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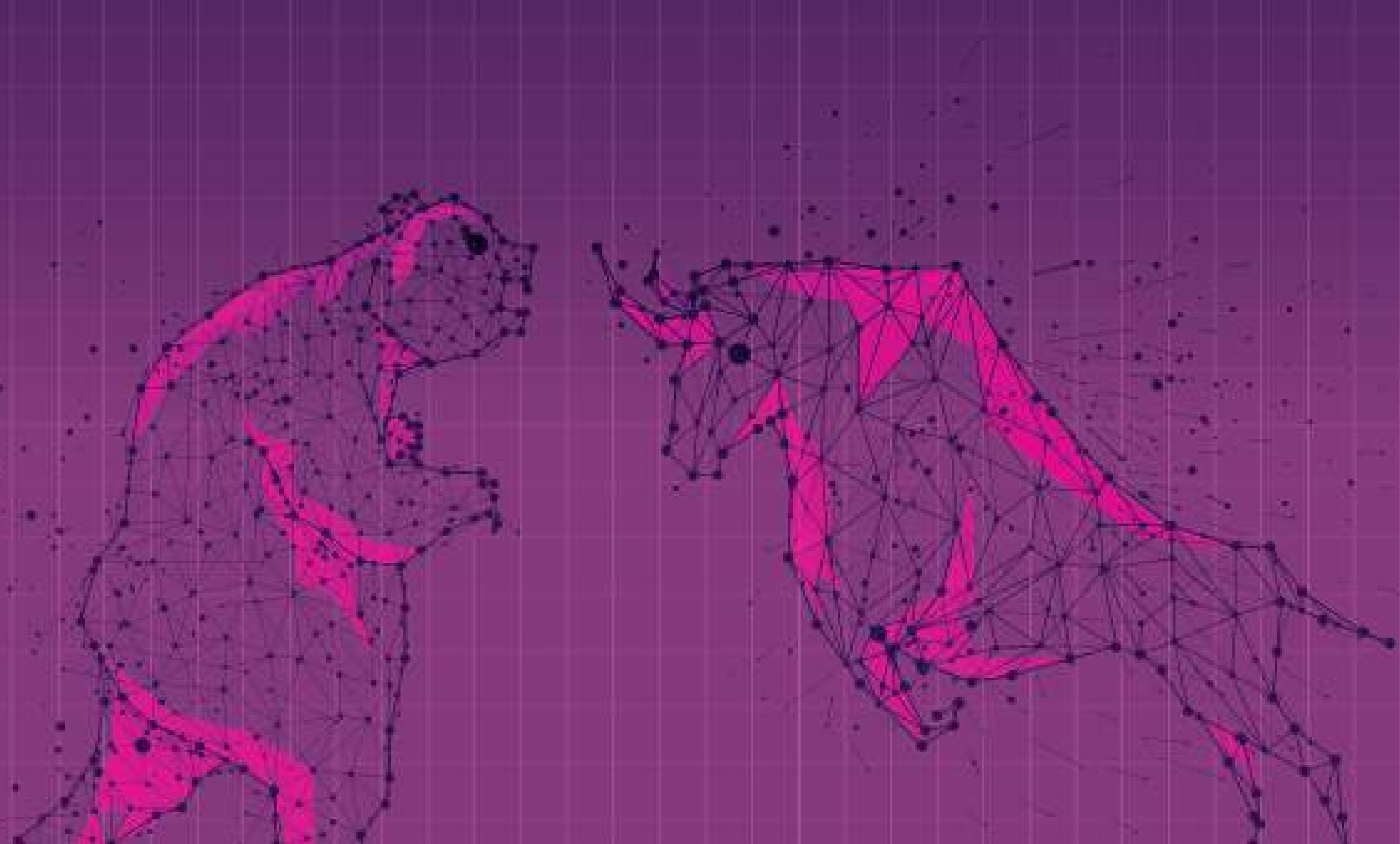
FLASH

March 2023



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PCG Communique

From the Desk of the PCG Head

Rajesh Kumar Jain

The Adani Saga!!!

The whole of Feb, the Indian Stock market was in and around the news of Adani Group companies and the impact it could have on the Banks & LIC investment in the Adani Group companies. Lot of it was politically out spread and rest is done by FII's and Retail selling. There has been volatility across stocks and Vs Emerging Markets Indian Market has been a relatively underperformer.

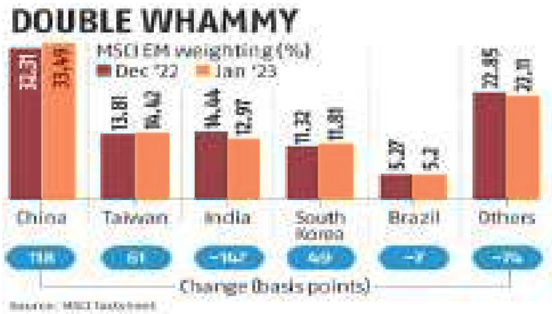
FII's has been the consecutive net seller for the 2nd month of calendar year of 2023. The provisional Net selling by FIIs has been 11,090CR while DII's has been supporting the market by buying to a tunes of 19,239CR.

India's ranking on the MSCI Emerging Markets (EM) Index, has slipped, following last month's underperformance amid rout in Adani Group shares. With a weighting of 12.97 per cent, India is now ranked third after China and Taiwan which have a weighting of 33.49 per cent and 14.42 per cent, respectively, according to the factsheet released by the global index compiler.

At the end of December 2022, India had a weighting of 14.44 per cent and occupied second place for the first time. The ascent came after outperforming the EM pack in Calendar 2022. The MSCI India fell 8 per cent, even as the MSCI EM Index declined 20 per cent — both in US dollar terms. Come 2023, there has been a reversal of fortune, with MSCI India dropping 3 per cent in January and MSCI EM gaining 8 per cent. Within EMs, the MSCI Taiwan Index has been a sharp outperformer, gaining nearly 13 per cent last month.

MSCI Taiwan went up sharply in January, driven by a 16.4 per cent rally in Taiwan Semiconductor Manufacturing Company (TSMC). On the other hand, MSCI India was down about 3 per cent in January, of which 1.7 per cent was due to a drop in Adani Group stocks.

By Feb end most of the Adani group of companies are down anywhere between 30%-80% of their 52 weeks high after US short-seller Hindenburg Research levelled accusations of fraud against the conglomerate. Shares of the group have seen further erosion in market value so far in Feb, which had put more pressure on India's weighting in the coveted MSCI EM Index.



India's weightage climbed to record levels in November after a phenomenal rally over EM peers. Since then, our markets have underperformed. India's valuation is still at a premium to other EMs, as well as compared to its historical levels. Therefore, a significant increase in weighting from the current levels will be challenging.

For nearly a decade, India's weighting in the MSCI EM Index remained below 8 per cent. In the past two years, India's weighting doubled as markets grew in size and considerable legroom meant for foreign portfolio investors (FPIs) in domestic companies got freed up by a change of rule by the government.

Last year, we saw the trend 'sell China and buy India' play out. A lot of global funds began shifting from China to India due to regulatory problems there. This year, China has made all the right noises, while the developments in India are of concern to FPIs. Last week, the Indian market dropped out of the top five nations in terms of the highest market capitalisation.

Indian markets continued their downward trajectory with a 3rd month of investor pessimism in line with global markets. Globally, Hong Kong (-9%), Brazil (-7%) and US Dow Jones (-4%) saw the largest drawdowns while Taiwan (+2%) was an outlier. Investors' concerns around hawkish policy stance by central banks, resurgent geopolitical tensions and sharp moves in select stocks where corporate governance issues remain in the limelight were prime reasons for the volatile month.

BSE Sensex & NIFTY 50 ending the month down 1% & 2% respectively. Mid and small caps also trended in line with NIFTY Midcap 100 & NIFTY Small cap 100 ending the month down 1.8% & 3.6% respectively. FPI's continued to remain sellers in the Indian equity markets on concerns over market valuations and geopolitical risks.

GDP growth for Q3 FY23 moderated to 4.4% well below market consensus expectations of 4.7% driven by weaker-than- expected growth in private consumption and decline in government consumption. Further, net exports were less of a drag, since imports moderated more than exports. This was widely expected and has confirmed estimates basis high frequency indicators. At a time when the IMF is projecting this year to be difficult with global growth slowing down from 3.4 per cent in 2022 to 2.9 per cent in 2023, India remains a bright spot, she said.

The 3rd quarter result season is over and India Inc profitability moderated in Q3FY23, as corporate earnings fell below our expectations. The sales growth continues to be resilient but the pressures of input costs are still visible on the operating margins. Heavyweights such as Reliance Industries, SBI, ITC, Tata Motors, Kotak Mahindra Bank, HUL, Maruti Suzuki, M&M, Bajaj Auto, Dr Reddy’s Lab and Britannia recorded a performance that was far stronger than most expected. The commodities sector, followed by oil & gas, were the draggers in the October-December quarter, while financials and autos held the fort, while a broad-based slowdown in consumption, both discretionary and staples, cement, healthcare and retail has also contributed to the drag in the 3QFY23 earnings. Rural growth has been subdued and challenging. Although the rural consumptions remain the same but it was more towards Regional Brand Vs the brands of the listed players.

Union budget observations

We saw the Union Budget being tabled in Feb. The budget continued to focus on capex led growth and consolidation even in a pre-election year. Direct Taxation was modified a bit which was welcomed. In capex, railways scored highest growth. Defence saw an 8.5% increase. The tax arbitrage between bonds and MLDs was removed. Overall, the budget maths was credible. Removal of tax benefit for debt has made equity asset class relatively more competitive vs debt for investors. The effect of Rs. 10 lakh crore of capex provided in the budget will aid business and industry and spur manufacturing activity.

The world economy is still in a very difficult place. Global growth is slowing down in 2023 but it might be a turning point,"

The Consumer Price Index (CPI) or retail inflation for January rose to a three-month high at 6.52 per cent, data released by the Ministry of Statistics & Programme Implementation. Earlier the retail inflation rate eased down to 5.72 per cent in December. It was 5.88 per cent in November, and 6.77 per cent in October 2022.

According to the details, the retail inflation returned to above 6 per cent mark after the Reserve Bank of India raised the policy repo rate by 25 basis points to 6.5 percent. Following the surge in the Jan 2023 CPI inflation print, we envisage another rate hike may be in the offing in April 2023.

For the fiscal year FY24, India's GDP growth is expected to be in the range of 6.00% to 6.80%, and this rate of growth is comparatively higher. The overall demand scenario is also likely to be good with the urban demand in a robust form and rural demand may be sluggish owing to the high price level encountered in the last one and a half years.

India's services activity rose to a 12-year high in February as input cost pressures eased, according to a monthly survey. The seasonally adjusted S&P Global India Services PMI Business Activity Index rose to 59.4 in February from 57.2 in January, the survey said. A reading above 50 indicates expansion in business activity, while one below it signals contraction. Services activity has remained in the expansion zone for 19 straight months. The Composite PMI rose from 57.5 in January to 59.0, highlighting a services-driven expansion.

The Indian equity market is expensive when compared to other markets both developed and emerging markets. However, the premium at which the market is trading may moderate but it will not get eliminated. There is a mild recessionary condition in the US. In the second half of the year, recessionary conditions are likely to moderate and growth could reappear in the major economies. Any corrective downward movements are opportunities to buy into the markets in the long run.

Further, growth has been in the low single digits in China but with the re-opening of the Chinese economy, the turnaround in this country's economy is probably around the corner.

Challenges

The RBI has raised its benchmark rate by 250 basis points since May and banks have started a pass-through into loan rates as well, increasing interest rates by 180–250 bps. Higher interest costs seem to be impacting the discretionary spends. This trend should improve as the economy provides more jobs to the deprived sections supported by another round of wage increases.

The major factors that should be careful about in 2023–24 are heatwave, disruption to monsoon, higher repo rate and lower-than-estimated growth of the gross domestic product. Amid these potential risks, analysts expect these economic fundamentals that can lead to the slowing down of auto sales, discretionary spending, real estate, rural sales. The recent whether report indicated that El Nino could affect agricultural output, which can pushing up inflation and lowering rural incomes is also a another key concern.

Way forward

While in India inflation is above the RBI target rate at this point, we will have to wait another few quarters to see if inflation has been tamed and only then will central banks be in a position to cut rates. Lower interest rates and higher growth are not on the near horizon, which means the "pullback rally that we have seen across global markets may hit some kind of roadblock in the near future and volatility will continue to be seen for the next few quarters.

Since the start of the year, markets have become more sanguine as winners of last year - momentum and beta have given way to fundamentals and quality. The limelight on corporate governance has also brought back focus on companies with a proven management track record and profit pedigree. Many of these names today trade at attractive valuations in contrast to the rest of the market. The winners of 2023 is likely to look starkly different from 2022. This coupled with buoyancy on the economic front bode well for investors looking to build a highly quality centric portfolio.

Name of Country	Trailing PE MULTIPLE*	EPS ESTIMATE 2024 (Dec-23)	GDP Growth projection for 2024(percentage chg)**	Economy size (Trillion)
South Korea	11.77	258.3	2.70%	$1.73
Thailand	19.31	113.3	3.60%	$1.26
VIETNAM	13.32	130.1	6.60%	$0.37
INDONESIA	15.01	547.7	5.40%	$1.38
India	21.32	995 (Mar-24)	6.80%	$3.47
Philippines	15.25	572	6.00%	$0.11
Taiwan	11.47	1246.2	2.10%	$1.28
Saudi Arabia	16.64	788.7	2.90%	$1.00
MALAYSIA	14.95	118.4	4.90%	$0.30

*P/E multiple as at 6th March 2023
**As per IMF report October 2022
***India EPS Est for FY24,

The market will continue to keep an eye on the direction of global markets along with the movement of US bond yields and the dollar index in the near term because the interest rate scenario in the USA will remain a dominating factor in the first half of 2023. The market isn't currently responding to the geopolitical situation all that much, but any unexpected development—positive or negative—could cause the market to move significantly

Currently, we favour large caps where companies continue to deliver on growth metrics. The markets have kept 'quality' away from the limelight for over 18 months, making valuations of these companies relatively cheap both from a historical context and a relative market context.

While we remain cautious of external headwinds, strong discretionary demand evident from high frequency indicators and stable government policies give us confidence that companies are likely to weather the ongoing challenges.

Key themes that we are focussed on

While the market may remain range-bound and volatile amid domestic and global headwinds, it's important to look at stocks in sectors where earnings visibility is clear or growth potential is evident. The spaces to look at, Energy transition (renewable, storage, EVs and hydrogen), defence on indigenisation, hospitals in the healthcare space, banks on continued lending growth and benign credit cycle, engineering and cap goods on manufacturing renaissance. We believe that autos have taken care of the worries with respect to technology platform changes and present a relatively more attractive opportunity vs other consumption spaces.

Wish you all a Very Happy Holi and Quality Investing!!

Market Commentary

The Nifty index ended the February month on a slighter weaker note as it closed at '17,304' as compared to January end '17,662', a decline of 2.06%. Similarly, Sensex ended the January month at 59,549 with a negative return of 0.99%.

It turned out to be a dismal week of trade for Indian equity markets where frontline gauges lost over two and a half percentage points as investors responded to the FOMC minutes showing members are committed to fighting inflation with additional rate hikes. Rising geopolitical tensions also contributed to the sell off after Russian President Vladimir Putin threatened to resume nuclear tests. Markets made pessimistic start amid a private report stating that India's economic activity cooled off at the start of the year as higher borrowing costs tempered demand at home and abroad, signaling more pain ahead as the global economy slows down. Adding more concerns, a private report stated that a rout in domestic bond markets caused by fresh concerns of an extended monetary tightening cycle has resulted in a spike in borrowing costs for corporate entities as yields on bonds issued by private firms have shot up. Besides, another private report stated that deal-making activity witnessed a huge decline in January, with only 145 transactions worth $2.7 billion being undertaken by India Inc. Investors failed to take any sense of relief with the finance ministry's statement that the measures like increased capex, boosting the green economy and initiatives for strengthening financial markets announced in the Budget 2023-24 are expected to promote job creation and spur economic growth. Indices remained in red till last day of the week, as investors await a report on U.S. personal income and spending.

The S&P Global India Manufacturing PMI edged down to a four-month low of 55.3 in February of 2023 from 55.4 in the previous month while pointing to the 20th straight month of expansion. Both output and new orders grew for the 20th month with the rates of expansion broadly similar to January, while foreign sales increased the least in the current 11-month period of growth. Overall job numbers were little changed, amid a marginal rise in outstanding business. Meantime, buying levels rose sharply and at a rate that outpaced its long-run average. Vendor performance was stable, as suppliers' capacity seemed adequate to keep up with improving input demand. On prices, input cost inflation accelerated to a four-month high but there was a softer upturn in selling charges. Finally, sentiment improved, attributed to hopes of demand strength that were supported by new product releases and investments.

The S&P Global India Services PMI increased to a 12-year high of 59.4 in February 2023 from 57.2 in the previous month, beating market forecasts of 56.2, indicating a sharp expansion in output, amid the joint-best improvement in new business intakes in 12 years. Meanwhile, employment rose only marginally, with backlogs of work increasing further. On the pricing front, input cost inflation eased to a 23-month low, while output cost inflation slowed to a 12-month low. Looking ahead, business sentiment deteriorated to a seven-month low and below the historical trend.

The annual consumer price inflation in India accelerated to 6.52% in January of 2023, the highest in three months, compared to 5.72% in December, and above market forecasts of 5.9%. Inflation moved back to above the Reserve Bank of India target of 2-6%. Food inflation jumped to 5.94% from 4.19%, with the cost of cereals (16.12%) and spices (21.09%) recording the biggest increase. CPI also rose faster for housing (4.62% vs 4.47%); pan, tobacco, and intoxicants (3.07% vs 2.55%), and miscellaneous (6.21% vs 6.17%) and remained elevated for fuel and light (10.84% vs 10.97%). On the other hand, there was a slowdown in the cost of clothing and footwear (9.08% vs 9.58%). Compared to the previous month, the CPI went up 0.46%, reversing a 0.45% fall in December.

The country's merchandise exports fell in January 2023. India's merchandise exports in January fell to $32.91 billion as compared to $35.23 billion in the year-ago period. India's overall exports (Merchandise and Services combined) in January 2023* are estimated to be USD 65.15 Billion, exhibiting a positive growth of 14.58 per cent over the same period last year. Overall imports in January 2023* are estimated to be USD 66.42 Billion, exhibiting a positive growth of 0.94 per cent over the same period last year. The country's merchandise imports dropped 3.8% to $50.66 billion as compared to $52.57 billion a year before. The merchandise trade deficit for the April-January 2023 stood at $232.95 billion against $153.79 billion in the same period last year.

The Goods and Services Tax (GST) collections for the month of February 2023 stood at ₹1,49,577 crore which is 12% higher than the GST revenue in the same month last year, which itself was ₹1,33,026 crore. In February, revenue from import of goods was 6% higher and the revenue from domestic transactions (including import of services) are 15% higher than in the corresponding period a year ago.

India’s foreign exchange reserves have again shown negative signs as it decreased by US$5.68 billion to $561.26 billion in the week through February 17. Foreign currency assets decreased by $4.51 billion to $496.07 billion for the week ending February 17.

The U.S. markets ended lower during the passing week on concerns about the outlook for interest rates. Recent economic data has led to worries the Federal Reserve may raise rates higher than currently anticipated and keep rates at an elevated level for an extended period. The minutes said a few participants favored raising rates by 50 basis points compared to the 25 basis point rate hike that was ultimately announced. The Fed said the participants favoring a 50-basis point increase noted that a larger increase would more quickly bring the target range close to the levels they believed would achieve a sufficiently restrictive stance, taking into account their views of the risks to achieving price stability in a timely way. The Fed members eventually agreed to raise the target range for the federal funds rate by 25 basis points to 4.50 to 4.75 percent. The smaller rate hike came after the central bank raised rates by 75 basis points in November and by 50 basis points in December. The minutes noted all participants continued to anticipate that ongoing rate increases would be appropriate to achieve the Fed's dual goals of maximum employment and inflation at the rate of 2 percent over the longer run. The Fed said participants also observed that a restrictive policy stance would need to be maintained until the incoming data provided confidence that inflation was on a sustained downward path to 2 percent, which was likely to take some time. The Fed's next monetary policy meeting is scheduled for March 21-22.

European markets ended passing week in red, even though the minutes from the recent meeting of the U.S. Federal Reserve minutes contained few surprises, investors were hesitant to take long positions. Markets made a mixed start of the week, as the UK manufacturing output declined in February at the fastest pace since September 2020 and selling price expectations slowed to the lowest since early 2021. The survey data showed that a net balance of -16 percent of manufacturers said output volumes declined in three months to February compared to -1 percent in three months to January. This was the weakest balance since September 2020. Besides, UK retailers expect sales to decline next month and remained pessimistic about the business outlook. The survey results from the Confederation of British Industry showed that a net 2 percent of retailers said their sales volume increased in the year to February. On the inflation front, Germany's consumer price inflation accelerated as initially estimated at the start of the year amid higher energy and food prices. The official data showed that the consumer price index climbed 8.7 percent year-over-year in January, faster than the downwardly revised 8.1 percent rise in December. The latest inflation rate was in line with flash data published on February 9.

Asian markets ended mostly in red during the passing week as the markets remain concerned over the outlook for interest rates after the US Fed’s minutes offered few surprises but reiterated that the central bank will continue to raise interest rates in its battle against inflation. Sentiments also remain dampened after the global forecast for the Asian markets is soft on continuing anxiety over the outlook for interest rates and tumbling oil prices. Moreover, Geopolitical tensions remained in focus after U.S. President Joe Biden made a surprise visit to Ukraine's capital Kyiv and China's top diplomat Wang Yi called for a negotiated settlement to the Ukraine war. Japanese markets ended lower as a business survey showed manufacturing activity in the country contracted at the fastest pace in 30 months in February. Moreover, the country’s core consumer inflation hit a fresh 41-year high in January as companies passed on higher costs to households, keeping the central bank under pressure to phase out its massive stimulus programme. The nationwide core consumer price index (CPI), which excludes volatile fresh food but includes energy costs, was 4.2% higher in January than a year earlier, matching a median market forecast and accelerating from a 4.0% annual gain in December. Core consumer inflation has now exceeded the Bank of Japan's 2% target for nine straight months, mostly reflecting persistent rises in fuel and raw material costs.

The S&P Global Manufacturing PMI for the US was revised lower to 47.3 in February of 2023 from a preliminary of 47.8, and compared to 46.9 in January. The reading showed manufacturing activity shrank for a fourth consecutive month, amid further contractions in output and new orders, although rates slowed in both instances. Weak domestic and foreign client demand reportedly drove a further drop in total new sales as firms adjusted their spending activity and inventory holdings down accordingly.

Also, lower demand for inputs helped spur the greatest improvement in vendor performance since May 2009. Meanwhile, employment rose the most in five months, helping drive a further drop in backlogs of work. At the same time, the rate of charge inflation accelerated again as firms sought to pass on higher costs to customers. Conversely, input costs increased at a softer rate. Finally, business confidence was the second-strongest since May 2022.

The S&P Global Eurozone Manufacturing PMI was confirmed at 48.5 in February of 2023, slightly below 48.8 in January, and pointing to the eighth straight month of falling factory activity. Suppliers' delivery times showed a considerable easing of supply-chain pressures, which typically indicates worsening manufacturing sector conditions, and stocks of purchases signalled the most marked decline in preproduction inventories since May 2021. On the other hand, output, new orders and employment had a positive effect, with manufacturing production volumes broadly stabled, ending an eight-month sequence of contracting output. February saw another considerable easing of input cost inflation which were the lowest since September of 2020 and output price inflation was the softest in two years. Looking ahead, euro area manufacturers were slightly more optimistic towards the year-ahead outlook when compared to January.

The au Jibun Bank Japan Manufacturing PMI fell to 47.7 in February 2023 from 48.9 in January, revised slightly higher from a preliminary estimate of 47.4, indicating the sharpest deterioration in the health of the sector since September 2020. This was the fourth consecutive period of contraction, as both output and new orders dropped the most in over two-and-a-half years. Export orders also fell at a steepest rate in 31 months, and meant that foreign demand for Japanese manufactured goods had fallen consistently for a year. Meanwhile, firms increased employment levels for the twenty-third month running in preparation for an eventual recovery in demand, though the rate of job creation was the weakest for six months. The rate of inflation also slowed from January and was the softest recorded since August 2021. Looking ahead, business confidence regarding activity over the coming year remained robust overall.

Going Ahead

The global economy is currently experiencing a period of uncertainty. In spite of grave concerns, growth has thus far exceeded expectations in many nations. By the end of 2022, inflation began to decline in the majority of nations and major central banks had adopted a slightly less hawkish stance. It appeared that monetary policy tightening would end within a few months.

Early in 2023, however, there are indications of a little resurgence in inflation. As a result, there is a growing sentiment that central banks may need to raise policy rates by a greater amount than anticipated and keep them elevated for a longer period of time. This portends poorly for the global economic growth outlook. The global geopolitical situation appears to be deteriorating. The Russia-Ukraine conflict has lasted for more than a year, and there are no signs of a resolution. In fact, there are indications that both parties are hardening their positions. Some countries in India's immediate neighbourhood are experiencing extreme political and economic stress. Even though India has its own problems, but it is in a much better position than the majority of its peers.

Uncertainties in the global economy and geopolitics have an effect on the financial markets. Bond yields are going up gradually. Since the fourth quarter of 2022, the U.S. dollar has depreciated relative to other major currencies. The majority of commodity prices have recovered from recent lows. Interestingly, the equity markets have not performed poorly so far in 2023. In 2022, India was one of the few equity markets that generated a positive return. Even in the current year, Indian stocks are performing reasonably well compared to their peers.

During the quarter ended December 2022, most segments of the manufacturing industry experienced a decline in the ratio of raw materials to net sales, resulting in an improvement in operating and net margins. The opposite has been true for mid and small cap companies, whose earnings growth slowdown has been more marked than that of large cap companies. We anticipate a modest improvement in the future earnings performance of mid cap companies.

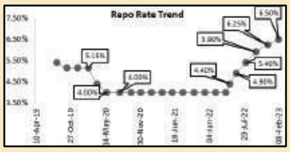
All of these factors suggest that the equity market is susceptible to short-term volatility, particularly at the sector and stock levels. Even at the index level, 20% correction in course of a year is seen in many years. Long-term wealth creation is best achieved through strategic asset allocation based on investment horizon, risk tolerance, and other factors. Investors who attempt market timing are likely to be impacted by short-term market movements. In contrast, investors who maintain a long-term perspective generate impressive returns.

Fixed Income Services

Monetary Policy Update

On 8th February 2023, the Monetary Policy Committee (MPC), based on an assessment of the macroeconomic situation and its outlook increased the Repo Rate by 25bps to 6.50%, continuing the focus on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

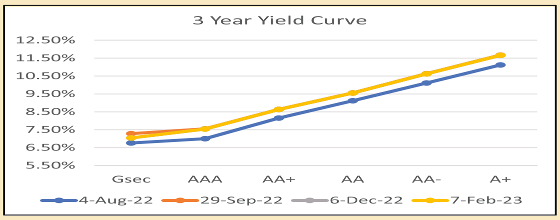
Key Rates	Pre-Policy	Post-Policy
Repo Rate	6.25%	6.50% ↑
Bank Rate	6.50%	6.75% ↑
Marginal Standing Facility	6.50%	6.75% ↑
Standing Deposit Facility	6.00%	6.25% ↑
Cash Reserve Ratio	4.50%	4.50% ↔
Statutory Liquidity Ratio	18.00%	18.00% ↔

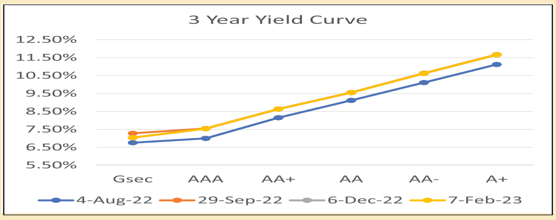


Source: RBI Press Release, Fixed Income Databases

The quantum of the rate hike was yet again in line with the market expectation as the global economic outlook remains fluid & uncertain. This has been RBI's sixth consecutive rate hike in the past ten months amounting to a raise of 250bps so far, continuing to keep the stance at withdrawal of accommodation. Reflecting the recent optimism, the growth prospects in major economies have improved and the Indian economy continues to remain resilient and hence the growth projection has been revised upwards by 20 bps to 7.00%. Likewise, the inflation forecast has been revised downwards by 20 bps to 6.50% from 6.70% since the December MPC meet. Even though the stance of MPC remains unchanged, not much movement was seen in the 10 Year G-sec as the expected rate action is already factored in prices.

The 3 Year & 5 Year Yield Curve below shows how yields have moved since the last review in December 2022:





Source: RBI Press Release, Fixed Income Databases

- The AAA spread over G-sec has expanded by ~8bps in the 3 year space, from ~50bps to ~58bps, and the 5 year spread expanded by ~8bps, from ~43bps to ~51bps.
- As seen above, the 3 year & 5 year AAA curve has compressed by ~13bps while 3 year & 5 year A+ curve has expanded by ~13bps & ~5bps respectively.
- The 3 year AA+ & AA curve has not seen much compression whereas the 5 year AA+, AA & AA- curve has compressed by ~7bps, ~8bps & ~6 bps respectively

Outlook: With the RBI recognising the need to tailor monetary policy to achieve its objective of durable disinflation and continuing to keep its stance as withdrawal of accommodation, yields are expected to remain range bound. While we continue to believe that we are at the peak of policy rates the market will continue to remain watchful as the outlook is clouded by continuing uncertainties from geopolitical tensions, global financial market volatility, rising non-oil commodity prices and volatile crude oil prices

Secondary Market Bond Offers

Tax Free Quotes

Security	Maturity/Call	IP	Rating	Yield
7.28% NHAI Tax Free 2030	18-Sep-30	Annual on 1-Apr	IND AAA/Stable	5.15%
8.20% HUDCO Tax Free 2027	05-Mar-27	Annual on 5-Mar	IND AAA/Stable	5.15%

PSB Perpetual Quotes

Security	Maturity/Call	IP	Rating	Yield
7.74% SBI Perp 2025	09-Sep-25	Annual on 09-Sept	AA+ by CRISIL & IND	7.86%
8.99% BOB Perp 2024	18-Dec-24	Annual on 18- Dec	AA+ by CRISIL & IND	7.96%

PSU Quotes

Security	Maturity/Call	IP	Rating	Yield
6.44% NABARD 2030	04-Dec-30	4th Dec & 4th Jun	AAA by CRISIL & IND	7.59%
8.83% IRFC 2033	14-May-33	15th Apr & 15th Oct	AAA CRISIL, ICRA & CARE	7.47%

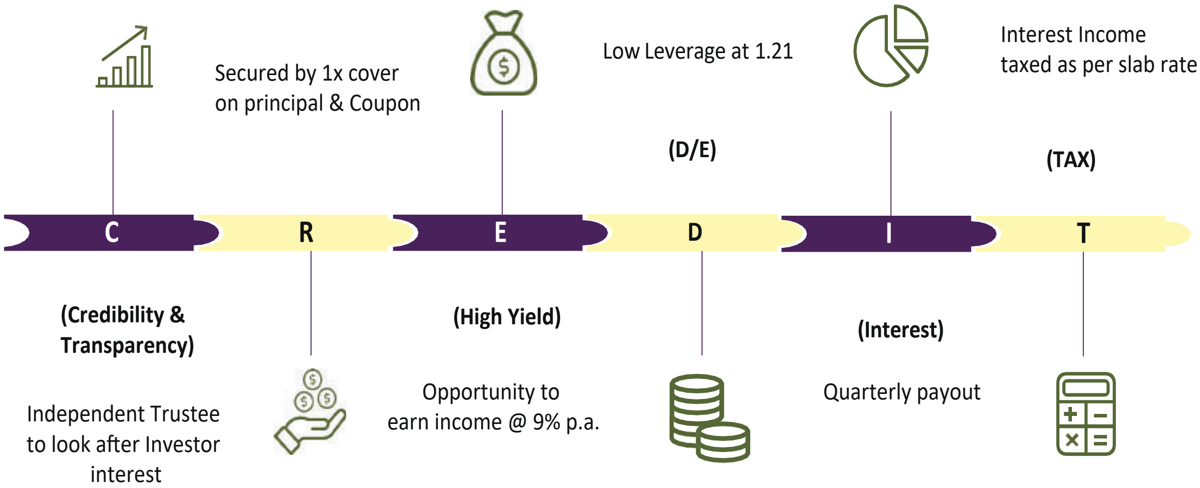
Corporate Bonds

Security	Maturity/Call	IP	Rating	Yield
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (31-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.40%
8.05% Mahindra &Mahindra Financial Services Ltd 2032	24-Jul-32	Annual on 01-Apr	AAA by IND Ratings & CARE	7.91%
8.55% HDFC Ltd 2029	27-Mar-29	Annual on 27-Mar	AAA CRISIL & ICRA	7.84%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.40%
7.82% Lic Housing Fin Ltd 2032	18-Nov-32	Annual on 18-Nov	AAA by CARE & CRISIL	7.85%
9.40% Hinduja Leyland Ltd 2024	28-Aug-24	Annual on 28-Aug	AA- by CARE	8.77%
8.12% Aditya Birla Fin 2032	18-Nov-32	Annual on 18-Nov	AAA by ICRA & IND Ratings	7.95%
7.87% MTNL 2032	01-Dec-32	Semi Annual	AAA by CARE & IND Rating	7.91%
9.95% UP Power 2030	Staggered Maturity (29-Mar-30)	31 Mar, 30 Jun, 30 Sept, 31 Dec	A+ (CE) BY CRISIL & INDIA RATINGS	9.27%

The above mentioned offer(s) are indicative and subject to changes in market conditions.

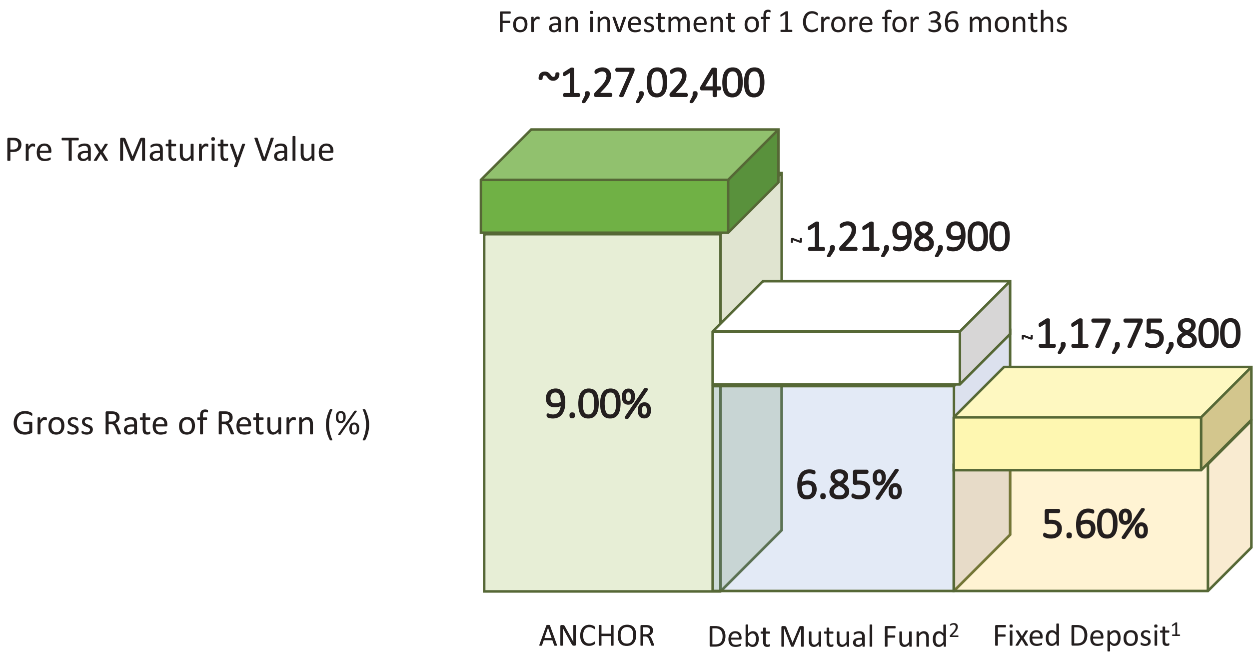
Please note that investments in these bonds should not be construed as an advice or recommendation however we can facilitate the execution of the same. The bonds are tradeable on the Exchange platform, however we do not provide any assurance or guarantee on the liquidity of bonds. The investment decision 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)



*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 ANCHOR?



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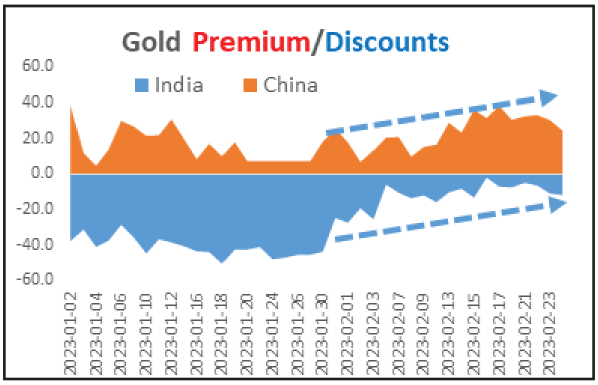
*Returns/IRR showcased are for illustrative purposes only. The returns are pre-tax.

Commodities Outlook

Precious metals turned volatile amid creeping dollar & reprising of short term rates

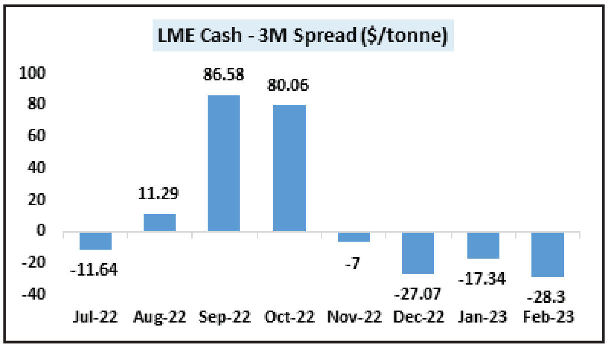
The Gold sector saw its lowest performance in 20 months in February as markets geared up for a more aggressive Federal Reserve in the coming months. Gold lost around $100 in February after rallying just slightly more than that in January. Spot gold opened the month at $1,928.26 and last traded at $1,838.44 yesterday. The last time gold lost at least that much was in June 2021, when prices dropped from $1,907.42 to $1,769.80, falling more than $130 on the month. Markets went from expecting a rate cut at the end of this year to a high possibility of higher-for-longer rates as macro data including Jobs report, Retail Sales & FOMC Meeting minutes surprised on the upside.

Started with recessionary concerns which benefitted Gold while easing inflation & weaker dollar supported the sentiments. Overall downward trajectory for inflation in 2023 and central bank intervention will be key in determining the outlook for H1 2023 and Gold's performance. The consumer price data next week could offer investors more clues on the path of rates heading into the Fed's March 21-22 meeting, where it is expected to raise rates by 25 basis points. With Spot discounts in India have declined in past month along with gold trading at a premium in China indicates demand emerging in short term at lower levels in Gold prices. This could lead to stability at lower levels in Spot markets. US Short term yields have moved in line with Interest rate cycles in US in past indicating that it may peak in next 1 – 2 months with Interest rates expected to peak in coming quarters.



Finally on MCX front Gold which touched a high above Rs. 58750 per 10 gm levels in MCX April contract corrected by almost 5 %, turning volatile. On the downside the counter could continue to find supports around Rs. 55200-54800 per 10 gm levels while the market may look ahead to further cues on Inflation & US Fed policy meeting for direction ahead as maintaining a hawkish stance could lead to volatility in markets.

Base Metals Update

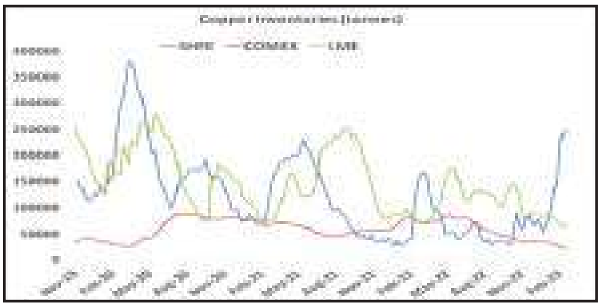


Year 2023 started with bullish momentum in Copper, Zinc & other base metals despite slowing macro conditions. However metals lost most of their gains in February. The year started with support from lower inventories, down between 45-85 percent for many base metals. Aluminium inventories were the lowest since 2016, while zinc inventories had declined to lowest in 90 years.
London copper prices witnessed their first monthly drop in four in february, weighed down by a firmer U.S. dollar and as demand from top consumer China remained subdued. Important macro event in near term remains US Inflation due mid-month while Service sector inflation still remains sticky on

tight job market despite job losses in the technology sector. We may see further dollar bounce in short term as US Fed chair expected to stick to another 25 bps rate hike in March.

The latest PMI reading revealed that China's manufacturing expanded at its fastest pace in multiple years in February, opening the way for higher output in the coming months and suggesting the economic reopening had a profound impact on activity. Persistently tight supply also supported copper.

Besides mining deferments in Peru caused by political unrest, ore processing operations in Panama have been recently put on break due to government tax and royalty payments issues from Canada's First Quantum Minerals. The world's refined copper market saw a three-tonne surplus in December, compared with a deficit of 93,000 tonnes in November, the International Copper Study Group (ICSG) said in its latest monthly bulletin. World refined copper output and consumption in December were about 2.2 million tonnes. In 2022, the market was in a 376,000-tonne deficit compared with a 455,000-tonne deficit in the previous 12-month period, the ICSG said.



Copper witnessed corrective moves during February as inventories jumped in China amid seasonally low consumption period.

Overall we expect LME Copper (CMP $8983 per tonne) to remain weaker in near term in 3M futures contract owing to spike in dollar index as markets continue to price in higher for longer interest rate scenario. Copper demand is expected to remain subdued in the first quarter, a typically off-peak season, while likely recovery from the second quarter could keep prices supported at lower levels.

Crude oil has the reason to recover in March and head above the tight trading range

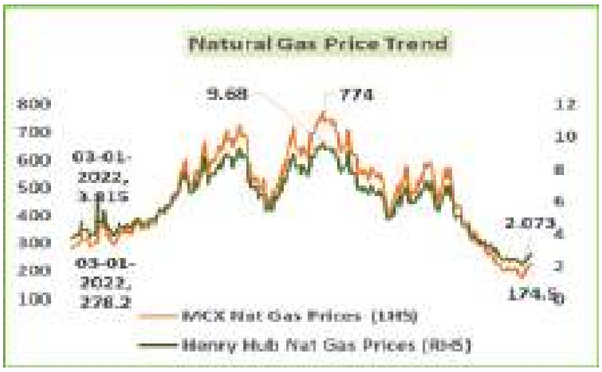
Crude Oil struggled to find direction in February and traded within a very tight range of $72-$82 per bbl. The tight price range was the result of mixed fundamental factors including a consistent rise in the US inventories and tighter monetary policy capping gains while Russia supply cuts and China demand optimism restricting a fall in the prices. Tracking the Benchmark WTI oil prices, MCX Crude oil too was caught between Rs 6050-6750 per bbl during the month. In between, prices were also impacted by US plan to release 26 million barrel oil from its strategic Petroleum Reserve (SPR) exerting pressure on the oil prices around $80-81 levels while disruptions in oil supplies after massive earthquake hitting Turkey supported prices around 73-74 levels. Apart from this, all the major agencies including OPEC and IEA raised forecast for oil demand growth in their monthly outlook providing floor to the prices. Widening of price caps on Russian fuel products failed to push prices higher as re-routing of Russian supplies through India, China and Turkey negated the impact of EU caps in February.

Outlook for March

The uncertainty prevailing in the oil markets since the start of the year might, to some extent, recede in March and prices may get some price direction, with clarity over the China's import numbers and Russia's stance over supply cuts. The second week of March is lined up with host of events including the China's Parliamentary gathering followed by S&P Global CERAweek, that might provide insights into the energy landscape. There has been lot of optimism with regards to recovery in China oil demand post reopening of the economy. In February, Russia has sent 2.3 million barrels of crude oil to China daily and is expected that the demand for oil in the Asian country will increase by around 900,000 barrels a day in months ahead. The China's first batch of 2023 trade data through February, including oil, gas & coal imports will be released in the second week of this month. In February, India imported nearly 1.85 million barrels a day from Russia, which was almost equal to its maximum capacity of 2 million barrels a day.

In March and the quarter ahead, the oil market should tighten as China and India continue pulls in more crude. But still Russia may have trouble continuing to find new homes for all its displaced flows, especially products. Accordingly further supply cuts from Moscow is likely to follow. In the background, OPEC+ looks unlikely to intervene soon. Moreover, the El Nino weather pattern's anticipated return could lead Asia's energy demand to surpass last year's level. Meanwhile, the Fed's cycle of tightening will reach a conclusion, tugging away support from the dollar. We expect WTI oil to test $84-86 level on the higher side in March with good support seen at $77 per bbl. MCX Crude oil might breach the crucial Rs 6,750 level market and test Rs 7200 level during the month.

The $2 level seems holding well for US Natural Gas- Fundamentals turning positive



NYMEX Henry Hub Natural gas fell below $2 mmbtu last week, down around 80% from June 22 peak of $10. Milder weather this winter season, combined with robust production levels, spurred enduring concerns about supply/demand imbalance and allowing prices to plummet. Normally, during these winter months, production is affected by well-freeze which leads to higher drawdown from storages. However, above normal temperatures has led to considerably less heating demand in the United States this year, leaving more gas in storage than initially thought.

Delay in key export terminal added to the pain. Freeport LNG terminal restart was delayed from December 2022 to January 2023. The export terminal which accounted for 15% of US LNG exports underwent an explosion in June 2022, and has been shut since then. Meanwhile, European storages were hovering near 80%, well above the seasonal averages as demand has been dampened by softer weather.

Natural Gas price has rebounded late last month from a low $1.96 per mmbtu and is hovering around 2.8 per mmbtu. The rebound has been supported by a dip in dry gas production to 97.5 billion cubic feet per day versus early February highs of well over 100 bcf daily. Moreover, heating demand is anticipated to rise in the U.S. over the next two weeks due to colder-than-normal weather in early March. Meanwhile, improving feed demand for liquefied natural gas with a steady pickup in volumes going into the Freeport LNG terminal in Texas (a rock-solid base of 2 bcf, of gas demand a day) may also support the bulls.

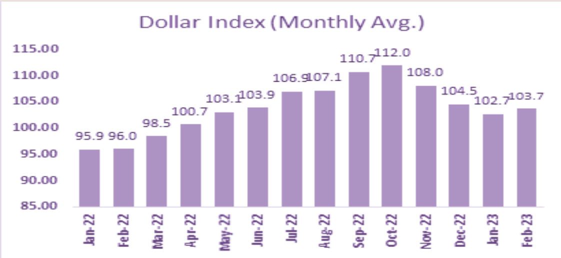
Outlook

As inventories remain well in excess of the 5-year average, US natural gas in storage will be the large counter-balancing factor exerting downward pressure on prices from time to time. However, the strong base is in making for Natural Gas Prices around $2 and on the MCX around Rs 210-220 per mmbtu.

Asia's energy demand could surpass last year's if El Nino spawns a hotter-than-usual summer. The unusual three-year La Nina event is subsiding, with 49% chance of El Nino forming in June. Energy shortages may arise as air conditioners power up. Diminished rainfall could curb hydropower generation, shifting unmet power demand to natural gas, coal, and oil products. All in all, Natural gas is once again bound for a recovery.

Currency Outlook

Dollar Index: Greenback consolidated at higher levels in February'2023

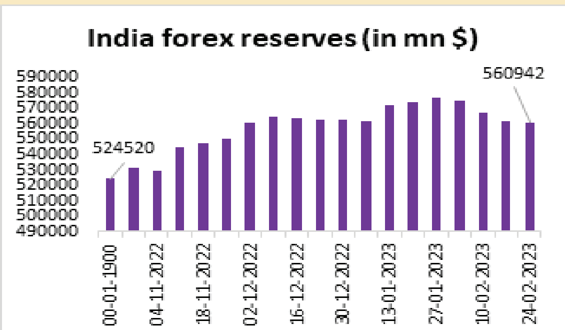


Dollar Index witnessed its first monthly gain in four as it steadied above 104 levels in February. US CPI data for January indicated the pace of decline slowed, while the month on month inflation showed an improvement, improving the conviction that Fed might consider at least two to three more rate hikes of 25 bps each this year raising the terminal rate projections to around 5.45 %. On the other hand, hawkish Federal Reserve (Fed) Minutes and statements suggesting higher interest rates from the Fed officials also favor the US Dollar's demand. As per the latest Federal Open Market Committee's (FOMC) Monetary Policy Meeting Minutes, all participants agreed more rate hikes are needed to achieve the inflation target while also favoring further Fed balance sheet reductions.

Outlook:

With US Services PMI showing improvement since start of the year, macro cues have strengthened leading to a rise in dollar value against basket of currencies. Overall prices are expected to stay elevated upto 105 – 106 levels as US Fed meets on 21st Mar to witness another 25 Bps rate hike and projecting terminal rates higher for the year.

Rupee facing strong resistance near 83 levels- RBI's role intact in supporting domestic currency



Rupee spot was mostly held in a range of 82-83 in February closing the week lower by 0.9% at 82.67 against the dollar. Despite dollar's sharp gains against the basket of major currencies, losses in the Indian rupee was limited as RBI intervened the markets by selling dollar ensuring the domestic currency do not breach psychological 83 mark.

In the week ended February 24, 2023, the forex reserves dropped by $5.68 billion to an 11-week low of $ 560.942 billion. This was the fourth consecutive week when the reserves dropped.

In 2022, Rupee fell during all the months, except for November. Broader dollar strength, narrowing yield differentials & widening balance of payments (BoP) deficit were the major reasons for the fall in same. Meanwhile the year 2022 also saw one of the steepest fall in Indian forex reserves, due to RBI intervention and valuation losses from a stronger dollar. The Reserve Bank of India's hawkish stance at its February meeting was based in part on signs of growth resilience in 4Q22. RBI Repo rate stands around 6.50 %, while RBI Governor has indicated core inflation showing signs of being sticky at an elevated level, leading to the potential of further 25 bps rate hikes. Meanwhile US Fed funds rate currently at around 4.75 % has more room left as current indications are in for another 50-75 Bps rate hike during the year which could narrow the interest rate differentials between the two countries and further lead to outflow concerns from domestic markets capping sharp gains in the domestic currency.

India's monetary policy might reverse in second half of FY'24 as slowdown in the global economy may dampen domestic exports. With Crude Oil prices also likely to witness a floor near $ 70-75 levels in short term, more sanctions on the Russian economy this year could create supply tightness globally and keep Oil prices elevated leading to depreciation bias in rupee over the long term.

Rupee recently appreciated to more than one-month high, even erasing the 82 mark. An upside is here to stay backed by corporate inflows that are on higher side as financial year end, positive Asian peers, and a slide down in the greenback. From a month's perspective, we expect rupee to appreciate further and find support near 81.5 levels.

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.

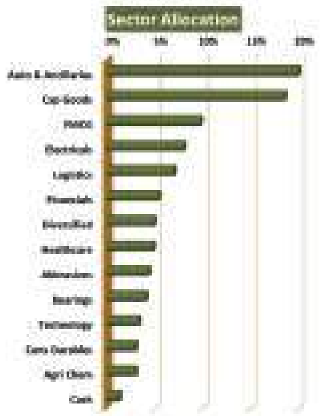
Healthy Balance Sheet

Top Holdings and Allocation

Sr No	Top 10 Holdings	% Holdings
1	KSB Limited	9.17%
2	Siemens Ltd	8.08%
3	Maruti Suzuki India Limited	7.92%
4	Schaeffler India Limited	7.49%
5	Blue Dart Express Ltd	7.05%
6	CRISIL Ltd	5.48%
7	Hindustan Unilever Limited	5.29%
8	3M India Ltd	4.98%
9	Ingersoll-Rand (India) Ltd	4.98%
10	Abbott India Ltd	4.88%

Avg Mkt Cap (cr)	
Large Cap	283378
Midcap	28488
Small Cap	7270
Overall Portfolio	84364

Data as on 28th February, 2023



The current model client portfolio comprise of 19 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.

Source: *Anand Rathi Internal Research.*

Note:-Returnsaboveoneyeararerannualized.Returnsarenetoffallfeesandexpenses.

Disclaimer:PastPerformanceisnotnecessarilyindicativeoflikelyfutureperformance.PerformancementionedabovearenotverifiedbySEBI. WehaveshowntheperformanceasAggregateperformanceofallclientsonTWRRbasis

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

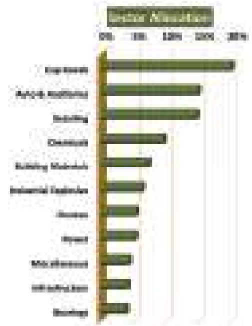
- IIndian economy has found its place among the key global players in many of the sectors.
- India increasing its share and becoming a part of the global supply chain and also a reliable partner.
- Government focus on building capabilities, scale and good manufacturing practices.
- PLI, Export incentive 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

Opportunities at every level of emerging business

Stock Selection Process

Portfolio Synopsis

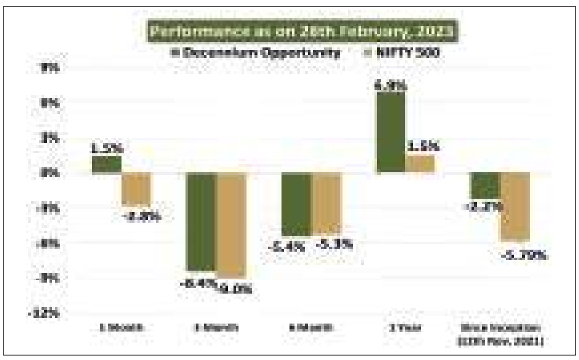
Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.0%
2	Craftsman Automation Limited	8.6%
3	Cera Sanitaryware Ltd	7.4%
4	Solar Industries India Limited	6.4%
5	Tube Investments of India Limited	6.3%
6	Praj Industries Ltd	5.9%
7	Bajaj Finserv Limited	5.4%
8	Gujarat Fluorochemicals Limited	5.4%
9	Tata Power Company Ltd	5.3%
10	Aditya Birla Fashion and Retail Limited	5.1%



	Avg Market Cap (cr)
Large Cap	337496
Midcap	23762
Small Cap	5276
Overall Portfolio	97829

Dataason 28th February,2023

The current model client portfolio comprise of 18 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	
Principal Protected	Principal is not protected	
Tenor(days)	1875 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 47th, 50th, 53rd & 56th Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100% (IRR – ~14.45%)	
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)®	1.15x (below -15% till -30% fall with catch-up)	
Knock-In Put @ 84.99%		
Decay Multiple (DM2)®	0.15x (Beyond -30% fall decay decreases)	
Nifty @ 69.99% of initial		
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 at or 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))

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

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
37590	110.00%	100.00%	15.50%	14.40%
35800	**100.00%**	**100.00%**	**14.40%**	**14.40%**
26850	50.00%	100.00%	8.20%	14.40%
23807	**33.00%**	**100.00%**	**5.70%**	**14.40%**
23628	32.00%	74.00%	5.60%	11.40%
23449	31.00%	48.00%	5.40%	7.90%
23270	30.00%	22.00%	5.20%	3.90%
21480	20.00%	12.00%	3.60%	2.20%
19332	**8.00%**	**0.00%**	**1.50%**	**0.00%**
17900	**0.00%**	**0.00%**	**0.00%**	**0.00%**
17662	-1.30%	0.00%	-0.30%	0.00%
16110	-10.00%	0.00%	-2.00%	0.00%
15215	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
15213	-15.01%	-17.26%	-3.12%	-3.62%
14320	-20.00%	-23.00%	-4.30%	-5.00%
12530	**-30.00%**	**-34.50%**	**-6.70%**	**-7.90%**
10740	-40.00%	-36.00%	-9.50%	-8.30%
0	-100.00%	-45.00%	-100.00%	-11.00%

Product IRR* **14.45%**

Tenor **1875 Days**

Target Nifty Perf. **33%**

Product Explanation

NP >= 33%	100% (Contingent Coupon)
30% < NP < 33%	Max(0%,(NP-30%)*PR2
8% < NP < 33%	(NP-8%)* PR1
-15% <= NP <= 8%	Principal Protection
-30% <= NP < -15%	1.15x Decay with Catch-up
Nifty falls beyond -30%	Decay decreases to 0.15x
If NP = -100%	-45% (Max Loss in this product)

*Product IRR assume to be Pre-Tax IRR
NP: Nifty Performance
^ Initial Fixing Level is taken as 17662, adding 150 points contingent: 17812, rounded off to next 100: 17900.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 31st January 2022.
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.

Technical Analysis

NIFTY: MARCH 2023

LEVELS TO WATCHOUT FOR: 17800 - 18200 / 17300 – 17100

The Month of FEB 2023; proved to be fabulous for the traders who desire and love to play on both the sides of market. Our domestic markets provided equal trading opportunity to bulls and bears during the month. Initially; the index NIFTY recovered towards 18000 mark during the first half of the month. Then after; in line with our view; NIFTY failed to clear 18200 level and nosedived to 17350 mark and breached the same. Eventually; the index lost over 2% during the month.

In our previous monthly edition we made it clear that traders should be prepared for deploying longs in the range of 17300 – 17000 if at all it comes. This was because of the FIIs long short ratio in index futures which sneaked below 20%. So in line with that view; initially we witnessed sharp bounce towards 18100 where in NIFTY failed to clear the hurdle of bearish FLAG pattern. Then we observed heavy selling which brought the index back towards 17255. At 17255; we again turned bullish since the long short ratio was again below 14%. Along with the data; NIFTY had a support of falling trend line extension near 17300 mark. After that we witnessed a rally towards 17600 level. From here on we maintain our stance that for the time being any fall towards 17300 or lower levels can be used as a buying opportunity. On the upside; 17800 might be initial hurdle but after that 18200 would be trend decider. Only a move above that would confirm a bottom at recent low. We have been echoing our view that we don't expect any unidirectional move in the markets and hence traders are advised to keep booking their longs near the resistance levels and grad the opportunity to buy at the decisive support levels.

Meanwhile; the NIFTY BANK index too remained volatile during the month but managed to outperform the index during the fall. Initially the index rallied towards 42000 mark but failed to clear the supply zone of 42000 – 42500 and then we witnessed a crack again which dragged the index below 40000 levels. However; the index managed to defend the support of 39400 and then reclaimed 41000 levels. At this juncture; is it trading very much near to the supply zone and hence we are of the opinion that an extension of the ongoing up move would get confirmed only above 42000 mark. In case of a failed attempt to clear this zone; we would witnessed profit booking again in the index but 39400 might be a strong support for the coming weeks.

BUY BUY - OBEROI REALTY LTD **POTENTIAL UPSIDE 10.96%- 14.61%**

- At this juncture; OBEROI REALTY just confirmed a breakout from the falling trend line.
- During the process; the stock has managed to breakout out from the flat could of Ichimoku system.
- The stock has managed to reclaim its 200 DEMA and 200 DSMA on closing basis.
- We are also witnessing a breakout in daily RSI and that indicates strength in upside momentum.

Thus; traders are advised to buy the stock in the range of 895 - 885 with a stop loss of 825 on closing basis for the upside potential target of 987.5 followed by 1020 levels in coming 1 – 3 months.

ICICI Venture

Overview of ICICI Venture

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

ICICI Venture at a Glance

$6bn	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]	$1.85bn [2]	$0.70bn [2]	$1.75bn [3]	$1.25bn [2,4]
Strategies	Growth Equity	Debt	Energy	Debt, Mezzanine
	Joint Control	Equity	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

IAF5

[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 enterprise value of current portfolio; [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

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	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-2011	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 : 8.2x/3x	Gross INR MOIC : 25.8x
Gross INR IRR: 61.9%[4]	Gross INR IRR: 98%	Gross INR IRR: 29.8%	Gross INR IRR: 25% / 35%	Gross INR IRR: 139%

[illegible]

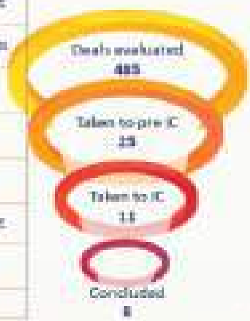
IAF4 Portfolio Overview

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	4.15%	Exited	3.03x	Sale to strategic/PE
GO COLORS!	2018	1,000	Consumer	Growth PE	13.70%[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
Ortheo	2016	1,650	Mfg	Growth PE	26.22%[4]	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	2016	2,358	BFSI	Growth PIPE	4.36%	Listed	2x	Capital markets
[illegible]	2021	1,800	Mfg	Growth PE	15.3%-14.3%	2024-25	2.5x-3x	IPO

[illegible]

IAF4 deal log



[illegible]

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

iREIF 2

India Real Estate Investment Fund Series 2

Affordable Housing Focused Debt AIF

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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

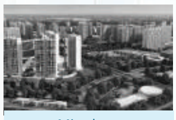
	Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A[1]	$1.9bn[2]	$700mn[2]	$453mn[3]	$1.25bn[4]
Strategies	Growth Equity	Debt	Energy	Debt, Mezzanine
	Joint Control	Equity	Utilities	Distress Buyouts
	Buyouts	Mezzanine	Buyouts	Equity Recaps

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 re vised 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

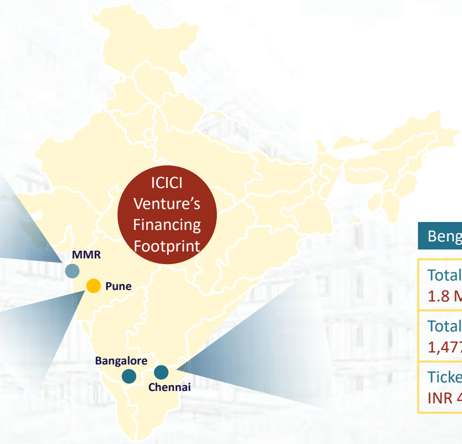
ICICI Venture's Footprint of Financing for Housing

ICICI Venture

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	

iREIF

Our RE debt exit track record

ICICI Venture

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

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%

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

iREIF

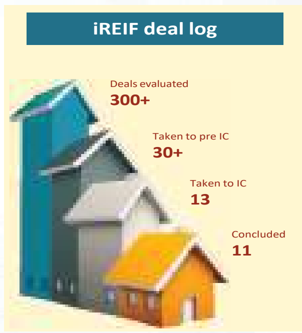
iREIF Portfolio Overview

ICICI Venture

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
	2018	550	Taloja & Karjat, MMR	Affordable Housing	18-60	22.5%[2]	Exited
	2022	450	Taloja, MMR	Affordable Housing	27-40	18.0%[3]	On schedule
	2019	355	Bhukum, Pune	Affordable Housing	30-45	22.2%[2]	Largely Exited
	2021	500	Kirkitwadi, Pune	Affordable Housing	35-45	19.8%[3]	On schedule
	2019	650	Virar, MMR	Affordable Housing	35-45	18.8%[3]	Partly exited
	2021	550	Andheri, MMR	Affordable Housing	95-195	24.5%[3]	On schedule
	2022	150	Khar,MMR	Housing	270-470	30%[3]	To be disbursed
	2021	400	Mahim, MMR	Affordable Housing	150-250	21%[3]	On schedule
	2022	300	Dadar, MMR	Affordable Housing	150-250	20.1%[3]	On schedule
	2018	387	Hennur Road, Bengaluru	Affordable Housing	55-60	7.2%-13.8%[4]	Behind schedule
	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

Leveraging ICICI Group RE strengths

ICICI Venture

MOU with ICICI Bank

ICICI Group

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

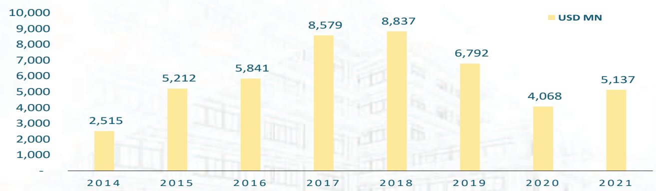
1 Construction & Realty Funding Group; 2 As of March 31, 2022
Source: ICICI Bank Annual Report

iREIF2

Private capital flows to Indian RE sector

ICICI Venture

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.

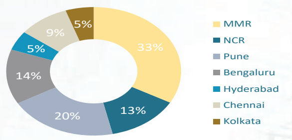
iREIF2 *Source – Knight Frank Research, Venture Intelligence*

iREIF2 target market snapshot

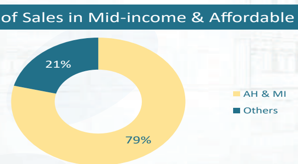
ICICI Venture

MMR and Pune account for 53% of Sales

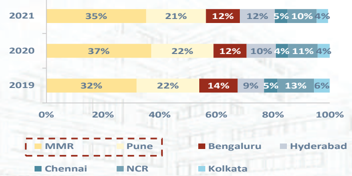
% of Overall Sales from 2015-2021



% 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

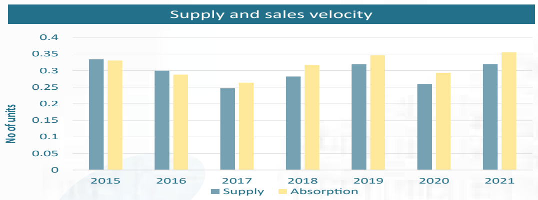
iREIF2 *Source: PropEquity. CY 2020. Data for number of units sold*

Covid impact

ICICI Venture

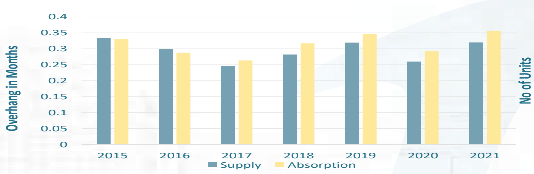
Despite Covid, healthy supply and absorption of residential units

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

iREIF2 *Source: Propequity*

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

iREIF2

*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 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
- AIF Manager / Team
- ICICI Bank
- ICICI HFC Prior investees
- Group references
- Investor references
- Intermediaries

Rigorous due diligence
- Financial DD
- Legal DD
- Technical DD
- Promoter DD (select)

Distinctive and disciplined structuring and rights
- Leverage distinctive structuring experience to mitigate downside risk and align objectives
- Negotiate appropriate rights including significant security package per transaction

Project Management
- Regular monitoring
- Marketing Strategy
- Financial Management
- Strategic alliances
- Financial Closure

Target Returns within Targeted Holding Period
- Focus on execution excellence
- Exit from project cashflows/ refinancing

iREIF2

iREIF2 key terms*

ICICI Venture

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
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[illegible]	[illegible]
Others	[illegible]

iREIF2 [illegible]

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PRIVATE CLIENT GROUP
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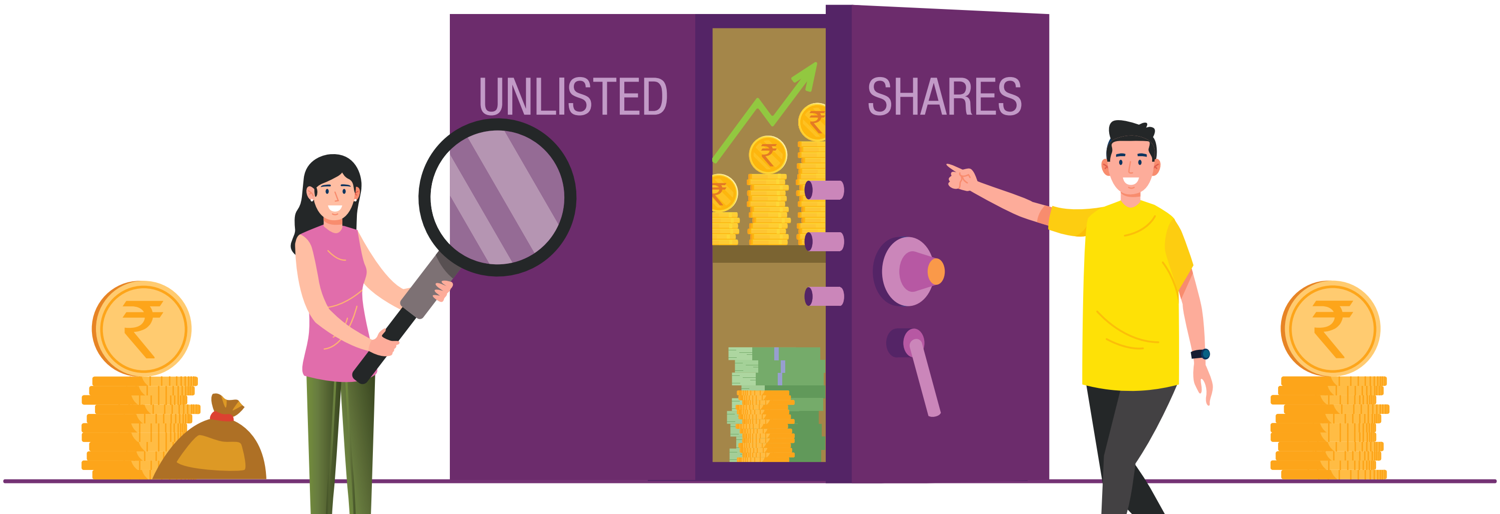
Explore the
Hidden Treasure of **Unlisted Shares***
With

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
PharmEasy (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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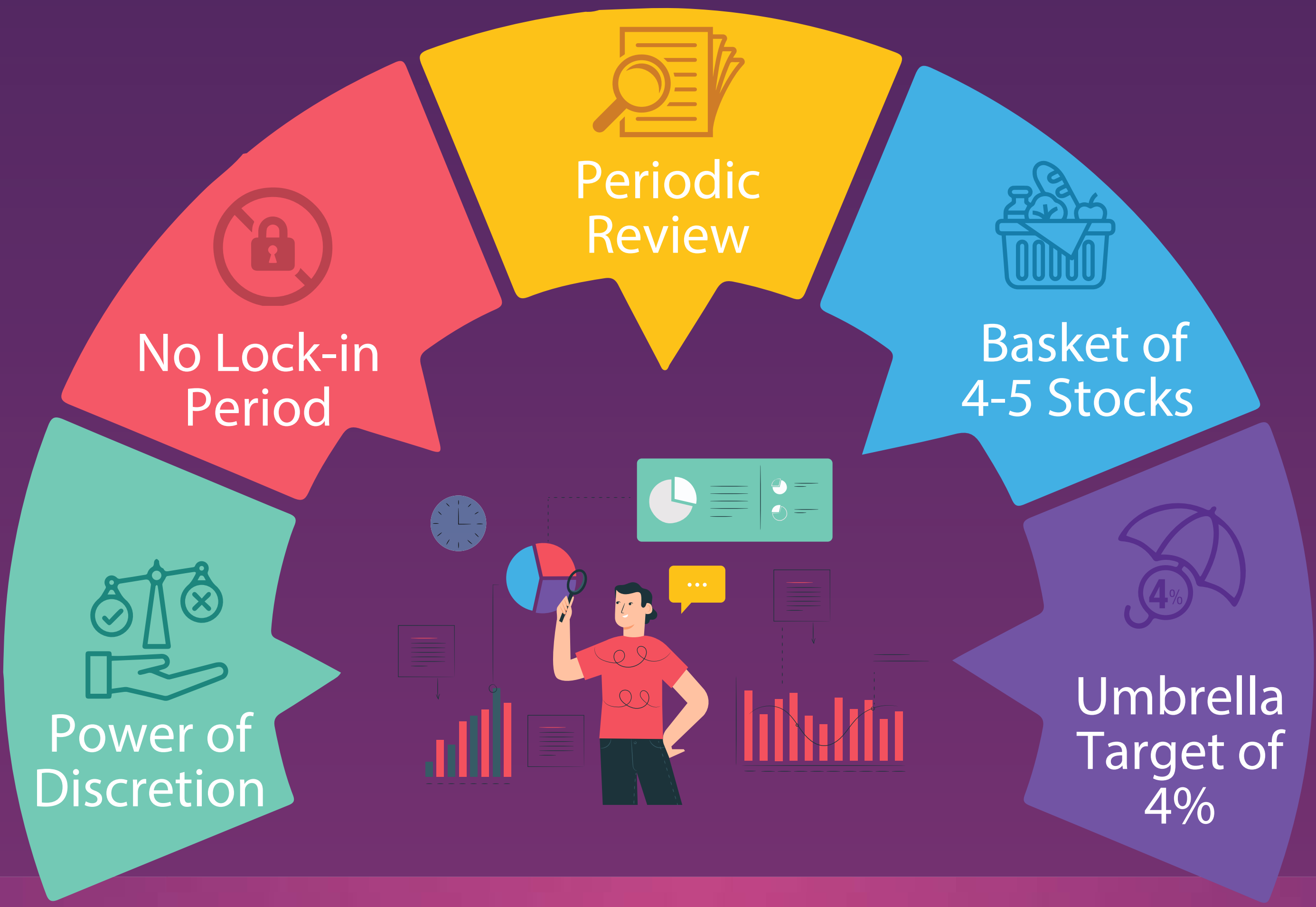
ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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.

Note

Note

FINANCIAL

FLASH

March 2023

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INVESTMENT SERVICES

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