central bank's 2-6% target range for the first time in three months, primarily due to a significant slowdown in food inflation (6.56% vs. 9.94% in August). Prices also rose at a slower pace for pan, tobacco, and intoxicants (3.88% vs. 4.10%), clothing and footwear (4.61% vs. 5.15%), housing (3.95% vs. 4.38%), and Miscellaneous (4.77% vs. 4.91%). Additionally, fuel and light costs fell by 0.11% after a 4.31% increase in August. On a monthly basis, consumer prices fell by 1.13% in September, the most significant decrease since December 2013.

The country's merchandise exports fell in September 2023. India's merchandise exports in September fell to $34.47 billion as compared to $35.39 billion in the year-ago period. India's overall exports (Merchandise and Services combined) in September 2023* are estimated to be USD 63.84 Billion, exhibiting a negative growth of (-) 1.20 per cent over September 2022. Overall imports in September 2023* is estimated to be USD 68.75 Billion, exhibiting a negative growth of (-) 13.67 per cent over September 2022. The country's merchandise imports dropped 15.0% to $53.84 billion as compared to $63.37 billion a year before. The merchandise trade deficit for April-September 2023 was estimated at USD 115.58 Billion as against USD 140.83 Billion during April-September 2022.

The Goods and Services Tax (GST) collections for the month of October 2023 stood at ₹1,72,003 crore which is 13% higher than the GST revenue in the same month last year, which itself was ₹1,51,718 crore. During the month, revenue from domestic transactions (including import of services) is also 13% higher than the revenues from these sources during the same month last year.

India’s foreign exchange reserves have again shown negative signs as it decreased by US$2.36 billion to $282.25 billion in the week through October 20. Foreign currency assets decreased by $4.15 billion to $421.32 billion for the week ending October 20.

The U.S. markets ended lower during the passing week as U.S. Treasury yields rose, reviving fears that interest rates could stay higher for longer. The benchmark 10-year Treasury yield during the week traded nearly at 5.00 percent. Concerns around middle east tensions also dampened market sentiments. Israel Prime Minister Benjamin Netanyahu said the country is preparing for a ground invasion of Gaza. Meanwhile, the particularly steep drop by the Nasdaq reflected a negative reaction to quarterly result from Alphabet. The company reported third quarter earnings that exceeded estimates but weaker than expected revenue from its cloud business. Besides, the weakness on markets came in despite the release of a slew of largely upbeat U.S. economic data, including a Commerce Department report showing GDP soared by more than expected in the third quarter of 2023.The Commerce Department said gross domestic product spiked by 4.9 percent in the third quarter after jumping by 2.1 percent in the second quarter. Street had expected GDP to surge by 4.2 percent. The stronger than expected GDP growth partly reflected a surge in consumer spending, which soared by 4.0 percent in the third quarter after climbing by 0.8 percent in the second quarter. Private inventory investment, exports, state and local government spending, federal government spending, and residential fixed investment also increased. The positive contributions were partly offset by a decrease in nonresidential fixed investment as well as an increase in imports, which are a subtraction in the calculation of GDP. The Commerce Department also said the acceleration in GDP growth compared to the previous quarter reflected accelerations in consumer spending, private inventory investment, and federal government spending and upturns in exports and residential fixed investment.

European markets ended passing week on a lackluster note, weighed down by some disappointing earnings updates and concerns about inflation and interest rates. After a slightly positive start, markets added gains, as Germany's business confidence improved in October. The survey results from the ifo Institute showed that the business climate index rose to 86.9 in October from 85.8 in the previous month. Companies are somewhat more satisfied with their current business and managers were less pessimistic about coming months. The current situation index registered 89.2, up from 88.7 a month ago and the expected level of 88.5. The expectations index advanced to 84.7 from 83.1 in September. The reading was seen at 83.3. Besides, Sweden's foreign trade balance turned to a surplus in September from a deficit in the previous year, as exports rose faster than imports. The figures from Statistics Sweden showed that the trade balance showed a surplus of SEK 2.2 billion in September versus a deficit of SEK 0.1 billion in the corresponding month last year.

Asian markets ended mostly in red during the passing week due to the stronger than expected US GDP data that raised concerns the US Fed will leave interest rates higher for longer than expected. Worries about the conflict in the Middle East amidst reports of an imminent ground invasion of Gaza by Israel also weighed on the markets. Seoul stocks tumbled by over three percent after a survey showed consumer sentiment in the country slid for the third straight month in October. Traders overlooked upbeat data showing the country's GDP grew at a slightly faster-than-expected pace in the third quarter.

Japanese shares fell by over two percent, amid uncertainty over monetary policy after the benchmark 10-year Japanese government bond yield hit a fresh 10-year high. Speculation was rife that the Bank of Japan could make further adjustments to its yield curve control policy at next week's monetary policy meeting. Some concern also came as flash estimates by the au Jibun bank showed business activity in the country contracted in October for the first time since December 2022. However, Chinese Shanghai ended marginally in green as the country ramped up efforts to stimulate its beleaguered economy. The government announced plans to issue sovereign bonds worth 1 trillion yuan ($137 billion) in an effort to support the recovery amid sluggish growth. A bulk of the issuance will be directed towards infrastructure spending, particularly rebuilding disaster-hit areas and bolstering relief capabilities. Traders also took some support with data showing that profits at China's industrial firms extended gains for a second month in September, helped by policy support to boost growth.

The S&P Global US Manufacturing PMI was confirmed at 50.0 in October 2023, marking a slight improvement from 49.8 in September and indicating a stabilization in the health of the manufacturing sector. New orders increased for the first time in six months, reaching the fastest pace since September 2022. Additionally, the rate of output growth accelerated, albeit slightly, to the second-fastest level since May

2022. On the other hand, backlogs of work shrank for the thirteenth consecutive month, and employment levels declined for the first time in 39 months, with the steepest drop since June 2020. On the pricing front, input costs rose at the fastest rate since April, primarily due to increased oil and oil-derived material costs, while output charges saw their most significant increase in six months. Finally, business confidence dipped to its lowest point in 2023 so far, largely due to diminishing backlogs and relatively subdued demand conditions.

The HCOB Eurozone Manufacturing PMI came in at 43.1 in October 2023, down from 43.4 in September and compared with a preliminary estimate of 43. This marked the sixteenth consecutive month that the Eurozone's manufacturing sector has been in contraction territory, and the sharpest in three months. New orders, purchasing activity, and backlogs all contracted significantly and rapidly, leading to a notable decrease in factory production. In fact, October’s contraction in new orders was among the strongest ever recorded, highlighting significant weaknesses in the Eurozone's manufacturing economy. Furthermore, the survey indicated the fastest reduction in factory employment levels since August 2020. Business confidence also decreased, reaching an 11-month low.

The au Jibun Bank Japan Manufacturing PMI was revised upward to 48.7 in October 2023 from a flash figure and September’s 7-month low of 48.5. The latest result, however, was the fifth consecutive fall in factory activity, as output and new orders contracted further. Both have fallen for five months in a row since some marginal growth in May. Meantime, foreign sales shrank the most since June, with China being a key source of reduced overseas orders, although Europe and the US were also mentioned. Firms chose to cut their buying activity, amid the first drop in employment since February 2021. There were some modest delays in the delivery of inputs to their plants, and this helped to explain in part why input price inflation remained elevated. Meanwhile, selling prices continued to increase, with manufacturers seeking to pass on higher costs to their customers. Finally, sentiment remained upbeat, owing to hopes that the current downward trend in demand will soon bottom out.

Going Ahead

The Indian economy is doing well. In recent months, there has been a significant increase in industrial production and infrastructure activity. Early indications and predictions indicate that the demand during current festive season will be one of the best in a long time. Bank credit and deposit growth rates continue to be robust. Significant decreases in the inflation rate have occurred, which will eventually result in a softer interest rate environment. While India's exports are suffering as a result of the global downturn and rising protectionism, India's service exports are rapidly booming. Trade and current account deficits are shrinking. The government's finances are in good health, with large growth in tax receipts, modest growth in revenue spending, and a strong increase in government investment spending.

However, the global macroeconomic environment has deteriorated slightly in recent months. The combination of quick monetary tightening, hawkish central bank remarks, and a massive government borrowing programme has resulted in spike of bond yields in the United States. This has a detrimental impact on global financial markets. Businesses and investors appear to be becoming more risk averse. The Hamas attack on Israel and Israel's ensuing counterattack on Palestine have significantly heightened geopolitical risks. Even though neither Israel nor Palestine have crude oil resources, the possibility of countries with oil reserves joining the war may cause world crude prices to rise.

The conflict between Israel and Palestine dates back more than 75 years. In addition, six major clashes have occurred between Israel and Hamas since 2006. Each time in the past, UN interventions prevented the conflict from escalating and taking on a regional dimension. We expect that similar initiatives will deescalate the situation again this time. Similarly, with US inflation falling dramatically in recent months, we anticipate that the destabilizing effect of high US bond yields on financial markets will begin to fade.

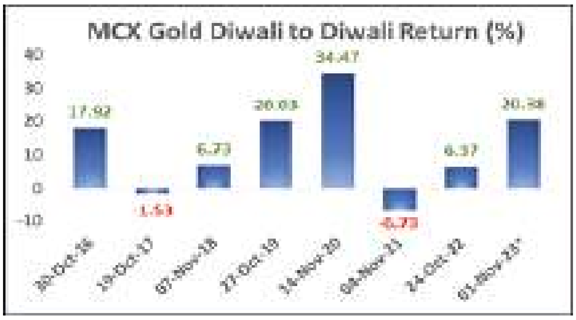
Despite solid domestic fundamentals and considerable domestic flows into the equities market, global uncertainty and the withdrawal of cross-border portfolio investment from India last month caused equity market fall. There are also fears that the recent big surge in the Indian equity market has resulted in valuation overstretching. Concerns are mainly focused on mid- and small-cap firms. There are also concerns that the rate of corporate earnings growth may decelerate in the face of a gloomy global economic outlook and downcast global consumer and business mood.

It is commonly known that equities markets may be extremely volatile in the short-term. As a result, the probability of a further mild market downturn cannot be ruled out. However, the main driving force of the Indian equity market is domestic demand, and the outlook in this regard remains positive. Since 2018, the compounded profit growth of large cap indices has been around 13%. Earnings growth for mid-size companies has been however around two times greater and more than three times higher for small cap companies. So far, the results released by publicly traded firms for the fiscal quarter ending September 2023 have been roughly in line with forecasts. The broader market's rally has been consistent with the fundamentals. At current levels, Indian equity market valuations are largely in line with long-term norms, and this is true even for mid and small company indices. As a result, despite near-term uncertainty, we remain bullish on Indian equities in medium to long-term prospects.

Commodities Outlook

Precious Metals: Gold skyrocketed almost 8 - 9 % in October as escalating geopolitical conflicts drives safe haven appeal.

Gold which witnessed heavy volatility in the month of October after it plunged to $ 1820 an ounce in Spot in the first week of the month. Prices rallied to above $ 2000 an ounce as ISRAEL HAMAS conflict drove safe haven flows into the yellow metal. The price of yellow metal shot up in response to the war between Israel and Palestine. Israel launched airstrikes on Gaza in the first week of October.



These gains came amid lackluster third quarter which witnessed corrective moves in Gold as US economy showed signs of resilience which was earlier forecasted to go into recession by the end of 2023. Overall Gold ended the third quarter with marginal losses amid higher for longer interest rate scenario, lack of ETF Gold demand, rising yields and strengthening dollar all weighing on the sentiments.

On the demand front, Global Gold ETFs saw net outflows for the fourth consecutive month in September. North American & Europe funds bore the bulk of outflows while Asian funds led inflows. However Reuter's poll conducted in the first week of November showed Gold prices will rise in 2024 from current year's average on bets that global central banks would start monetary policy easing and after the Middle East conflict provided a boost to gold's safe-haven rally above $2,000. The poll of 30 analysts and traders conducted in October returned a median forecast for gold at $1,986.5 a troy ounce for 2024, up from $1,925 expected this year.

Fundamental Outlook: (CMP $ 1992 per ounce). Gold vulnerable to further upside in near term amid caution persisting over global economic slowdown concerns beyond Q4 2023.

Gold looks vulnerable to heavy volatility in the coming months as a breach of all time high levels around $ 2080 on COMEX looks likely given the cumulative effects of Federal Reserve interest rate increases and reduced credit availability to show signs of finally biting. Also peak festive season in India along with start of wedding season from November onwards could keep sentiments firm supporting prices at lower levels.

On the global front, effects of higher interest rates are starting to show as US Credit card borrowing costs continue to reach the highest since records began, Car loan and personal loan rates soar in US, while mortgage rates continue to stay up at around 8%. At the same time, the sources of funds to spend are looking less supportive with Real household disposable income showing flatter growth, savings are being run down and consumer credit is starting to be paid back, with student loan repayments restarting. Hence consumer spending is expected to grow at a weaker pace in the fourth quarter with this decelerating trend continuing in 2024. Home builder sentiment in US have also remained lack lustre which weakens the outlook for residential construction towards 2024. Also big surge in inventories seen in the third quarter may not come in as strongly in the fourth quarter. In recent weeks, interest rates on credit cards surged to almost 30%, and mortgage and car loan interest rates have jumped to 8%. Overall we anticipate Spot gold which is near to $ 2000 levels now, could witness further upside upto $ 2025 – 2040 levels in Spot in near term. However on the downside markets could witness strong supports in the range of $ 1930 -1925 per ounce levels given probability of an end of war in near term to lead to decline in war premium a breach of same supports could witness further declines upto $ 1900 per ounce levels. On MCX December futures contract prices are expected to trade in the range of Rs. 58,350 – 62,500 per 10 gm (CMP Rs. 61000) in the current month.

Oil prices to take a breather in October, after

an outsized rally in Q3 2023

Crude had a turbulent October, with prices swinging roughly between $81 and $91 range. After September's outsized rally of more than 9%, Oil started October with a steep plunge as macro headwind clouded. Elevated oil prices and inflationary concerns turned Fed's tone a bit hawkish and higher for longer interest saga once again came in the limelight last month. Prices plunged to as low as $81.50 level in the first week of October, just a day before the geopolitical tensions escalated.

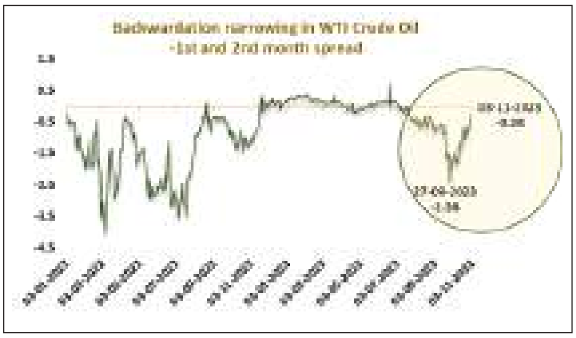
Hamas's attack on Israel on Oct. 7 sent prices surging on the potential supply threat from Middle East. Prices climbed to as high as $90. However, with the war's contagion fears

subsiding, the economic concerns again took a center stage, sending WTI to their first monthly declines since May. WTI oil fell 10.7% in October to $81.02/bbl while MCX Crude oil ended 9.6% lower to close at Rs 6782/bbl.

Outlook for November

As the risk premium from the Israel- Hamas war vanished, demand concerns have again come to a forefront exerting pressure on the oil prices. Despite OPEC+ supply cuts remaining in place, oil markets have turned cautious due to the shaky macroeconomic outlook. The prevailing high interest rates and the bleak economic outlook signals softer demand for Oil in the months ahead. China's Factory activity moved back into contraction last month which also hints to weak demand ahead.

Talking about the supplies, even with Saudi output cuts continuing through end 2023, the gulf between production and consumption is seen easing as US output has climbed and held



at an all-time high of 13.2 mn bbl for past four straight week, helping bridge demand supply gap.

Nonetheless, keeping aside the demand woes, oil price has reasons that might limit the downside.

Considering the key oil market barometer ie- the WTI time spread, we see the backwardation has narrowed substantially (from $2.38 to $0.28), indicating tight supplies easing. However, inventories levels at Cushing storage remaining close to minimum operational level, we don't see, time spread moving into wide contango.

A glance through the latest CFTC reports showed, Nymex WTI Crude Oil managed money long-only total was the lowest in 10 weeks while the short only total was the highest in 16 weeks. The long short ratio for the same fell from 15.7 to 3 in the last 6 weeks. It is observed that a buying opportunity generally emerges when this ratio nears 1.2-1.5. Thus it is crucial to keep close watch on the CFTC positions.

Another reason that could limit a steep fall is the OPEC's defensive stance. OPEC output cuts is likely to continue if crude oil hold near the prevailing levels, thus keeping the supply side restricted and oil balances into deficit. Moreover, in case the Israel- Hamas war spillover into the wider Middle East, and supply disruption occurs to a large extent, then a sharp rebound might also be possible.

To conclude, as long as OPEC+ supply cuts stays in place, oil markets will remain in deficit. Thus, the current fall amid signs of softening demand might be limited to the extent of

$78-$76 per bbl level (CMP: $80) and a bounce could be seen later in the month. As long as, there is no major escalation in the ongoing Israel-Hamas war, upside too will remain restricted to the extent of $85-86 levels. In a Nutshell, the combination of supply deficit and the signs of softening demand, would keep oil prices between $75-85 per bbl level for the benchmark NYMEX WTI and Rs 6,300-Rs 7,100 for the MCX Crude oil.

Currency Outlook

Indian Rupee Update

FPIs snapped 6-month buying streak in October as well

Foreign inflows are important to fund the trade deficit and maintain the external sector stability. Since the start of FY24, India benefitted from an improvement in global risk sentiment and its robust macro fundamentals which drove FPI inflows. During the period Apr'23 to Aug'23, FPI inflows into India swelled to US$ 22bn, which also helped in maintaining currency stability. However, the situation has reversed since then. There is a growing belief that the Fed rates are likely to remain elevated for a longer period which has led to a surge in US yields, thereby drawing interest from foreign buyers. To put this in perspective, US 10Y yield increased by 46bps in Sep'23 and by another 26bps in Oct'23 so far. It traded close to the 5% mark in mid-October, which was the highest level since Aug'07. While India's 10Y yield too has inched up, especially after Governor hinted at OMO sales, the spread between India and US 10Y yield has narrowed considerably to an average of 283bps in Sep'23 and further to 258bps in Oct'23. In 2019, i.e. the pre-pandemic period this spread was ~480bps.

Uncertainty around the future course of the war has also soured investor sentiments making them risk-averse, leading to outflows. On the positive side, FPI inflows into debt have picked up post JP Morgan's decision to include Indian bonds into its GBI-EM suite. This has helped offset the withdrawal of FPIs from the equity segment. FPIs confidence needs to be seen for Rupee appreciation.

Oil prices and India's external position:

In H1FY24, India's combined trade deficit stood at US$ 40.2bn, lower compared with US$ 75.3bn in the same period last year. While goods exports have contracted, it has been offset by resilient services exports. On the imports side, both goods and services imports have decline sharply, which has contributed to the lower deficit. India's merchandise imports have declined by about 12% in H1FY24, with oil imports lower by more than 21%. Interestingly while global oil prices averaged about US$ 105/bbl last year, the corresponding figure for this year is much lower at US$ 82/bbl. This coupled with the fact that India has also been purchasing discounted oil from Russia can explain the lower oil imports. Tight supply due to output/export cuts by Saudi Arabia/Russia had already raised concerns of a supply deficit in Q4CY23 which lead to oil prices breaching the US$ 90/bbl mark in Sep'23. With the war in Israel, the situation has become even more precarious. If more Middle-Eastern nation get embroiled in the conflict, the already strained oil supply is likely to be impacted further. Higher oil prices will weigh on India's external position. Our analysis shows that for every for every 10% increase in oil prices on a permanent basis, CAD is likely to inch up by ~0.4% of GDP which can weigh on Rupee. At present, the risk of this materializing looks limited. Even so, market sentiments have remained fragile and have manifested in the form of a weakness in Rupee.

Dollar trajectory:

Dollar Index Update: Sailing Right through Hawkish Fed

Underpinning the dollar strength is a resilient US economy, which is yet to show material signs of a slowdown. This has raised the likelihood of the Fed keeping rates at high levels so as to keep inflationary pressures in check. Fed's projection indicated the possibility of another rate hike this year, however the chances for those look limited. Interestingly, for the next year as well, rates are expected to remain elevated. As a result, US bond yields have risen which is contributing to the dollar strength. Apart from this, geo-political tensions in the Middle-East have also increased dollar's safe-haven appeal. The trend is likely to continue in the near-term suggesting that we may once again witness a period of dollar dominance. However, for some time Dollar could remain under pressure as labour market and resilient economy reinforcing expectations the Federal Reserve is likely to hold interest rates steady again at its December meeting. Dollar Index monthly range likely to remain between 103-107 levels.

Fundamental Outlook for Rupee (CMP 83.27 as on 03rd Nov 2023)

Rupee is likely to break out of range bound trade, as the Reserve Bank of India's defense of the currency will be unsustainable at some point of time. The rupee's monthly range narrowed last month despite persistent local dollar demand and equity outflows, as the central bank's forex market interventions prevented a breach of the 83.29 record low. A repeat of what happened in October is not likely the prevailing narrow range for the rupee is unlikely to hold eventually the RBI will have to stop, as the current approach is unsustainable in the long term. It's advisable to fasten your seatbelt and prepare for a potential ride into some volatility.

Dollar has been stable throughout the current reaction to the yield move. If yields continue to trade subdued for a few more days, the Dollar could see some more weakness in the short-term. While some data points such as GDP growth and housing sales have been projecting a solid US economy, the ISM and other such metrics reveal a slowdown. Meanwhile FOMC paused, as expected. Powell remained hawkish in tone that inflation fight continues. At the same time, he acknowledged that the rise in yields has helped tightening the financial conditions, curbing the need for more hikes. Markets took this stance to mean that the Fed has reached the peak of this cycle and the entire yield curve fell around 20 bps. Possibility of a peak in Fed rates, and more importantly, expectations of rate cuts by Fed in the second half of 2024 are likely to keep a lid on the dollar upside seen recently. Oil prices have seen correction after an initial knee-jerk reaction to the developments in the Middle-East. Upside risks on this front look limited for now. This is positive for USDINR. On the other end, FPI outflows and continued weakness in India’s exports will weigh on the Rupee. We believe that RBI intervention will likely dictate the trajectory of the rupee in medium term.

In the coming months, the tussle will be between slower growth and the concomitant downward pressure on yields, versus the US fiscal pressure pulling the yields up. As long as both these aspects are relatively mild, Dollar and hence the Rupee could trade sideways for a few more weeks. But any escalation of either of these opposing factors could be Dollar positive and Rupee negative. We continue to believe that any dip in USDINR remains a buying opportunity. Monthly range to persist between 82.80 – 83.40 levels.

Technical Analysis

NIFTY: OCT 2023

LEVELS TO WATCHOUT FOR: 19300 - 19800 / 19000 – 18800

The entire world was expecting an October Fest in the domestic markets whereas the markets surprised everyone by closing the month in red. It was like a Bear Fest since the benchmark index NIFTY corrected almost 800 points from Sept 2023 close to sneak below 19000 mark. Eventually, the index ended the month with a loss of around 2.8%. The selling intensified during the second half of the month mainly on the back of negative global cues.

Since past couple of months, we have been constantly discussing about 200 DEMA and finally this time the index NIFTY 50 spot has retested the same placed near 18800 mark. During the process, the index has confirmed a breakdown below 19300 mark and the theoretical target for the breakdown comes around 18500. However, the index has turned exactly from the previous major breakout zone of 18800 and that demand zone coincides with the placement of 200 DEMA. Interestingly, the long, short ratio in index futures by the FIIs reached 10% in Oct 2023. Historically, we have observed that whenever the ratio reached 10% or lower the markets tend to make a strong bottom. Even during the March 2023 fall we observed similar data points and then NIFTY reached 20K. Hence, we remain optimist for the coming months. On the levels front, 18850 is an immediate support and a breach of the same might drag the index towards 18600. On the upside, a close above 19300 might confirm a bottom and we might be heading towards much higher levels.

For the NIFTY BANK index, based on the past 10 years' data, we were expecting positive momentum during the month. Surprisingly, the index underperformed by losing around 4% in Oct 2023. During the process, it made a low near 42000 and closed below 200 DEMA. However, after the recent recovery it is again trading above 2000 DEMA. For the time being, we remain buy on dips for the index with a support of 42000. The view would be negated below 42000 and, on the upside, we expect 45000 or higher levels from here on.

Technical Pick – BUY SAIL

POTENTIAL UPSIDE 12.50%- 16.67%

Off late we witnessed massive profit booking in most of the METAL stocks which underwent a swift rally in the last few months.

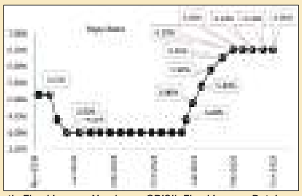
- SAIL among them is witnessing a reversal candlestick pattern on the weekly scale. As a result, the stock is still holding on to the support level of 200 DMA which is placed at 80.
- Looking towards the other technical parameters, it seems that the stock has been in an oversold zone on the RSI front, and MACD is also turning up on the weekly chart set up.
- Thus, traders are advised to buy SAIL in the range of 85 - 83 with a stop loss of 77 on closing basis for an upside target of 94.5 and 98 in coming 1 – 3 months.

Fixed Income Services

Monetary Policy Update

On 6th October 2023, the Monetary Policy Committee (MPC) held its meeting to assess the macroeconomic situation and its outlook. The committee unanimously decided to maintain the Repo Rate at 6.50%, remaining focused on withdrawal of accommodation while controlling inflation to ensure long-term macroeconomic stability and sustainable growth.

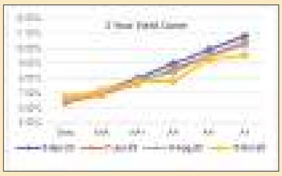
Key Rates	Pre-Policy	Post-Policy
Repo Rate	6.50%	6.50%
Bank Rate	6.75%	6.75%
Marginal Standing Facility	6.75%	6.75%
Standing Deposit Facility	6.25%	6.25%
Cash Reserve Ratio	4.50%	4.50%
Statutory Liquidity Ratio	18.00%	18.00%

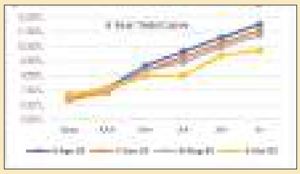


Source: CCIL, RBI, SEBI, Domestic Fixed Income Numbers - CRISIL Fixed Income Database

The RBI maintained its policy rate at 6.5% in line with expectations. Despite inflationary pressures, economic activity continues to show resilience, and hence the inflation and growth forecasts for FY24 were retained at 5.40% and 6.50%, respectively. While the policy appeared to maintain the status quo, the governor reiterated the importance of managing liquidity in the financial system, shifting focus to liquidity management through OMO-sales. Notably, the market reacted strongly, with the new 10-year G-sec yield opening at around 7.21% and later surging to approximately 7.36%. The Governor emphasized on plans to "active liquidity management" to address inflation risks and ensure financial stability, aligning with the central bank's 4% inflation target.

The 3 Year & 5 Year Yield Curve below shows how yields have moved since the last review in Aug 2023:





Source: CRISIL Fixed Income Database

- The 3 year & 5 year Gsec curve saw a hardening of ~14bps and ~10bps respectively, while the 3 year & 5 year AAA curve remained flat.
- In the 3 year space, the rest of the credit curve saw an easing in the range of ~3bps to ~68bps & in the 5 year saw an easing in the range of ~37bps to ~103bps.
- The AAA spread over G-sec, in the 3 year & 5 year space saw compression of ~9 to 14bps, from ~48bps to ~34bps in the 3 year space and from ~46bps to ~37bps in the 5 year space.

Outlook: At the backdrop of elevated global yields and risks related to rising global food and energy prices, RBI's policy decision reflects a cautious approach, with a preference for tighter liquidity conditions and concerns about global factors. The policy stance is geared towards aligning inflation to the 4% target while promoting sustainable growth. We believe anticipation of OMO sales may keep domestic bond yields elevated, with the possibility of some retracement over time.

Secondary Market Bond Offers

Tax Free Quotes

Security	Maturity/Call	IP	Rating	Yield
7.51% HUDCO Tax Free 2028	16-Feb-28	Annual on 16-Feb	AAA	5.10%
7.64% NABARD Tax Free 2031	23-Mar-31	Annual on 23-Mar	AAA	5.12%

PSB Perpetual Quotes

Security	Maturity/Call	IP	Rating	Yield
7.75% SBI Perp 2027	Call: 09-Sept-27	Annual on 09-Sept	AA+ by CRISIL & ICRA	7.89%
8.69% Union Perp 2027	Call: 25-Jul-27	Annual on 25-July	AA by CARE & IND	8.45%

PSU Quotes

Security	Maturity/Call	IP	Rating	Yield
7.10% NABARD 2030	08-Feb-30	10-Feb & 10-Aug	AAA by ICRA & IND	7.56%
7.60% PFC 2027	20-Feb-27	20-Aug & 20-Feb	AAA CRISIL, CARE & ICRA	7.50%

Corporate Bonds

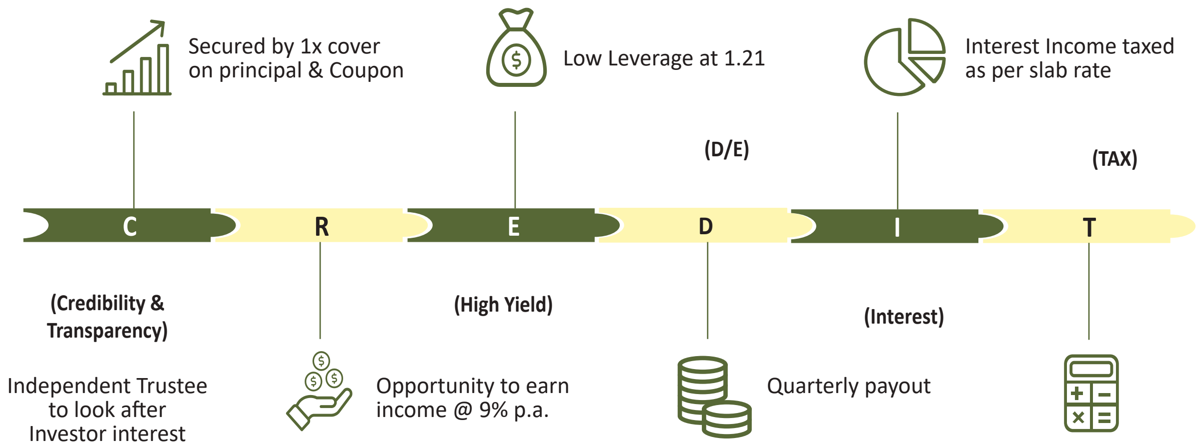
Security	Maturity/Call	IP	Rating	Yield
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (28-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.60%
8.05% M&M Fin Serv Ltd 2032	Call: 23-Jul-27 Maturity:24-Jul-32	Annual on 01-Apr	AAA by IND & BWR	8.05%
7.10% HDFC Ltd 2031	12-Nov-31	Annual on 12-Nov	AAA CRISIL & ICRA	7.75%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.00%
7.70% LIC Housing Fin Ltd 2031	19-Mar-31	Annual on 19-Mar	AAA by CARE & CRISIL	7.75%
9.25% Tata Capital Fin Ser Ltd 2025	22-Jul-25	Annual on 22-Jul	AAA by CRISIL & CARE	8.02%
8.85% HDFC Credila Fin Ser 2029	09-Oct-29	Annual on 08-Jul	AAA by CRISIL & ICRA	8.35%
7.59% MTNL 2033	20-Jul-33	20-Jan & 20-Jul	AAA(CE) by CARE & IND	7.75%
9.95% UP Power 2029	Staggered Maturity (30-Mar-29)	31 Mar, 30 Jun, 30 Sept, 31 Dec	A+ (CE) BY CRISIL & IND	8.85%

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)

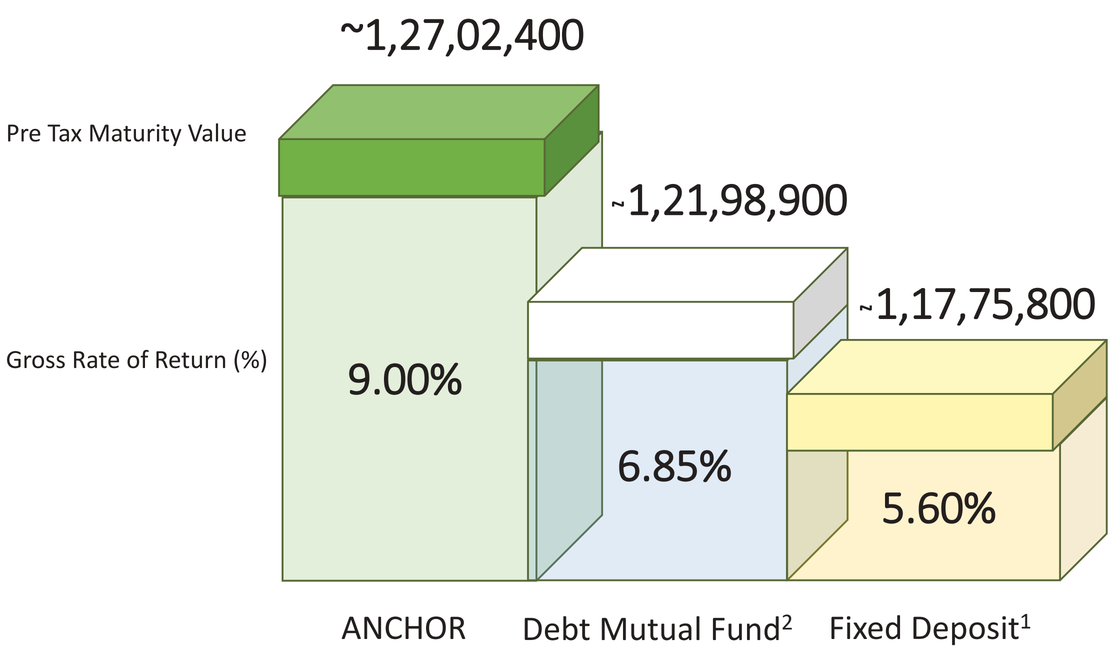
What is ANCHOR?



*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.

What is the Opportunity?

For an investment of 1 Crore for 36 months



1. 3 year Fixed Deposit rate effective 13th Aug, 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 Aug, 2022

Key Terms of the Issue

Product Name	ANCHOR
Entity	Anand Rathi Shares & Stock Brokers
Listing/Secured	Unlisted/Yes, with a minimum 1x charge against receivables
Coupon/Type	Fixed @ 9.00% p.a.
Coupon Frequency	Quarterly
Redemption Tenor	36 Months
Redemption Date	29th September 2025
Face Value	Rs. 1,00,000 per bond
Minimum Subscription	Rs. 25 lakhs Multiple (25 bonds)
Taxation	Interest Income taxed as per Slab Rate
Issuance Mode	Demat Only

The information provided is this communication is reproduction of factual details. No part of information provided here in should be construed as investment advice by ARSSBL and/or its employee. Investor/Client must make their own investment decisions based on their own specific investment objectives and financial position. This communication does not constitute an offer or solicitation for the purchase or sale of any financial instrument/security.

Cash-flow Illustration

Example: For an investment of 25 lakhs for 36 months at par

Date	Cash Flows at 9% p.a.
29-Sep-22	(2,500,000)
29-Dec-22	56,096
29-Mar-23	55,479
29-Jun-23	56,712
29-Sep-23	56,712
29-Dec-23	56,096
29-Mar-24	56,096
28-Jun-24	56,096
27-Sep-24	56,096
27-Dec-24	56,096
28-Mar-25	56,096
27-Jun-25	56,096
29-Sep-25	2,557,945
XIRR	**~9.31%**

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*Returns/IRR showcased are for illustrative purposes only. The returns are pre-tax.

Anand Rathi PMS

PMS Portfolio

Objective & Investment Philosophy

Objective

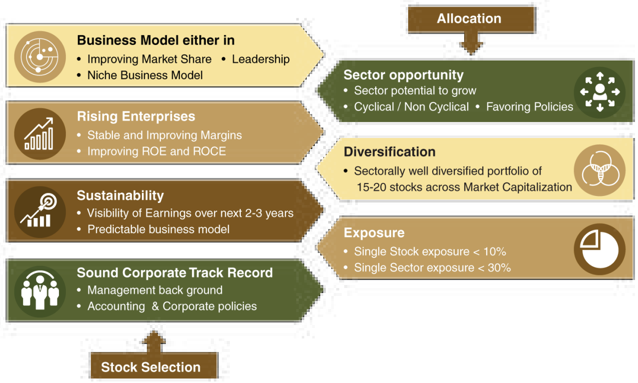
Focus on Return Optimization by investing in multicap portfolio of rising enterprises with sound corporate track record and sustainable business model keeping balance between value and growth strategy.

Value investing is the art of buying stocks which trade at a significant discount to their intrinsic value. Portfolio Manager achieve this by looking for companies on cheap valuation metrics, typically low multiples of their profits or assets, for reasons which are not justified over the longer term.

Growth investing is a style of investment strategy focused on capital appreciation Portfolio Manager invest in companies that exhibit signs of above-average growth, even if the share price appears expensive in terms of metrics such as price-to-earnings or price-to-book ratios.

Value **Growth**

Investment Process



Re-VIEW Strategy

V — Valuation Check

A constant check is kept on the valuation of the companies so that any stock whose valuation becomes relatively high, due to any reasons like sentiments or increase in liquidity, is exited before any price correction comes to the stock. We then shift the money to a new stock with a reasonable valuation.

I — Impact of Events

A stock price can be highly affected by an event or series of events, recent examples: COVID crisis, Russia-Ukraine War, Increase in Crude Price, Interest Rates Hike etc. Our team actively tracks these events and makes timely modifications as per the situation's needs to minimize risks & optimize returns.

E — Earnings Visibility Changes

Our fundamental research team scrutinizes the quarterly results of the companies to understand the current & future estimated growth. If we are not satisfied with 2 or 3 quarterly results of the company & don't see growth, we take an exit to move to another stock.

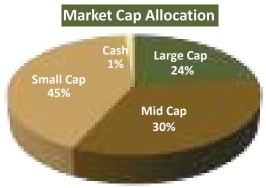
W — Weightage Check of the Holdings

Every stock & sector has been capped to a certain percentage of the total allocation to limit downside due to any uncertainties and also diversify the portfolio. If any stock or sector reaches near to the decided percent of allocation, we book profits and reduce the weightage and invest into any other stock.

Top Holdings & Market Cap Allocation

Sr No	Top 10 Holdings	% Holdings
1	Ratnamani Metals & Tubes Ltd.	9.4%
2	Bharat Electronics Ltd.	7.5%
3	Varun Beverages Ltd.	6.1%
4	KEC International Ltd.	6.0%
5	ITD Cementation India Ltd.	6.0%
6	KEI Industries Ltd.	6.0%
7	Radico Khaitan Ltd.	5.3%
8	Bajaj Finance Ltd.	5.2%
9	K.P.R. Mill Ltd.	5.1%
10	Indian Bank	5.1%

Market Cap Allocation

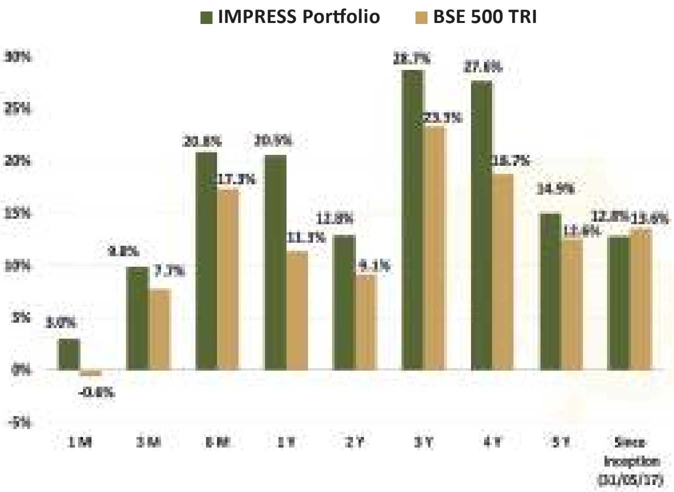


Avg Mkt Cap (cr)	
Large Cap	180462
Midcap	23918
Small Cap	8567
Overall Portfolio	51634

Data as on 31st October, 2023

Portfolio Performance

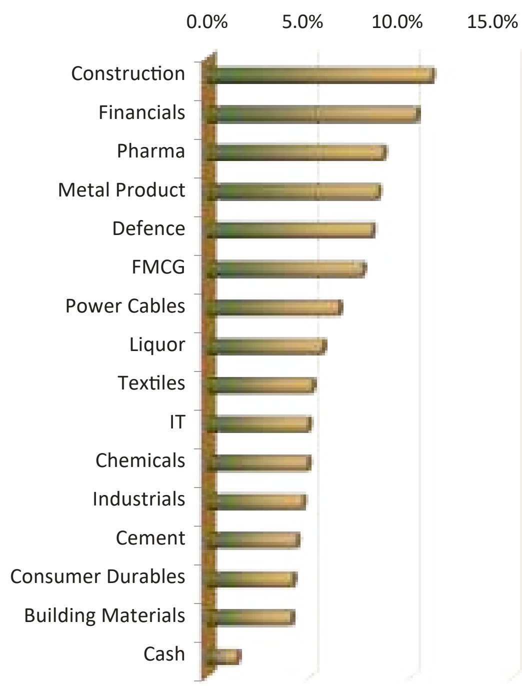
Performance as on 31st August, 2023



Note: - Returns above one year are annualized. Returns 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.

Sector Allocation

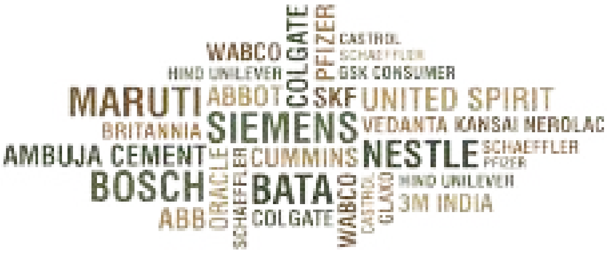


Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

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



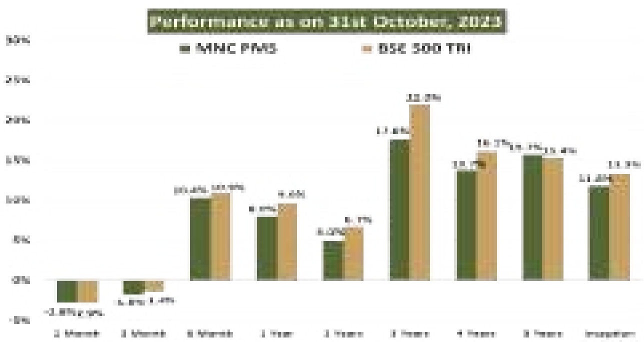
Investments into listed companies in India in which the foreign shareholding is over 50% and/or the management control is bestowed in foreign company and/or the technological and managerial know-how brought in by foreign partner/investor.

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.*

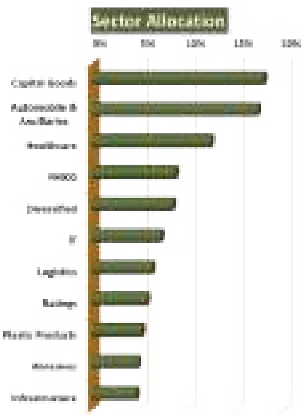
Healthy Balance Sheet

Top Holdings and Allocation

Sr No	Top 10 Holdings	% Holdings
1	Maruti Suzuki India Limited	8.3%
2	Siemens Ltd	7.8%
3	Schaeffler India Limited	7.1%
4	CRISIL Ltd	5.9%
5	3M India Ltd	5.4%
6	Blue Dart Express Ltd	5.3%
7	Nestle India Ltd	5.1%
8	ITD Cementation India Limited	4.8%
9	Abbott India Ltd	4.7%
10	Hindustan Unilever Limited	4.5%

Avg Mkt Cap (cr)	
Large Cap	**312462**
Midcap	**31796**
Small Cap	**8449**
Overall Portfolio	**73462**

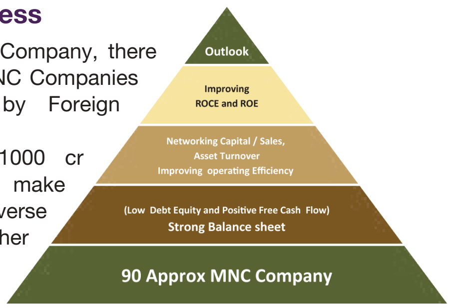
Data as on 31st October, 2023



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 all fees and expenses.

Disclaimer: Past Performance is not necessarily indicative of likely future performance.
Index - **BSE 500 TRI** is shown as per guidelines
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

Opportunities at every level of emerging business

The key to success is to adapt to the changing business dynamics

Emerging business of ongoing Industrial Revolution

Note: The above opportunity are given for illustration purpose there are many other emerging business in this ongoing industrial revolution, which could form a part of portfolio.

Stock Selection Process

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/ Enterpreneurs 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

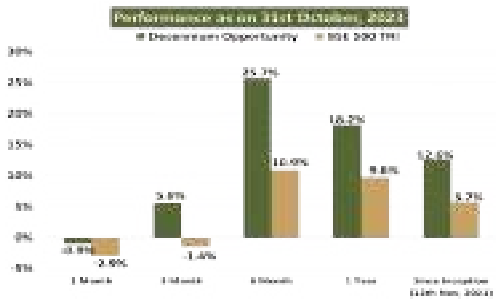
Portfolio Synopsis

Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.1%
2	Craftsman Automation Limited	8.2%
3	Global Health Limited	6.8%
4	Praj Industries Ltd	6.4%
5	Poonawalla Fincorp Ltd.	6.0%
6	Ethos Limited	5.9%
7	MTAR Technologies Ltd.	5.8%
8	Cera Sanitaryware Ltd.	5.3%
9	H.G. Infra Engineering Ltd.	5.3%
10	Caplin Point Laboratories Ltd	5.3%

	Avg Market Cap (cr)
Large Cap	69359
Midcap	26545
Small Cap	9135
Overall Portfolio	23849

Data as on 31st Oct, 2023

The current model client portfolio comprise of 19 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.



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.

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

Structure Product Idea

Nifty Accelerator

Product Name	**Nifty Accelerator– 100%**	
Issuer	Anand Rathi Global Finance Limited	
Underlying	Nifty 50 Index	
Principal Protected	Principal is not protected	
Tenor(days)	1900 Days	
Initial Fixing Level	150 points contingent from closing nifty then rounded to next 100	
Final Fixing Level	Average of Closing NIFTY on last Thursday of 44th, 47th, 50th, 53rd & 56th Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100% (IRR – ~14.24%)	
Participation Rate1 (PR1)	100% (From 110% to 133% of Initial Fixing Level)	
Participation Rate2 (PR2)	2566.67%(From 130% to 133% of Initial Fixing Level)	
Decay Multiple (DM1)® **Knock-In Put @ 84.99%**	1.35x (below -15% till -30% fall with catch-up)	
Decay Multiple (DM2)® **Nifty @ 69.99% of initial**	0.35x (Between -30% till -90% 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 110% & below 133% of Initial Fixing Level	(NP-10%)* PR1+ Max(0%,(NP-30%)*PR2
	If Final Fixing Level is at or above 85% & at or below 110% 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))
	If Final Fixing Level is below 10% of Initial Fixing Level	NP

NIFTY ACCELERATOR- 100%: PAYOFF (Market Linked Debentures Idea)

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
39000	**100.0%**	**100.0%**	**14.2%**	**14.2%**
29250	50.0%	100.0%	8.1%	14.2%
25935	**33.0%**	**100.0%**	**5.6%**	**14.2%**
25740	32.0%	73.3%	5.5%	11.1%
25545	31.0%	46.7%	5.3%	7.6%
25350	**30.0%**	**20.0%**	**5.2%**	**3.6%**
23400	20.0%	10.0%	3.6%	1.8%
21450	**10.0%**	**0.0%**	**1.8%**	**0.0%**
19500	**0.0%**	**0.0%**	**0.0%**	**0.0%**
19233	-1.4%	0.0%	-0.3%	0.0%
17550	-10.0%	0.0%	-2.0%	0.0%
16575	**-15.0%**	**0.0%**	**-3.1%**	**0.0%**
16573	-15.01%	-20.26%	-3.08%	-4.26%
15600	-20.0%	-27.0%	-4.2%	-5.9%
13650	**-30.0%**	**-40.50%**	**-6.6%**	**-9.5%**
10725	-45.0%	-45.75%	-10.8%	-11.1%
1950	**-90.0%**	**-61.50%**	**-35.7%**	**-16.8%**
1948	-90.01%	-90.01%	-35.8%	-35.8%
0	-100.0%	-100.0%	-100.0%	-100.0%

Product IRR*
14.24%

Tenor - **1900 Days**
Expiry - Avg. of 44 , 47, 50, 53, & 56 Months

**Standard Deviation
4.27%

Target Nifty Perf.
33%

Product Explanation

NP >= 33%	100% (Contingent Coupon)
30% < NP < 33%	Max(0%,(NP-30%)*PR2
10% < NP < 33%	(NP-10%)* PR1
-15% <= NP <= 10%	Principal Protection
-30% <= NP < -15%	1.35x Decay with Catch-up
-90% <= NP < -30%	Decay decreases to 0.35x
Nifty falls beyond -90%	Nifty performance

*Product IRR assume to be Pre-Tax IRR
NP: Nifty Performance
^ Initial Fixing Level is taken as 19254, adding 150 points contingent: 19404, rounded off to next 100: 19500.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 31st August 2023.
Investment Value per debenture: 1,25,000/-(Issued at a premium)

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

Overview of ICICI Venture

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

ICICI Venture at a Glance

$5bn AUM/A
since inception

600+ Investments
since 1988

100+ Investments
since 2002

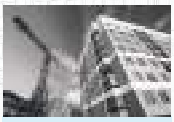
81+ Exits
since 2002

ICICI Venture's Business Verticals

	Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A[1]	$1.9bn[2]	$700mn[2]	$453mn[3]	$1.25bn[4]
Strategies	Growth Equity	Debt	Energy	Debt, Mezzanine
	Joint Control	Equity	Utilities	Distress Buyouts
	Buyouts	Mezzanine	Buyouts	Equity Recaps

Real Estate Foot Print


Affordable housing


Mid-high end housing


Office development


Mixed use

iREIF 2

1 Excluding VC 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. Each of ICICI Venture and Apollo are free to pursue future investment opportunities independently

Evolution of our RE Vertical

Private Debt has been our core strategy since the last decade

		IAF RE S1 2005-06	IAF RE S2 2011-12	iREIF 2018-19	iREIF 2
Size		*INR 22.00 Bn[1]*	*INR 3.76 Bn[2]*	*INR 5.83 Bn*	*INR 10.00 Bn[3]*
India focused		✓	✓	✓	✓
Debt focused		×	✓	✓	✓
Equity focused		✓	×	×	×
Strategy	*Affordable Housing*	×	✓	✓	✓
	Pan Residential	✓	✓	✓	✓
	Commercial/ Retail	✓	✓	×	×
	Mixed use	✓	×	×	×
	Pan India	✓	×	×	×
	Top 7 cities	✓	✓	✓	✓
Number of deals		*13*	*8*	*11*	*10-12[4]*
Exited		*13*	*8*	*2*	*-*

iREIF 2

1 Across IAF III, IAF IV and DIF IV; 2 Includes co-invest capital; 3 Target fund size including green shoe option of upto INR 5.00 Bn; 4 Expected number of deals

ICICI Venture's Footprint of Financing for Housing

Financed over 15,000 units / 14.2 million square feet of Affordable Housing & Mid-Income projects in India

Mumbai Metropolitan Region (MMR)

Total Area 3.2 Mn sft	Arihant Superstructure Mayfair Housing Platinum Homes Suraj Estate Dhamji Shamji
Total Inventory 4,917 units	
Ticket Size INR 3.5-24 Mn	

Pune

Total Area 9.2 Mn sft	SKYi Kolte Patil
Total Inventory 8,554 units	
Ticket Size INR 2.6-8.5 Mn	

Bengaluru & Chennai

Total Area 1.8 Mn sft	Mahaveer Prince Foundation LGCL
Total Inventory 1,477 units	
Ticket Size INR 4-13 Mn	

iREIF2

Our RE debt exit track record

We have a proven, superior exit track record in our RE debt strategies

ARIHANT SUPERSTRUCTURES LTD.	SKYi Developers			alpla values that build worth
Type: Affordable Housing Investment : Oct 2018 Exit : April 2021 Gross IRR: 22.5%	*Type: Affordable Housing* Investment : Oct 2019 Exit : Oct 2021 (Largely) Gross IRR: 22%	*Type: Housing* Investment : Oct 2013 Exit : Sept 2015 Gross IRR: 25.2%	*Type: Affordable Housing* Investment : August 2013 Exit : Jan 2016 Gross IRR: 23.4%	*Type: Affordable Housing* Investment : Oct 2012 Exit : Jul 2014 Gross IRR: 22.7%

AHUJA	PRINCE	SUNSHINE	DS
Type: Housing Investment : Dec 2012 Exit : Jul 2015 Gross IRR: 22.2%	*Type: Affordable Housing* Investment : Dec 2014 Exit : Oct 2016 Gross IRR: 21.2%	*Type: Commercial* Investment : Dec 2014 Exit : Aug 2016 Gross IRR: 21.8%	*Type: Affordable Housing* Investment : Oct 2014 Exit : Nov 2016 Gross IRR: 20.8%

All Gross IRR figures are in INR terms prior to fund level fees, expenses and carried interest/additional returns; pre-tax basis

iREIF2

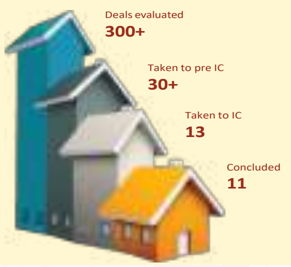
iREIF Portfolio Overview

Backing affordable housing projects with leading developers in each micro-markets

Portfolio	Entry Year	Investment[1] (INR Mn)	Location	Project Type	Unit Pricing (INR Lacs)	Gross IRR[1]	Exit status
[illegible]	2018	550	Taloja & Karjat, MMR	Affordable Housing	18-60	22.5%[2]	Exited
[illegible]	2022	450	Taloja, MMR	Affordable Housing	27-40	18.0%[3]	On schedule
[illegible]	2019	355	Bhukum, Pune	Affordable Housing	30-45	22.2%[2]	Largely Exited
[illegible]	2021	500	Kirkitwadi, Pune	Affordable Housing	35-45	19.8%[3]	On schedule
MAYFAIR	2019	650	Virar, MMR	Affordable Housing	35-45	18.8%[3]	Partly exited
[illegible]	2021	550	Andheri, MMR	Affordable Housing	95-195	24.5%[3]	On schedule
[illegible]	2022	150	Khar,MMR	Housing	270-470	30%[3]	To be disbursed
[illegible]	2021	400	Mahim, MMR	Affordable Housing	150-250	21%[3]	On schedule
[illegible]	2022	300	Dadar, MMR	Affordable Housing	150-250	20.1%[3]	On schedule
[illegible]	2018	387	Hennur Road, Bengaluru	Affordable Housing	55-60	7.2%-13.8%[4]	Behind schedule
[illegible]	2022	500	Hyderabad	Residential plots	75-235	19.5%[3]	To be disbursed

1 All Gross IRR figures are in INR terms prior to fund level fees, expenses and carried interest/additional returns; pre-tax basis; 2 Realized; 3 Estimated based on IC case; 4 Estimated based on expected outcomes of NCLT resolution
MMR – Mumbai Metropolitan Region; Affordable Housing as defined under the Ministry of Finance, Government of India notification of 2017

iREIF deal log



iREIF2

Leveraging ICICI Group RE strengths

MOU with ICICI Bank

ICICI Bank CRFG[1]
- A significant player in Indian Construction Financing
- Total exposure of about INR 587.7 billion[2]

ICICI Bank Home Loans
- Leading player in India
- Loans & Advances of INR 2,355.9 billion[2]

ICICI HFC
- Developer Loans of INR 2.54 billion[2]
- Mortgage book of INR 145.9 billion[2]

01 Key features of MoU
- Access to proprietary deal flow
- Priority partner for potential co-lending transactions
- Access to diligence materials and market insights
- Ability to leverage CRFG & HFC presence across markets in India

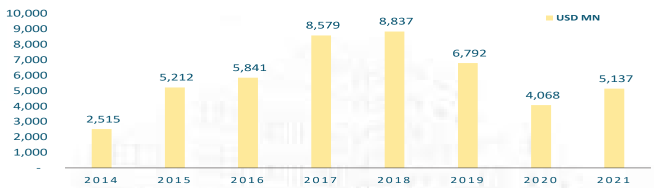
02 Benefits of MoU
- Enabling broader financing options for potential iREIF2 developers
- Co-lending with ICICI Bank / ICICI HFC will ensure financial closure
- Enhanced ability to negotiate better terms with the developer

1 Construction & Realty Funding Group; 2 As of March 31, 2022
Source: ICICI Bank Annual Report

iREIF2

Private capital flows to Indian RE sector

USD 46 Billion has been invested in the Indian RE sector in the 2014-21 period across both debt and equity



- The Indian real estate industry comprises of 4 sub-sectors -housing, retail, hospitality and commercial.
- The growth in this sector is complemented with the growth in economy driven by manufacturing, the corporate environment and the demand for office space as well as urban and semi-urban housing.
- Currently the construction industry ranks 3rd amongst the 14 major sectors which contribute in terms of direct, indirect and induced effects to the economy.
- The real estate industry is the 3rd contributor to the GDP currently standing at 7% and by 2030 is likely to attain 2nd position with an estimated contribution of 13%.
- Housing comprises 80% of the real estate market in India. This percentage includes the overall industry including both urban, semi urban and rural markets.

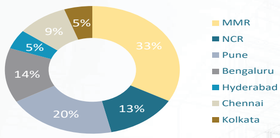
Source – Knight Frank Research, Venture Intelligence

iREIF2

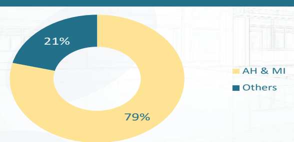
iREIF2 target market snapshot

MMR and Pune account for 53% of Sales

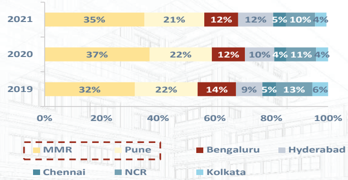
% of Overall Sales from 2015-2021



% of Sales in Mid-income & Affordable



City wise residential unit sales



- ~56 % of residential units sold in 2021 are in MMR and Pune
- Hyderabad has highest increase in volume

Affordable & Mid Income continues to drive overall volume

- ~67 % of residential units sold in CY2021 have been in below INR 7.5 mn unit price

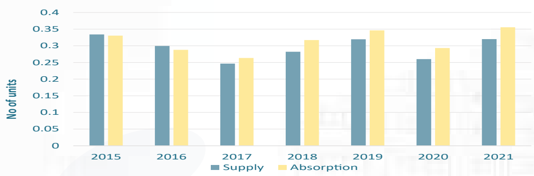
Source: PropEquity. CY 2020. Data for number of units sold

iREIF2

Covid impact

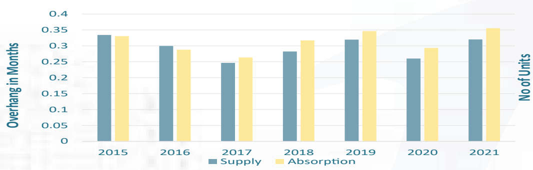
Despite Covid, healthy supply and absorption of residential units

Supply and sales velocity



- Top 7 cities CY 2021 sales volume higher than CY 2019
- Reduced supply has resulted in lower level of inventory

Housing inventory overhang



- Inventory overhang has reduced
- Ready inventory of only ~ 50,000 units across top 7 cities

Source: Propequity

iREIF2

iREIF2 Strategy

ICICI Venture

Key pillars

Focused on Private Debt in Housing Projects (at least 51% in Affordable Housing*)

10-12 deals;
Focus on Top 7 Indian cities

India focused;
View on India 2030

Typically INR 400-600 Mn per deal through interest bearing NCDs

iREIF2

"No Go": Pure Equity risk, pure-play commercial, early stage land aggregation risk

Focus on Tier 1-2 developers in chosen micro-markets; MOUs executed with select iREIF funded & other leading developers

Tap synergies across ICICI Group

Target Gross INR IRR of 17%-22%

Typical Security cover of 1.5x on a post tax basis; Active portfolio monitoring

*Affordable Housing definition as per Ministry of Finance notification of April 2017 (Min. 50% project FSI in Max. 60 sqm. (~645 sft) Carpet area houses)

iREIF2

iREIF2 Strategy

ICICI Venture

Preferred Stage of Investments

	Land Aggregation	Land Acquisition/ Pre-approval stage	Under Construction	Completed Projects
Overall risk				
Cash Flow Visibility				
Expected Gross IRR[1]	>23%	~19% - 21%	~17% - 18%	~15% - 16%
Characteristics	Long tenure, significant approvals risk	Medium tenure, approval, and execution risk	Short – Medium tenure, lower execution risk, minimal approval risk	No execution risk, possible sale/ vacancy risk

Locations
MMR, Pune, Bangalore, Chennai, Hyderabad;
NCR, Kolkata, Select Tier II cities on opportunistic basis

Portfolio
Deal sizes of INR 400-600 Mn (about 10-12 deals)

Maturity
Typical maturity period of 36-42 months

Investment Structures

Debt Investments

- Regular coupon servicing
- Indicative IRR of ~17-18%

Differential Coupon Investments

- Regular servicing of lower coupon initially
- Higher coupon towards the end of the investment to meet the investor's required rate of return
- Indicative return of ~18-20%

Coupon + upside Investments

- Regular servicing of lower coupon initially
- Investor's required rate of return to be achieved by linking returns to price appreciation/ performance of the project
- Indicative Return of ~20-22%

iREIF2

1 All Gross IRR figures are in INR terms prior to fund level fees, expenses and carried interest/additional returns; pre-tax basis

iREIF2 Process

ICICI Venture

ICICI Venture leverages its well-established process for implementing iREIF2 investment strategy

Deal sourcing	Rigorous due diligence	Distinctive and disciplined structuring and rights	Project Management	Target Returns within Targeted Holding Period
• AIF Manager / Team • ICICI Bank • ICICI HFC Prior investees • Group references • Investor references • Intermediaries	• Financial DD • Legal DD • Technical DD • Promoter DD (select)	• Leverage distinctive structuring experience to mitigate downside risk and align objectives • Negotiate appropriate rights including significant security package per transaction	• Regular monitoring • Marketing Strategy • Financial Management • Strategic alliances • Financial Closure	• Focus on execution excellence • Exit from project cashflows/ refinancing

iREIF2

iREIF2 key terms*

ICICI Venture

Target size	INR 10.00 billion including green shoe option of upto INR 5.00 billion
Fund	• Organized as a close-ended , contributory , determinate trust, under registration with SEBI as a Category II AIF • ICICI Venture is Settlor, AIF Sponsor and Investment Manager of the AIF
Minimum Capital Commitment	INR 10 Million (or as per extant SEBI AIF Regulations)
Final Closing	By or before 18 months from First Closing (excluding extension, if any)
Investment period	Starts from First Closing and ends 2 years from Final Closing (excluding extensions, if any)
Fund Term	Starts from First Closing and ends 5 years from Final Closing (excluding extensions, if any)
Management Fee (net of GST)	• 1.25% p.a. (Capital Commitment equal to or over INR 100 Mn) • 1.40% p.a. (Capital Commitment equal to or over INR 50 Mn but less than INR 100 Mn) • 1.50% p.a. (Capital Commitment equal to or over INR 10 Mn but less than INR 50 Mn) • Fee to be charged on Capital Commitment during first year after First Closing ; net invested capital thereafter
Set up Expenses and Operating expenses	• Set up Expenses and Operating Expenses shall be charged at actuals • Subject to a cap of 0.50% per annum (net of GST) as percentage of aggregate capital commitments received by the Fund at it's Final Closing, as calculated on an annualized average basis over the Fund's Term or Extended Term as maybe applicable, excluding one-time acquisition and divestment expenses incurred by the Fund • All Fund Expenses will be allocated to and be borne by all Unitholders holding all classes of Units and will form a part of the total Capital Commitment of each Unitholder
Preferred Rate of Return	12% IRR (INR basis , pre-tax) with full catch up
Additional Return	15% (whole fund basis)
Others	Other customary best in class terms on governance, etc

iREIF2

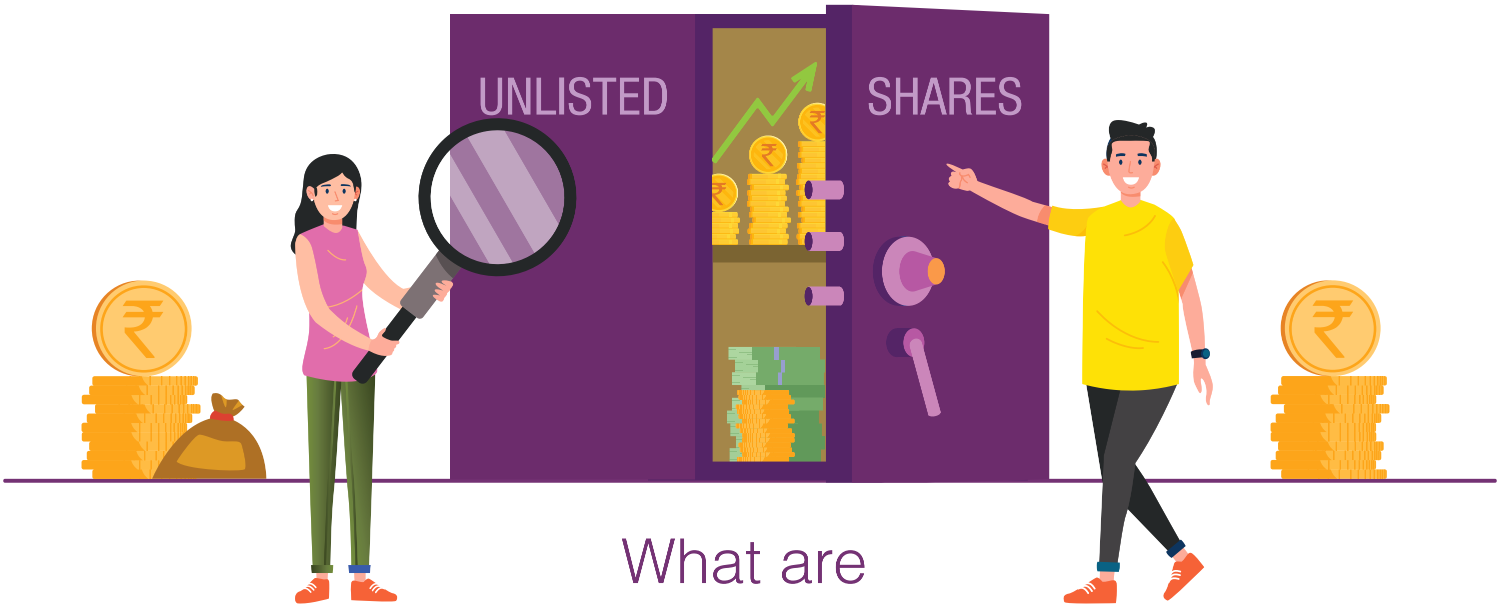
* Subject to legal and tax advice, SEBI AIF Regulations and approvals ; please refer to the Private Placement Memorandum for further details

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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.

Note

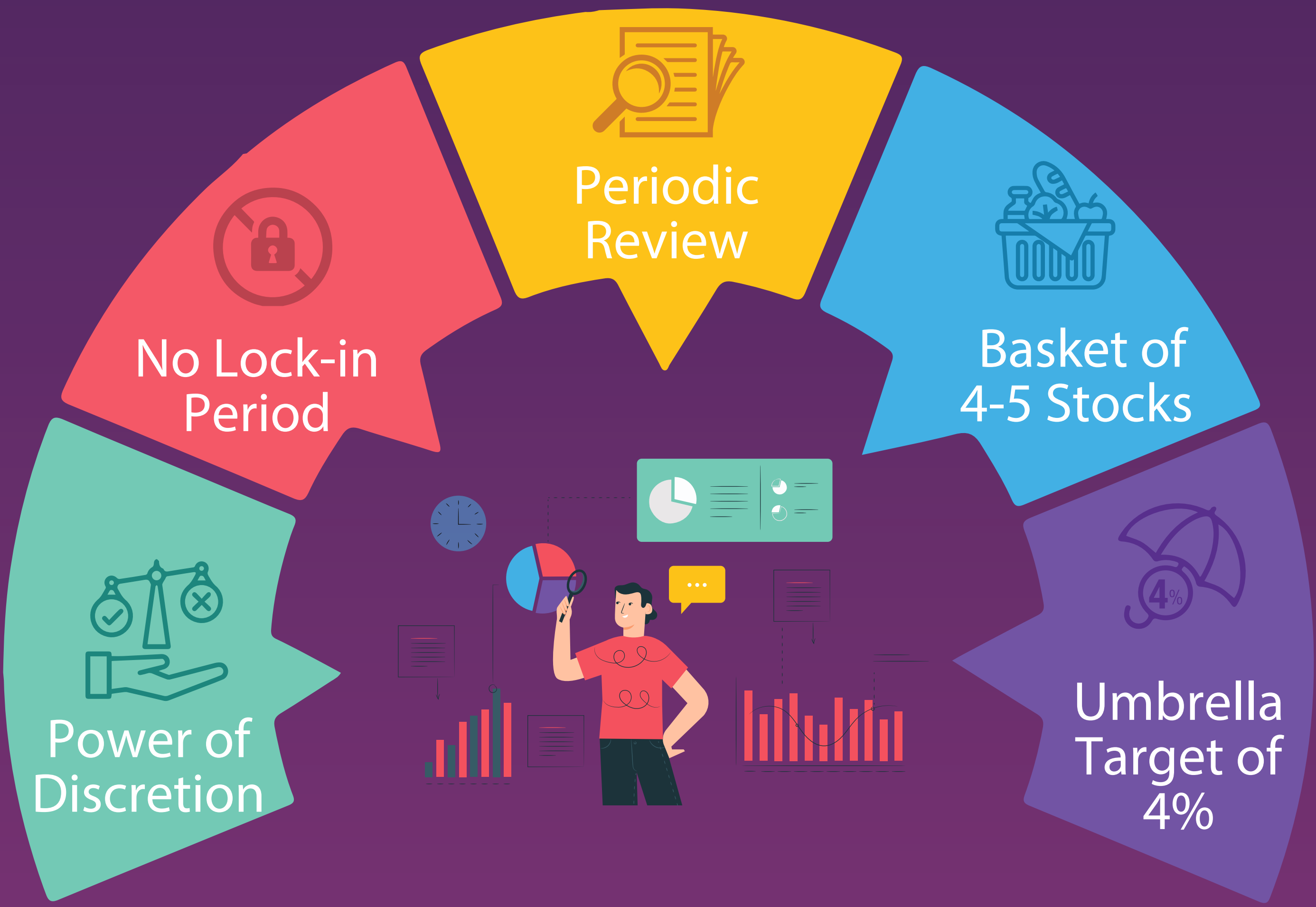
Note

Note

FINKART
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

The information is only for consumption by the client and such material should not be redistributed.

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

Feat Award Function 2022-23

ANAND RATHI

INVESTMENT SERVICES

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