AnandRathi
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Equity

FINANCIAL FLASH

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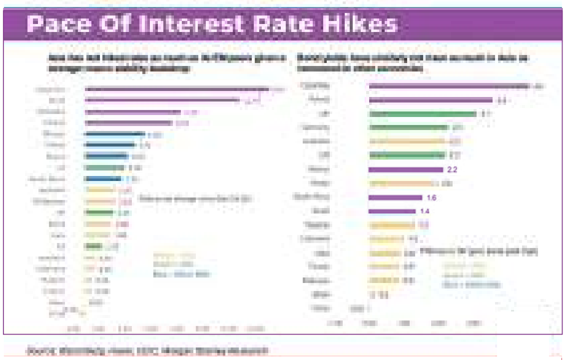
PCG Communique

From the Desk of the PCG Head

Rajesh Kumar Jain

Heightened Volatility !!!

Sticky Inflation, High-Interest rates, and Global Headwinds will decide the course of the market trend in Oct. World over central Banks is increasing the rates to curb inflation. As expected RBI has raised the hike by 50 bps taking the Repo rate to 5.90%. Fed too has increased the rates by 75bps, giving a hawkish signal that the rate hike will continue to bring Inflation to 2% trajectory levels. Most of the Central banks are prioritizing curbing Inflation by increasing rates at the cost of growth.



Layered on top of continuing echoes from the Russian invasion of Ukraine, the spreading economic gloom is sowing fear in financial markets, creating its own worrying dynamic. A rapidly appreciating dollar, supercharged by the Fed, may help cool US inflation, but it drives it up elsewhere by weakening other currencies - pressuring authorities to restrain their economies. This abbreviation has put the month of Sept into heightened volatility wherein FII has sold 18,308CR where DII were net buyers to the tune of 14,119CR. SIP Contribution was at Rs 12,693.45CR as on August 31, 2022. The number of SIP accounts stood at an all-time high in August 2022 at 5.71 crores crossing the June 2022 high of 5.61 crores. The SIP AUM at the end of August 2022 stood at Rs 6.39 lakh crores, which shows the showing retail investor faith's resiliencies. Direct participation in equities has grown with the total number of De-mat accounts increasing almost 3 fold from ~3.6 CR in FY19 to ~10 CR in August 2022, showing investors' belief in India's growth story. Mutual Funds added a staggering 3.17 CR folios (investor accounts) in FY22 itself.

India has been a preferred destination for FPIs over the years, with net flows (Equity + Debt) being positive in 24 out of the last 30 fiscal years. It would be fair to expect this trend to continue in the future as structural economic tailwinds and the diverse nature of businesses here could continue to attract foreign investors. Worth noting here that despite recent volatility, Indian equities have been far more resilient than their Emerging Market (EM) peers. On a CYTD basis (Up to 31-Aug-22), the MSCI India index (-4.4%) has outperformed MSCI EM Index (-19.4%) by 15%.

Goes without saying that Indian markets do face near term challenges in the form of high global slowdown, hardening global interest rates, escalation of geo-political tensions, etc. However, it is equally true that despite short-term impediments, India is expected to be one of the fastest-growing economies in the world. India's GDP can reach closer to $20 trillion by 2047 if it manages a sustained GDP growth rate of ~7.5% for the next 25 years.

India's high frequency data update:

Rising GST collections, strengthening core and manufacturing sector output, moderation in inflation going ahead, and accelerating credit growth bode well for the economy. India Manufacturing PMI edged down to 55.1 from 56.2 in August. Above 50 indicates expansion in activity, which depicts that the Indian manufacturing industry remains in good shape, despite considerable global headwinds and recession fears elsewhere. GST Collection stood at 7th straight month of > INR1.40 lakhs CR (+26% YoY) in Sept22 with improving tax compliance and a healthy festive season aiding economic activity. Bank credit grew at 16.2 per the highest in about nine years, aided by a revival in the economic activity post-Covid, increased working capital demand, rising discretionary spending, and low-base effect, although there has been a disappointment in the Core sector production growth which shown a declined to a 9-month low of +3.3% YoY in Aug'22, moderating against a YoY rise of 12.21% on Aug 21.

Monetary Policy: "The global economy is in the eye of a new storm," Reserve Bank of India Governor Shaktikanta Das said Friday after lifting rates again. The Monetary Policy Committee (MPC) voted in favor of raising the policy repo rate by 50 bps to 5.9%, marking its third consecutive 50 bps hike. MPC also maintained (with a 5-1 majority) that it remains "focused on the withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting growth". The central bank projects CPI inflation at 6.7% in 2022-23, with Q2 at 7.1%, Q3 at 6.5%, and Q4 at 5.8%. The risks are evenly balanced. CPI inflation for Q1 FY24 is projected at 5%.

On Economic Growth: RBI noted the worsening global macroeconomic situation with the synchronized raising of policy rates by Central banks, elevated inflation, and broad-based currency depreciation against the USD. The financial market volatility has also heightened driven by portfolio flows and thus, poses financial stability risk for many economies. India has been better placed with a domestic economy supported by improvement in private consumption, steady improvement in industrial activities, favorable monsoon, and sowing only marginally lower than last year. Further, investment demand is holding up well and high-frequency indicators of manufacturing and services sectors point towards resilient economic activities. However, the external sector acted as a drag with a significant rise in imports along with a slowdown in exports. Going forward, RBI remained optimistic on growth prospects considering a rebound in services, a relatively better-placed agriculture sector, strong growth in bank credit, an optimistic business outlook, etc. However, geopolitical tensions, tightening global financial conditions, slowing exports, etc. are likely to act as headwinds. Given the above, RBI revised the growth forecast for FY23 by 20 bps to 7.0%.

On Inflation: CPI accelerated in recent months driven by the increase in food prices including cereals, vegetables, pulses, etc. despite some softening in the fuel inflation on the back of lower kerosene prices. Further, the core inflation remained sticky at elevated levels driven by the broad-based increase in goods and services inflation.

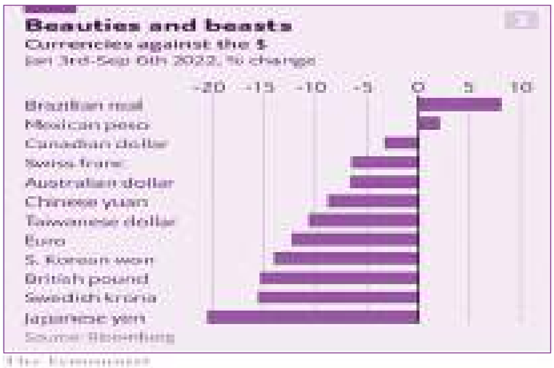
India's current account deficit widened to the highest since 2013 at 2.8% of the GDP in the quarter that ended June, led by a rise in the merchandise trade deficit and net outgo of investment income payments. India's current account balance recorded a deficit of $23.9 billion (2.8% of GDP) in the first quarter of FY23, up from $13.4 billion (1.5% of GDP) in Q4 FY22 and a surplus of $6.6 billion (0.9% of GDP) in Q1 FY22, as per data released by the Reserve Bank of India on Thursday. The underlying reason was the widening of the merchandise trade deficit to $68.6 billion from $54.5 billion in Q4 FY22 and an increase in net outgo of investment income payments.

The global economy is going through a phase of a serious growth slowdown. Simultaneously, despite some early signs of softening, average global inflation continues to remain close to the highest in the past several decades. India is somewhat bucking this trend. The country is witnessing growth acceleration and after rising till April 2022, inflation has retracted. The scheduled monthly macroeconomic data releases in mid-September 2022 are likely to remain in line with most of these trends.

Global oil consumption is being threatened by a darkening economic outlook. A hawkish US Federal Reserve, the risk of a recession in Europe due to a severe energy crisis, and

China’s continued Covid-19 lockdowns are all adding pressure to the commodity. Diesel prices -- often correlated to the global growth outlook -- have slumped this week and several analysts have cautioned on the outlook.

The Fed and many counterparts are pledging to keep going with steep rate hikes as they attempt to rebuild credibility. Quantitative tightening programs, where central banks remove liquidity by shrinking bond portfolios, are also just getting going. Currencies across Asia are depreciating because of a stronger dollar environment and not because of any existing imbalances related to the Asia macro situation.



These aggressive hikes in interest rates are causing growth worries, wherein evidence of the impact and the blow to consumers' purchasing power from soaring prices - is mounting quickly. In the past several days, Nike Inc. reported a surging stockpile of unsold products, FedEx Corp. shocked with a warning on delivery volumes, and key chipmaker South Korea saw the first drop in semiconductor output in four years as demand retreats. Apple Inc. is backing off plans to boost the output of its new iPhones.

Prospects for a second global recession so soon after the 2020 downturn triggered by the pandemic were hardly apparent a year ago. But Europe's Russian-induced energy crisis, China's deepening property slump, and continued Covid-Zero approach weren't part of the consensus outlook. Not all is dark, with US job-market resilience a notable feature. But the plans by Facebook parent Meta Platforms Inc. for the first reduction in headcount ever illustrate how that may still change.

And Britain's experience in recent days showcases how investors are in a mood to punish policymakers pursuing approaches deemed unsustainable. The Bank of England was forced to intervene in its bond market after the new UK government announced $45 billion of unfunded tax cuts. The events of the last week demonstrate that reality can be very different. The opportunity for further fumbles - after the UK's fiscal failure and market meltdown - is high.

India’s expanding domestic market means the country can weather a looming global recession better than most other emerging markets, money managers say. In the longer term, China’s decoupling with the US may also pave the way for Indian firms to boost their presence worldwide. China’s “draconian lockdowns continue to impact these supply chains, so the clamor for an alternative has been rapidly gaining favor.

Still, investors focused on India’s longer-term growth story hold strong convictions. Economists surveyed by Bloomberg expect the economy to grow about 7% in the fiscal year that ends next March, more than twice the pace of China’s in 2022. Mark Mobius, the co-founder of Mobius Capital Partners, said India’s large and younger population coupled with a favorable environment toward private enterprise means it will be growing faster than China in the coming years. Major global companies have been taking advantage of the South Asian country’s industrial competence. Apple Inc., which has long manufactured most of its iPhones in China, began making its new iPhone 14 in India sooner than anticipated following a smooth production rollout. Citigroup Inc. is targeting India as one of its top markets to expand globally. India’s weight in the MSCI Emerging Markets Index has increased by almost 7 percentage points in the two years through September. Meanwhile, Chinese and Hong Kong stocks combined have fallen by more than 10 points.

Market View

Domestic markets are in the mid of heightened volatility. Global growth concerns continue to persist with Fed indicating a hawkish policy stance to tame inflation and Chinese growth also under pressure with the zero covid policy. Commodities prices have cooled off owing to the demand concerns. Supply-side pressure is also normalizing at a global level, except on the energy side. We believe that inflation may have peaked and may gradually come down. Domestic high-frequency indicators remained resilient despite the global headwinds underlining the domestic recovery possibilities. Policy reforms, huge under-investments in Capex, and stronger corporate Balance Sheets alongside a transition to a multipolar world may aid manufacturing, exports, and Capex - creating a virtuous cycle of growth. While market valuations appear to be in neutral territory, earnings growth continues to be in line with expectations. A good part of the market earnings is linked to the domestic economy, which remains robust. A fall in commodity prices is likely to ease margin pressure in the coming quarters.

India’s auto sales rose in September as companies continued to ramp up dispatches to dealerships for the festive season, according to analysts. Shipments of carmakers likely witnessed a jump over last year due to an improved supply of semiconductors, the start of the festive season, and a favorable base.

Last year, a severe shortage of semiconductors hit automakers hard, leading to significant scaling down of production. "We estimate the passenger vehicle industry should have its best-ever wholesales at 3,55,946 units in September aided by the early start of festival season and rise in inventory in anticipation of higher sales. There is a slight drop in waiting periods with rising supply but top-end variants continue to see high waiting periods. Excess rainfall in some parts of the country, the inauspicious period of Shraddh, and weaker-than-expected Ganesh Chaturthi sales limited overall volumes. While passenger vehicles are on a strong footing, two-wheelers continue to show signs of weakness. Analysts’ estimates show a lower than 5% rise in sales volumes for two-wheeler makers compared with last year. The scooter segment is better placed than motorcycles as rural markets are yet to recover completely, the analysts said. Royal Enfield is an exception, with its newly launched model Hunter 350 attracting buyers, while sales of other models continue to be robust. Sales of commercial vehicles remained on a strong trajectory, driven by replacement demand and higher freight rates amid a truck capacity shortage.

Credit growth in the banking system was at a multi-year high of 16.2 percent year-on-year. Analysts expect credit demand to remain robust because of the ongoing festive season, though liquidity in the system may decline because consumers tend to hold more cash during this time. Working capital utilization levels have gone up. A reasonable part of the increase in credit growth is inflation-linked. Capex demand has generally been weak over the past several years but we are likely to see some early signs of CAPEX-related credit growth in H2FY23 in sectors like renewables, cement, chemical, paints, Auto ancillary, and steel. Corporate balance sheets have the lowest leverages currently and banks have high deposit liability lying in their balance sheet. With corporate credit picking up gradually, the retail and MSME segments will remain the key growth driver. Home and unsecured loans will continue to keep retail growth healthy. With the increasing rates regime, banks are passing the rate hikes to the end customers whereas the needle on the deposits rates is yet to be passed in line with the rate hikes. NIMs margins for banks will see growth. Banking as a sector looks promising.

While global cues are likely to keep volatility at heightened levels, looking forward, with powerful forces of Democracy, Demographics, Demand, and Digitisation on its side, India’s economy and its capital market are well poised to go from strength to strength. Investors should avoid noise and take correction as an opportunity to build a long-term portfolio.

Market Commentary

The Nifty index ended September month on a negative note at 17,094 with a return of -2.6%. Similarly, Sensex ended September month at 57,426 with a negative return of 2.3%.

Indian Markets continued their southward journey during September due to a host of global macro headwinds as central banks across the world are amid inflation firefighting and many are rapidly raising their policy rates. Our very own Reserve Bank of India (RBI) too hiked the repo rate for the fourth time in a row taking the rate to 5.9% and analysts are further expecting the RBI to raise rates by another 35 bps in December policy. Markets made a pessimistic start as S&P Global Ratings projected India's economic growth at 7.3 percent in the current fiscal with downside risks and said inflation is likely to remain above RBI's upper tolerance threshold of 6 percent till the end of 2022. Market participants also remained concerned on a report that India's current account deficit (CAD) is expected to more than double sequentially to over $30 billion in the first quarter of the financial year 2022-23 (Q1FY23) to rise above 3 percent of gross domestic product (GDP) from $13.4 billion, or 1.5 percent of GDP, in the previous quarter. RBI hiked the repo rate by 50 basis points (bps) to 5.90% with immediate effect. It hiked the repo rate in line with street estimations. This is the fourth rate hike by the central bank in this financial year. Besides, the SDF rate was adjusted to 5.65%, and MSF and bank rates were revised to 6.15%. Some support also came after a report that S&P Global Ratings said rising rates and increased European energy insecurity are hitting growth in almost every country, but India with an estimated 7.3% growth this fiscal, would be the star among emerging market economies.

In terms of economic performance, the IHS Markit India Manufacturing Purchasing Managers' Index (PMI) slipped to a three-month low in September to 55.1 as against 56.2 in August month. However, it indicated a strong improvement in the health of the Indian manufacturing industry, as companies stepped up production in tandem with a sustained increase in new work intakes.

The IHS Markit India Services PMI increased to 57.2 in August 2022 from July's four-month low of 55.5, and above the market consensus of 55. The latest reading was the 13th straight month of expansion in the sector, amid a faster rise in both output and new orders, while employment rose to the fastest pace in over 14 years. On the price front, input price inflation eased to an 11-month low. Meanwhile, output cost inflation was solid and broadly similar to that seen in July. Looking ahead, sentiment strengthened to an over four-year high, amid ongoing improvements in demand and planned marketing. S&P data showed that factory orders continued to increase at the end of the second fiscal quarter, stretching the current sequence of expansion to 15 months. Despite easing to the weakest since June, the rate of growth was sharp. Anecdotal evidence pointed to greater demand from domestic and international clients. Indeed, new export orders rose further in September. The increase was marked, the sixth in consecutive months and the fastest since May.

India's retail inflation – as measured by the consumer price index (CPI) – surged to 7% in August due to higher food prices, compared to 6.71% in July. The number has remained above the Reserve Bank of India's comfort zone of 2-6% for the eighth consecutive month. Food inflation, which accounts for nearly half the CPI basket, soared 7.62% in August 2022 as against 6.75% in July, according to the data released by the National Statistical Office on Monday. Despite India restricting wheat flour exports towards the end of August, inflation touched 7% in August. This may add pressure on the central bank to hike interest rates more aggressively in the coming months to tackle elevated inflation.

India's monthly merchandise exports fell marginally by 1.2% in September as compared to $33.38 billion recorded in the same month last year. The value of non-petroleum exports in April-August 2022-23 was $152.29 billion, an increase of 7.97% over $141.05 billion in

April-August 2021-22. India's merchandise import in August 2022 was $61.68 billion, an increase of 36.78 percent over $45.09 billion in August 2021. India's merchandise imports in April-August 2022-23 were $317.81 billion with an increase of 45.64 percent over $218.22 billion in April-August 2021-22.

The Goods and Services Tax (GST) collection in Sep 2022 came in at Rs. 1,47,686 crore which is 26% higher on an MoM basis, During the month, revenues from the import of goods were 39% higher and the revenues from the domestic transaction (including import of services) are 22% higher than the revenues from these sources during the same month last year. This is the eighth month and for the seventh month in a row now, the monthly GST revenues have been more than the ₹ 1.4 lakh crore mark. The growth in GST revenue till September 2022 over the same period last year is 27%, continuing to display very high buoyancy. During August 2022, 7.7 crore e-way bills were generated, which was marginally higher than 7.5 crore in July 2022.

India’s foreign exchange reserves fell to $537.52 billion in the week through Sept. 23, notching their steepest weekly fall in six months, the Reserve Bank of India's weekly statistical supplement showed on Friday. The country's reserves were $545.65 billion at the end of the previous week. Reserves have now fallen for eight straight weeks and are near their lowest levels since August 2020. About 67% of the drop in reserves during the current financial year was due to valuation changes as the U.S. dollar strengthened, RBI governor Shaktikanta Das said in his monetary policy speech earlier in the day.

The U.S. markets ended lower during September month amid the rising dollar. Weakness prevailed in the markets as the benchmark 10-year Treasury yield continued to climb to levels not seen in at least a decade. Concerns about higher interest rates and the outlook for the global economy continued to weigh on the markets. Cautiousness also prevailed in the markets a report released by the National Association of Realtors (NAR) showed pending home sales in the U.S. fell for the third straight month in August, with the decrease exceeding street estimates. NAR said its pending home sales index dove by 2%to 88.4 in August after falling by 0.6% to a revised 90.2 in July. The street had expected pending home sales to tumble by 1.4 percent compared to the 1.0 percent slump originally reported for the previous month.

European markets too ended the September month on a negative note after a mixed start, markets remained lackluster during the week, as German business confidence declined to the lowest level in more than two years in September signaling that the economy is slipping into a recession. The survey results from the Ifo Institute showed that the business confidence index fell sharply to 84.3 in September from 88.6 in August. This was the lowest since May 2020 and also below economists' forecast of 87.0. Further, Italy's non-EU trade balance turned to a deficit in August from a surplus in the previous year, as imports grew more rapidly than exports. The data from the statistical office Istat showed that the non-EU trade balance logged a deficit of EUR 5.792 billion in August versus a surplus of EUR 1.298 billion in the same month last year. In July, there was a shortfall of EUR 2.828 billion. Annual export growth accelerated from 14.2 percent in July to 22.0 percent in August.

The S&P Global US Manufacturing PMI edged higher to 51.8 in September of 2022 from 51.5 in August, beating market forecasts of 51.1. Figures continued to signal a relatively subdued improvement in the health of the manufacturing sector although it was the second-lowest reading since July 2020. New orders grew for the first time in four months while production fell slightly, with relatively muted demand and supply chain constraints weighing on output and capacity. Also, backlogs of work increased again and employment grew the most since March. On the price front, input costs increased at a softer pace but firms raised their output charges at a sharper rate. Finally, manufacturers remained broadly confident of a rise in output over the coming year although confidence was dampened by ongoing concerns regarding economic uncertainty and the impact of inflation on customer spending.

The euro area’s manufacturing sector fell deeper into contraction territory during September to

48.4 from 49.6 in August, signaling a further worsening of operating conditions for euro area goods producers. Moreover, the headline index slumped to its lowest level since June 2020. There were further slides in both output and new orders, linked to high energy prices in some cases, while many firms downwardly adjusted their operating schedules in line with lower order books. Demand for eurozone goods sank sharply as high inflation and economic uncertainty reportedly squeezed client appetite. On the price front, inflationary pressures accelerated due to rising costs for energy although pressures arising from material shortages had reportedly faded slightly. Meanwhile, business confidence fell to its lowest level since May 2020, leading firms to cut purchasing activity further in anticipation of more challenging conditions.

The au Jibun Bank Japan Manufacturing PMI was at 50.8 in September 2022, compared to 51.5 in August. This was the softest growth in factory activity since a drop in January 2021, due to rising inflation and a slump in the yen. New orders fell the most in two years, amid weaker demand from foreign markets, particularly China, South Korea, Europe, and the US. Also, output shrank for the third consecutive month, with the rate of fall the fastest in a year; and buying levels contracted further. However, employment growth was at a 7-month high, as firms tried to raise their capacities. On prices, input cost inflation edged higher due to multiple sources of cost pressure, including the weakness in the currency; while output charges picked up after August's five-month low and were among the steepest on record. Finally, the sentiment was above its long-run average, linked to hopes of fewer pandemic disruptions and improved raw material availability. Regarding China, The National Bureau of Statistics Manufacturing PMI for China rose to 49.4 in August 2022 from 49.0 in the previous month, surpassing market forecasts of 49.2. That said, the latest figure was the second straight month of contraction in factory activity, amid a resurgence of COVID-19 cases, new lockdowns in some cities, and power rationing due to the worst heat waves in decades.

Going Ahead

As Inflation reached several decade highs in many parts of the world. Despite recent corrections, many commodities prices remain substantially elevated versus the past averages. To control inflation, central banks across the world are raising interest rates and withdrawing liquidity aggressively. Added to these, Russia – Ukraine war is continuing for over six months with the possibility of turning ugly. All these factors are taking a toll on the growth outlook. The fear of recession is rising and investors are becoming risk averse, resulting in equity market corrections, hardening of bond yields, and a major strengthening of the dollar against most other currencies.

India cannot remain unscathed by adverse global developments. The deterioration of the global economy is impacting India’s growth outlook and financial market performance. Yet, India remains the brightest beacon of hope in today’s troubled world. In terms of most fundamentals including growth, inflation, banking, and government finances, India's performance so far has been better than almost all its peers. The deteriorations in India’s external sector including the bulging of the current account deficit, reduction of capital inflow, depletion of foreign exchange reserve, and weakening of the rupee against the dollar are largely linked to global factors. Even in these areas, India is better off than most other countries.

The near-term outlook of the global economy is not encouraging and this is impacting financial markets. Most of the known uncertainties including possibilities of global recession, continued aggressive monetary tightening, escalation of the war in Europe, and disruptions in the global energy market seem to be considered at present market levels. Financial markets, however, overreact both on the upside and downside during the phases of euphoria and panic. Consequently, further downsides to Indian markets in the near term cannot be ruled out. At the same time, the relative advantages of India versus its peers in most areas cannot be doubted. Therefore, the medium to long-term of the Indian equity market continues to be bright. We, therefore, expect the outperformance of Indian equities to continue.

Fixed Income Services

Monetary Policy Update

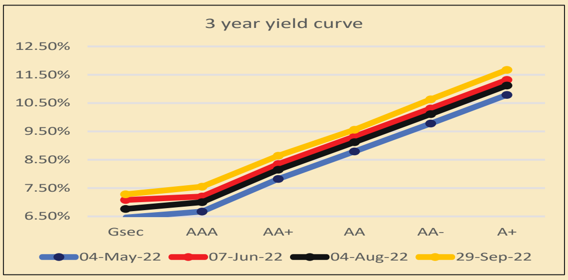
On 30th September 2022, the Monetary Policy Committee (MPC), based on the prevailing adverse global environment increased the Repo Rate by 50bps to 5.90%, continuing the focus on withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting growth.

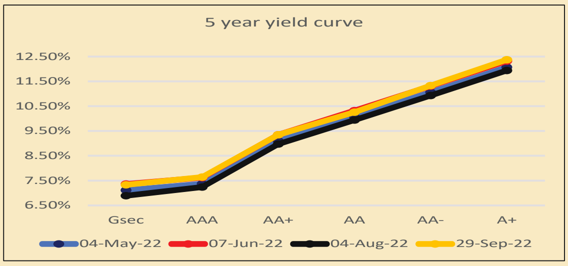
Key Rates:

- Repo Rate: 5.90%
- Bank Rate: 6.15%
- Marginal Standing Facility (MSF) Rate: 6.15%
- Standing Deposit Facility (SDF) Rate: 5.65%
- Cash Reserve Ratio (CRR): 4.50%
- Statutory Liquidity Ratio (SLR): 18%

The expected rate hike was in response to continued inflationary risks, bleak global economic outlook, and enduring effects of geopolitical tension conflicts. This has been RBI's fourth consecutive rate hike in the past five months amounting to a raise of 190bps so far, still keeping the stance at the withdrawal of accommodation. This continued stance was justified by elaborating on the ongoing surplus liquidity in the system as opposed to a deficit in liquidity back in 2019 when the repo rate stood at 5.75% which was higher than the inflation at that time. Having said that, RBI continues to see spillovers from prolonged geo-political tension, tightening global financial conditions, and the upsurge in global financial market volatility as key risks to the growth and hence revised its growth projection downwards by 20 bps to 7% and kept the inflation forecast unchanged at 6.7%. The 10 Year Gsec remained flat around ~7.37% levels post the expected policy announcement.

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





Source: RBI Press Release, Fixed Income Databases

- As seen above, the 3 year and 5 year yield curve saw hardening across credits over the August review, with the 3 year and 5 year AAA curve hardening by ~55bps and ~40bps respectively.
- The AAA spread over G-sec has expanded by ~3bps in the 3 year space, from ~24bps to ~27bps, while the 5 year spread contracted by ~4bps, from ~35bps to ~31bps.
- The 3 year AA+ and AA spread over AAA compressed by 6bps and 11 bps respectively whereas the 5 year credit spreads have not seen as much compression.

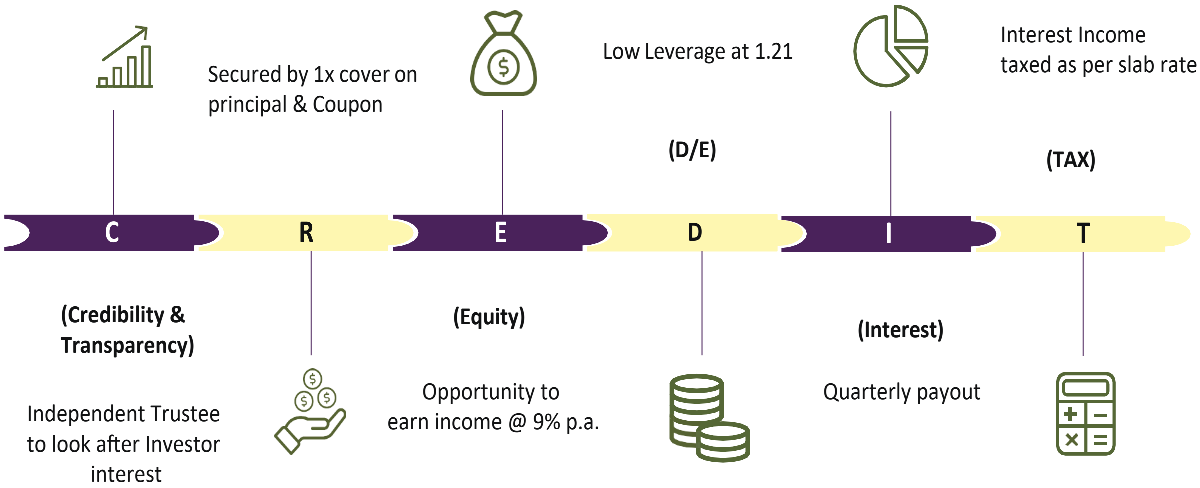
Secondary Market Bond Offers

Security	Maturity/C	IP	Rating	Yield
Tax Free Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
8.67% NHPC Tax Free 2033	02-Nov-33	Annual on 01-Apr	IND AAA/Stable	5.13%
8.66% IIFCL Tax Free 2034	22-Jan-34	Annual on 22-Jan	IND AAA/Stable	5.15%
PSB Perpetual Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
7.75% SBI Perp 2027	09-Sep-27	Annual on 09-Sept	AA+ by CRISIL & IND	7.92%
7.74% SBI Perp 2025	09-Sep-25	Annual on 9-Sept	AA+ by CRISIL & IND	7.35%
PSU Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
6.85% NABARD 2031	21-Mar-31	23-Sept & 23-Mar	AAA by ICRA & IND	7.36%
6.95% IRFC 2036	24-Nov-36	Annual on 15-Oct	AAA CRISIL, ICRA & CARE	7.40%
Corporate Bonds				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (31-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	11.45%
8.05% Mahindra &Mahindra Financial Services Ltd 2032	24-Jul-32	Annual on 01-Apr	AAA by IND Ratings & CARE	7.82%
7.80% HDFC LTD 2032	06-Sep-32	Annual on 06-Sep	AAA CRISIL & ICRA	7.91%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.45%
7.82% Bajaj Fin 2032	08-Sep-32	Annual on 08-Sept	AAA by CRISIL	7.70%
9.20% Hinduja Leyland Ltd 2024	13-Sep-24	Annual on 13-Sept	AA- by CARE	9.00%
8.15% HDFC Credila Fin 2032	07-Jul-32	Annual on 07-Jul	AAA by CARE	7.70%
7.13% LIC Housing Finance Ltd 2031	28-Nov-31	Annual on 30-Nov	AAA by CARE	7.70%
9.70% UP Power 2031	Staggered Maturity (31-Mar-31)	30 Jun, 30 Sep, 31 Dec, 30 Mar	A+ (CE) BY CRISIL & INDIA RATINGS	9.32%
9.30% Tata Motor Fin Sol. 2032	Call:03-Jun-32	Annual on 3-Jun	AA- by CRISIL	7.58%

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

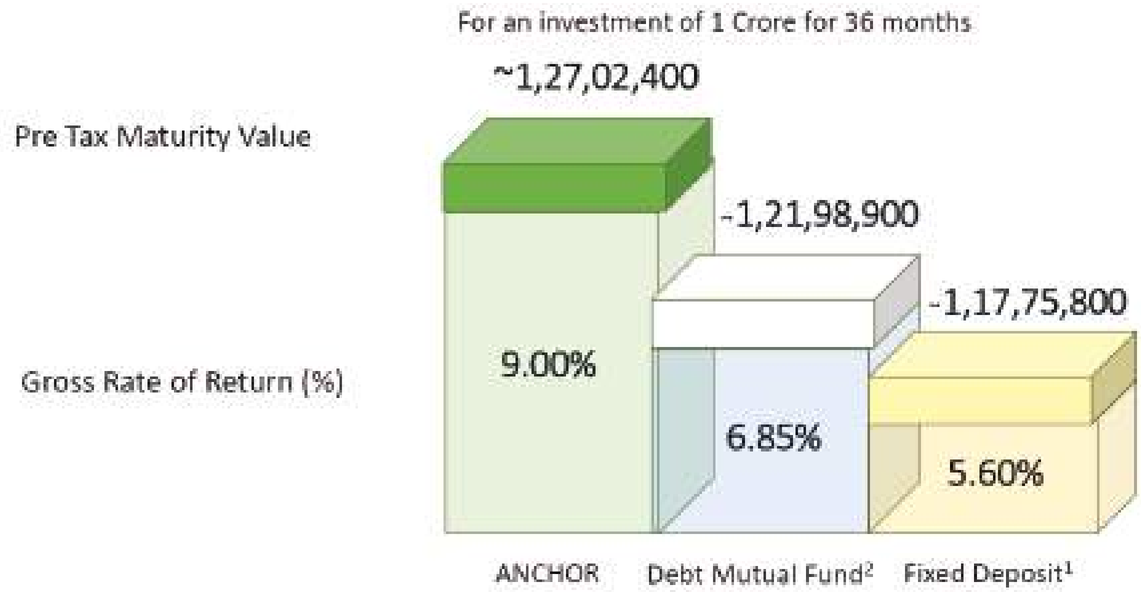
'Please note that investments in these bonds should not be construed as an advice or recommendation however we can facilitate the execution of the same. The bonds are tradeable on the Exchange platform, however we do not provide any assurance or guarantee on the liquidity of bonds. The investment decision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

ANCHOR (Market Linked Debentures)



*Realized return on investment may differ depending on the investment timing, due to the difference in purchase value and face value ofthe 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 13thAug, 2022, per SBI website https://sbi.co.in/web/interest-rates/deposit-rates/re tail-domestic-term-deposits
2. Average Gross Yield to Maturity for Corporate Bond Fund Category as on 31stAug, 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 herein 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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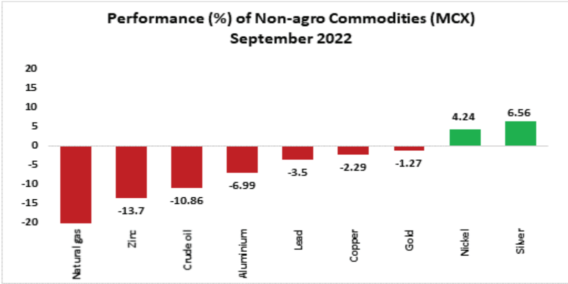
*Returns/IRR showcased are for illustrative purposes only. The returns are pre-tax.

Commodities Outlook

Monthly Outlook



(Source: Bloomberg)

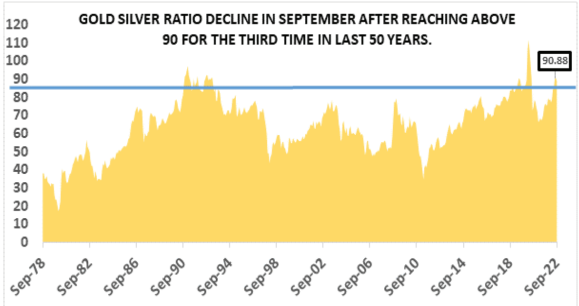
Bullions Update: Stronger Dollar & Rising Treasury Yields leads Gold to witness Sixth consecutive monthly loss; Silver to outperform Gold in near term.

Precious Metal ETF Holdings		
Date	SPDR ETF (tonnes)	ISHARE ETF (Million tonnes)
30-Sep-22	940.86	13623.33
31-Aug-22	982.64	13328.10
1-Jan-22	973.63	15166.97
31-Dec-19	892.37	10314.42
% Change		
Monthly	-4.44%	2.17%
YTD 2022 % Chg	-3.48%	-10.18%
% Chg Since Jan'20	5.15%	21.82%

Spot Gold declined for the sixth month in a row as fell by around 2.2 % in August month as it continued to lose its investment appeal against the multi-decade high dollar and rising interest rates scenario with short-term treasury yields soared to above 4%. Spot Silver however steadied at lower levels while outperforming gold as strong import demand in India lead to speculation that the Indian government might consider imposing higher import duty on white metal.

MCX Gold September future however ended the month marginally higher at Rs. 50,094 per 10 gm. Holding at the world's largest Gold ETF, SPDR Gold Trust moved lower to 940.38 tonnes as of 31st September 2022 from 982 tonnes as of 1st September 2022 indicating a continued loss in momentum in investment demand. The month was guided by US Fed raising interest rates by 75 bps in its Sept. meeting while a string of hawkish stances continued from US Fed policymakers as they continued to prioritize their fight against inflation demonstrating a rate hike rush as Gold posted its longest monthly losing streak in 4 years.

Silver Outperforms Gold in the last month as rising industrial demand from India drives up Imports in Jul-Sep Quarter.



In July alone, India imported a record 1,700 tonnes of Silver, while in 2021, in the first seven months silver imports were a meager 110 tonnes. According to market participants, Silver imports are expected to bounce back to Pre-Covid levels of 6,500-7,000 tonnes this year as there is a strong demand for the metal. However, holdings of I Share ETF fell on yearly basis by almost 9 % to 13,623 MT, but it remained above pre-pandemic levels of 10314 MT seen at the start of January 2020.

Bullion Outlook

Going ahead for the October month expectations that the Federal Reserve may continue to aggressively raise interest rates by another 125 bps in the next 2 meetings of 2022 could continue to weigh on sentiments. However with US treasury yields at multi decade high having risen sharply since last one and half months could ease in near term which could provide near term upside in prices.

Meanwhile inflationary pressure to persist as US is due to report its inflation numbers in coming weeks which could pressure prices on the downside in the latter half of the month. Going ahead gold might witness a temporary bounce upto 1690 – 1700 $ per ounce levels in the initial half of the month while continued broader recovery in dollar index could bring it down upto $ 1620 – 1580 per ounce levels in 1 – 2 months perspective.

On the other hand India, being the world's second largest consumer of Gold anticipation of a pick-up in sales during the October to December quarter could aid the sentiments. The peak buying period for the purchasing and wearing of gold being considered auspicious for festivals like Diwali and the wedding season that follows. However, market participants expect demand during the three-month period this year as unlikely to match last year's sales with the increase in import duties having a short-term impact and inflation and erratic monsoons in many parts of the country could impact rural demand. Overall MCX Gold might rise upto Rs. 52,300 /10 gm levels in December contract in the current month while MCX Silver may also rise upto Rs. 61500 / Kg levels in the current month in December contract. Trading range in international spot markets to remain at $ 20.60 – 18.50 per ounce for Silver.

Base Metals Update: Aluminium trades southwards as China property sector slowdown concerns offset supply tightness amid continued dollar strength.

LME 3M Forward Prices ($/tonnes)					
Date	Copper	Aluminum	Zinc	Lead	Nickel
30-Sep-22	7560	2162	1908	2968	21107
31-Aug-22	7801.5	2359	1950	3459.5	21411
30-Jun-22	8258	2445.5	1907.5	3157	22698
4-Jan-22	9768	2839	2298	3604	21137
% Change					
Monthly	-3.19%	-9.11%	-2.20%	-16.56%	1.44%
Quarterly	-9.23%	-13.11%	0.03%	-6.37%	7.54%
YTD 2022	-29.21%	-31.31%	-20.44%	-21.43%	0.14%

Base metals continued its sell-off seen since last week of August as copper dropped nearly 3% in September and 10% in the third quarter with aggressive monetary tightening seen around the world that stoked fears of a global recession and dampened metals demand.

Aluminium remained the worst performer of the month with concerns of slowdown in China property market slowdown weighed on demand for industrial metal.

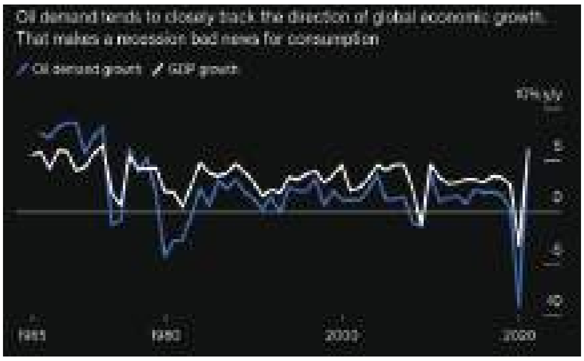
Copper market however remained in deficit during Jan-July 2022. In the first seven months, the world refined copper balance, based on Chinese apparent usage (excluding changes in bonded/unreported stocks), indicated a preliminary deficit of about 126,000 t. The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of about 13,000 t. However the deficit figures reported were lower as compared to Jan-July 2021 which With Chinese inventories at record lows, partly supported by improved imports in China, indicated a temporary shortage of metal in China. However SMM, a Chinese research agency estimated Chinese output of refined Copper could rise by 6 % QoQ in Q4 2022, which could rebuild inventories before the year end.

With China Non Manufacturing PMI which included Construction sector reported a reading of 50.6 in September which was down from 52.6 reported in August weighing on sentiments for base metals.

Outlook

Copper may continue to face headwinds on the upside as no significant signs of revival in demand is seen from China during the September. However lower inventories in China coupled with peak construction season in October could provide support to prices at lower levels. Overall we may see supports for Copper prices at around $ 6950 – 7100 per tonne range in LME 3 months forward contract. MCX Copper may decline to Rs. 620 – 625 per Kg during the current month in October month.

Oil saw the first quarterly decline in 2 years



WTI Crude oil futures fell for the fourth consecutive month in September, down by more than 11% and closed below $80 per bbl, pressured by mounting fears of a demand-sapping global recession. The black gold also witnessed the first quarterly decline in 2 years and giving away all the war premium, on fears of demand destruction from aggressive central bank tightening and surging dollar index. Central banks across the globe are hiking the interest rates, at an unprecedented quantum, which ultimately curbs economic activity and thus oil demand. Weak economic data from Eurozone and a slowdown in China further weighed down on the oil prices. Putting a floor under prices were concerns of further supply disruptions after President Vladimir Putin announced a partial military mobilization in Russia and OPEC+ indicated output cut in the coming meeting.

In the September monthly report, the International Energy Agency reported that it expects large-scale gas-to-oil switching, estimating an average of 700,000 barrels per day from October 2022 to March 2023, double the level of a year ago. Meanwhile, OPEC has stuck to its forecasts for global solid oil demand growth in 2022 and next year, citing signs that developed economies remain resilient despite headwinds such as surging inflation.

West is aiming to cap Russian oil prices by 5th December, when EU sanctions come into effect. Deputy US Treasury Secretary Wally Adeyemo made the case that Russia will have no choice but to participate at some level in the proposed oil price-cap regime backed by the G-7, saying it would otherwise risk damaging its oil-production capacity for years to come. Russia doesn't have much storage capacity for oil, and many of its wells and equipment are far from state of the art, which makes it hard for them to stop and later restart production without incurring significant costs.
US Weekly crude oil production was mostly hovering near 12.1 mbpd in September, however, it fell to 12.1 mbpd in the last week. US shale production is not rising significantly despite governments push to increase the output. Inflation and supply-chain delays continue to play a major role in hampering production and expansion. The cost of doing business increased for the seventh straight quarter. These include operating expenses, exploration and development costs, and input costs for oil services. Firms also reported the time to receive materials and equipment remains well above average. Supply chain issues are improving, but significant delays remain problematic for oil and gas operators.
In the September meeting, OPEC+ agreed to shave a modest 100,000 barrels a day off production quotas for October. The decision exactly reverses the previous increase that was made in response to entreaties from US President Joe Biden to help bring down oil prices. The first OPEC+ oil supply cut in more than a year shows the group is serious about managing global crude markets and willing to take pre-emptive action, said group leader Saudi Arabia. Meanwhile, OPEC's crude output rose in August by the most in a year, as a planned boost by Persian Gulf members was augmented by a rebound in Libya. The OPEC countries bolstered production by 590,000 barrels a day to 29.64 million, according to a Bloomberg survey. Libya accounted for just over half the gain, with much of the rest coming from Saudi and the UAE as they completed the return of supplies halted during the pandemic.

Outlook

Oil prices might have bottomed for now as supply concerns are going to rise in the coming months. OPEC+ alliance is considering slashing production by more than 1 million barrels a day to revive plunging prices when it meets in the first week of October. A reduction of that magnitude would be the biggest since the pandemic and might put a floor on oil prices. US SPR release is also nearing to an end in late October, which accounted for almost 1 mbpd of global supply in the past few months. Together, halting SPR release and output cut from OPEC+ might add to more than 2% of global output, which is going to vanish from November. Chinese demand might also increase as few Chinese state oil refineries are considering increasing runs by up to 10% in October, on prospects of stronger demand and a possible surge in fourth-quarter fuel exports. Meanwhile, efforts to revive the 2015 Iran nuclear deal have stalled, easing expectations of a resurgence of Iranian crude oil exports. Having said that, US Labour market data and CPI data can be closely watched for more cues on Fed's rate hike path. In case if data surprises on the upside, we might see a dollar rally on prospects of aggressive rate hikes from Fed, which might limit the upside in oil prices. We expect MCX Crude oil October futures to rise towards Rs.7,500 per bbl for the month of September.

Currency Outlook

No respite for Rupee even after nine straight months of decline

Indian Rupee spot fell for the ninth straight month and depreciated by 2.3% to a fresh all-time low of 81.95 in September, amid broad dollar strength, surging US treasury yields and sell-off in risk assets on prospects of aggressive tightening from Fed. Fading hopes of Indian bond inclusion in JP Morgan's emerging market bond index also weighed on the sentiments. The government doesn't plan to waive capital gains taxes, and it's concerned that foreign inflows will increase the volatility of local bond markets. Equity markets fell more than 3%, tracking global peers and due to fading FII momentum. FII's turned reversed the buying amid the backdrop of surging US yields and depreciating Rupee and FPI net investments witnessed an outflow of Rs.3,955 crores from domestic securities in September after two months of inflows.

Meanwhile, RBI raised its main repo rate by 50bps to 5.9% in its September meeting, in line with expectations, adding to the 190 bps in rate hikes by the central bank since the start of its tightening path in May. Though domestic inflation is not that worse, RBI is under pressure to front load rate hikes amid aggressive Fed tightening and falling Rupee. RBI also remain focused on withdrawal of accommodation. On the economic data front, Indian economy expanded 13.5% YoY in the second quarter of 2022, the most in a year, primarily aided by a low base as the second virus wave cratered output in the year-ago period. The QoQ output contracted at a larger pace than the typical seasonal drop, while YoY growth was sharply lower than the Reserve Bank of India's forecast, suggesting the central bank might be nearing the end of rate hikes.

Domestic foreign exchange reserves fell to $537.52 billion in the week ended 23rd September, notching their steepest weekly fall in six months. Falling reserves particularly due to spot dollar sales and valuation effect provides only 8.5 months of import cover compared with 14 months of import cover in September 2021. This along with falling banking system liquidity limits RBI's ability to intervene in the spot markets. Therefore, India's central bank is encouraging state-run refiners to reduce dollar buying in the spot market to contain a sharp fall in the rupee. The Reserve Bank of India has ensured $9 billion has been made available at overseas branches of some Indian banks for the country's three state-run refiners to tap, adding that the funds are available at market rates.

Dollar index surged sharply in September by more than 3% and notched a fresh 20 year high of 114.77 aided by hawkish comments from Fed officials, weakness in Pound after the tax cuts and better than expected economic data from US. Euro tumbles to fresh two decade low, while Pound touched fresh record low against dollar. The move came after Fed raised the federal funds rate by 75 bps to the 3%-3.25% range during its September meeting, the third straight three-quarter point increase and pushing borrowing costs to the highest since 2008. Though hawkishness was expected, Powell surprised markets with a hawkish projections, indicating another 125 bps of rate hikes in 2022. Such move boosted US treasury yields and dollar index, and spooked risk assets and other currencies.

Outlook

In a nation that relies on imported capital to fund investment, a deepening current account deficit risks weighing the economy down, especially its currency. The currency is under renewed pressure, given investor sentiment is turning sour again amid rising US interest rates to tame inflation and the risk of a global recession. RBI has depleted nearly $100 billion in foreign reserves in the past year to prop of Rupee, which would have otherwise fallen to 84 levels by now. The dollar index might continue the upward momentum if US CPI and Labour data bolster Fed's fourth 75 bps rate hike plan in November. RBI is unlikely to do a trade-off between the forex rate and growth and might go slow in rate hikes. We expect terminal rates to be 6.25% in this hiking cycle and thus widening yield differentials with the US might further weigh down on Rupee. We expect the Rupee spot to trade in the range of 80.9 – 83 levels with a depreciation bias for October.

Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

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

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

Successful Business Model

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

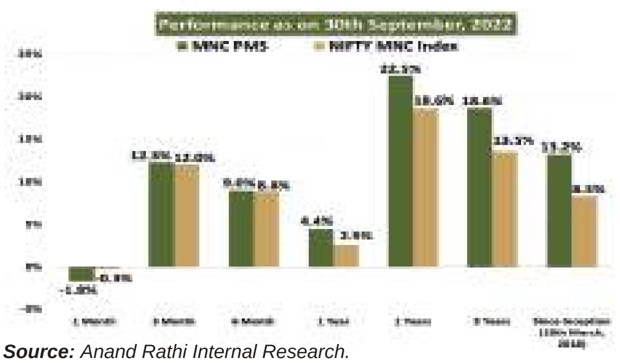
MNC's can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries

Strong Corporate Governance

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

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

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



Source: *Anand Rathi Internal Research.*

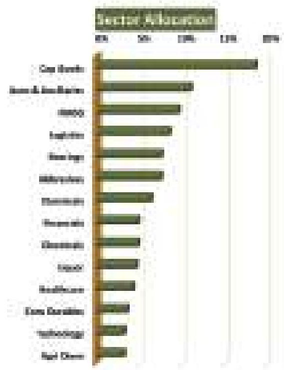
Healthy Balance Sheet

Top Holdings and Allocation

Sr No	Top 10 Holdings	% Holdings
1	KSB Limited	9.95%
2	Blue Dart Express Ltd	8.62%
3	SKF India Ltd	7.68%
4	Grindwell Norton Ltd	7.64%
5	Maruti Suzuki India Limited	7.60%
6	Siemens Ltd	6.46%
7	Hindustan Unilever Limited	5.43%
8	CRISIL Ltd	4.95%
9	BASF India Ltd	4.93%
10	Ingersoll-Rand (India) Ltd	4.80%

	Avg Mkt Cap (cr)
Large Cap	248880
Midcap	27146
Small Cap	8110
Overall Portfolio	85907

Data as on 30th September, 2022



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

Selection Process

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

Note: *Returns above one year are annualized. Returns are net of fees and expenses.*
Disclaimer: *Past Performance is not necessarily indicative of likely future performance. Performance mentioned above are not verified by SEBI. We have shown the performance as Aggregate performance of all clients on TWRR basis.*

Anand Rathi PMS

Decennium Opportunity

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

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

Emerging business of ongoing Industrial Revolution

Opportunity - Accelerated Growth from Business Upcycle

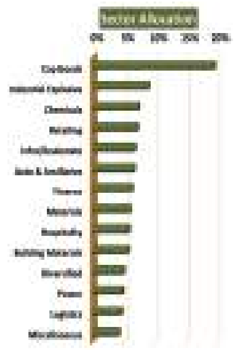
- Indian economy has found its place among the key global players in many of the sectors.
- India increasing its share and becoming a part of the global supply chain and also a reliable partner.
- Government focus on building capabilities, scale and good manufacturing practices.
- PLI, Export incentive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

Opportunities at every level of emerging business

Stock Selection Process

Portfolio Synopsis

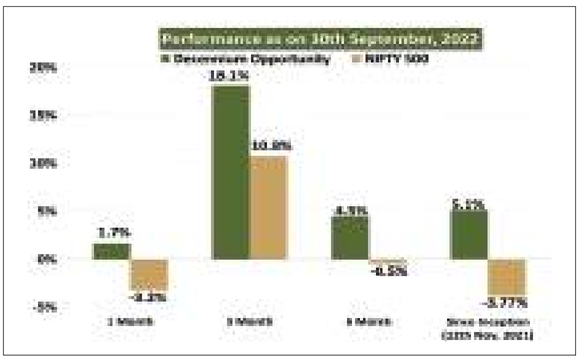
Sr No	Top 10 Holdings	% Holdings
1	Solar Industries India Limited	9.0%
2	Bharat Electronics Ltd	8.9%
3	Gujarat Fluorochemicals Limited	7.4%
4	Aditya Birla Fashion and Retail Limited	7.2%
5	Oberoi Realty Limited	6.8%
6	Craftsman Automation Limited	6.7%
7	Praj Industries Ltd	6.5%
8	Bajaj Finserv Limited	6.3%
9	Greenpanel Industries Limited	6.0%
10	Easy Trip Planners Limited	5.8%



	Avg Market Cap (cr)
Large Cap	412437
Midcap	33978
Small Cap	7089
Overall Portfolio	121282

Data as on 30th September, 2022

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



Structure Product Idea

Nifty Accelerator

<table>
<tr><th>Product Name</th><th colspan="2">Nifty Accelerator : 100%</th></tr>
<tr><td>Issuer</td><td colspan="2">Anand Rathi Global Finance Limited</td></tr>
<tr><td>Underlying</td><td colspan="2">Nifty 50 Index</td></tr>
<tr><td>Capital Guarantee</td><td colspan="2">Principal is not protected</td></tr>
<tr><td>Tenor(days)</td><td colspan="2">1875 Days</td></tr>
<tr><td>Initial Fixing Level</td><td colspan="2">150 pointscontingent from closing nifty then rounded to next 100</td></tr>
<tr><td>Final Fixing Level</td><td colspan="2">Average of Closing NIFTY on last Thursday of 47th, 50th, 53rd & 56th Month.</td></tr>
<tr><td>Nifty Performance (NP)</td><td colspan="2">(Final Fixing Level/Initial Fixing Level)-1</td></tr>
<tr><td>Contingent Coupon (CC)</td><td colspan="2">100% (IRR – ~14.45%)</td></tr>
<tr><td>Participation Rate1 (PR1)</td><td colspan="2">100% (From 108% to 133% of Initial Fixing Level)</td></tr>
<tr><td>Participation Rate2 (PR2)</td><td colspan="2">2500% (From 130% to 133% of Initial Fixing Level)</td></tr>
<tr><td>Decay Multiple (DM1)® Knock-In Put @ 84.99%</td><td colspan="2">1.10x (below -15% till - 30% fall with catch-up)</td></tr>
<tr><td>Decay Multiple (DM2)® Nifty @ 69.99% of initial</td><td colspan="2">0.10x (Beyond -30% fall decay decreases)</td></tr>
<tr><td rowspan="4">Payoff</td><td>If Final Fixing Level is at or above 133% of Initial Fixing Level</td><td>Contingent Coupon</td></tr>
<tr><td>If Final Fixing Level is Above 108% & below 133% of Initial Fixing Level</td><td>(NP-8%)* PR1+ Max (0%,(NP-30%)*PR2</td></tr>
<tr><td>If Final Fixing Level is above 85% & at or below 108% of Initial Fixing Level</td><td>Principal Protection</td></tr>
<tr><td>If Final Fixing Level is below 85% of Initial Fixing Level</td><td>MAX(-100%,MAX((-30%*DM1),NP*DM1)+MIN(0%,(NP+30%)*DM2))</td></tr>
</table>

PAYOFF (100.0%: Market Linked Debentures Idea)

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
35700	110.00%	100.00%	15.50%	14.40%
34000	**100.00%**	**100.00%**	**14.40%**	**14.40%**
25500	50.00%	100.00%	8.20%	14.40%
22610	**33.00%**	**100.00%**	**5.70%**	**14.40%**
22440	32.00%	74.00%	5.60%	11.40%
22270	31.00%	48.00%	5.40%	7.90%
22100	**30.00%**	**22.00%**	**5.20%**	**3.90%**
20400	20.00%	12.00%	3.60%	2.20%
18360	**8.00%**	**0.00%**	**1.50%**	**0.00%**
17000	**0.00%**	**0.00%**	**0.00%**	**0.00%**
16818	-1.10%	0.00%	-0.20%	0.00%
15300	-10.00%	0.00%	-2.00%	0.00%
14450	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
14448	-15.01%	-16.51%	-3.12%	-3.45%
13600	-20.00%	-22.00%	-4.30%	-4.70%
12750	-25.00%	-27.50%	-5.40%	-6.10%
11900	**-30.00%**	**-33.00%**	**-6.70%**	**-7.50%**
11050	-35.00%	-33.50%	-8.00%	-7.60%
8500	-50.00%	-35.00%	-12.60%	-8.00%
5100	-70.00%	-37.00%	-20.90%	-8.60%

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%	1.10x Decay with Catch-up
Nifty falls beyond -30%	Decay decreases to 0.10x
If NP = -100%	-40% (Max Loss in this product)

*Product IRR assume to be Pre-Tax IRR
• NP: Nifty Performance
^ Initial Fixing Level is taken as 16818, adding 150 points contingent: 16968, rounded off to next 100: 17000.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 - 30th September 2022.

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

Technical Analysis

NIFTY: OCTOBER 2022

LEVELS TO WATCHOUT FOR: 17600 – 17800 / 16747 - 16200

In line with our view which we mentioned in the Sept 2022 edition of BAZAAR BULLETIN the month went by and remained extremely volatile on the back of global issues. Exactly as mentioned; the index NIFTY 50 corrected from the potential reversal zone of the bearish SHARK PATTERN and sneaked below the 17000 mark. From the high of 18096, the index made a monthly low of 16747 and ultimately closed the month above the 17000 mark with a cut of over 3.5%. The markets remained volatile following the world markets which were bumpy post the US FED meet and currency issues. On the contrary; the NFITY BANK index outperformed during the first half of the month and surged towards the 42000 mark. However; the selloff forced the banking index to nosedive below the 38000 level and close the month with a cut of over 2%.

Previously we advised avoiding long bets near the 18000 mark and we expected a fall toward the 168000 mark. The index NIFTY made a low very much near 16800 and has revered from there. At this point; the index has found support at the placement of its 200-day moving average. Thus till the time; 16747 is not breached on the downside; the broader trend remains strong. Only a breach of the same might drag the index towards 16200 – 16000 levels. On the upside; 17400 – 17600 might be the zone from where we could again witness selling. Above 17600; the index can extend its pullback towards the 17800 mark. For the month; the markets might again remain volatile since the US index DOW JONES has confirmed a bearish weekly close and that is a cause for concern. We advise traders to continue to remain vigilant till the time we do not have a clear breakout above the 18100 mark.

As per the previous report; we expected the NIFTY BANK index to correct towards the 37000 – 36000 mark and the index made a low near 37300. So far the index has retraced 38.2% of the entire rally which started from 32300 and then it has recovered back to the 39000 mark. This recovery is 38.2% of the fall which started from the top. For the coming weeks, 40000 – 40500 might be a strong supply zone for the index and a fresh bullish trend would emerge only above the 42000 mark. On the downside; 37300 could be strong support. A breach of the same might bring is fresh pessimism which can drag the index towards 36000.

Technical Pick - BUY GODFRYPHLP

POTENTIAL UPSIDE 13.87%- 18.49%

- The stock **GODFRYPHLP** is on the verge of major breakout which resembles a bullish 'Symmetrical Triangle' breakout.
- The recent price action was supported with heavy volumes.
- Even the daily and weekly RSI are positively placed which indicates positive momentum.
- The breakout is already confirmed on line chart and faster move might be witnessed once it starts trading above 1210 mark. Th us; traders are advised to accumulate the stock **in the range 1200 - 1180** with a stop loss of 1080 on closing basis forthe upside potential target of 1355 followed by 1410 levels in coming 3 - 6 months.

ICICI Venture

Overview of ICICI Venture

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

ICICI Venture at a Glance

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

Our Existing 4 Verticals

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

Sector Footprint

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

[1] Excluding IC 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.

Overview of ICICI Group

ICICI Venture leverages ICICI Group linkages

Trusted Brand Name

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

Access to Proprietary Deal flow

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

Deal lifecycle

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

Access to a large pool of talent and infrastructure

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

Our PE exit track record (2009 onwards)

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

Realisation by exit strategy[1]

Examples of different exit strategies

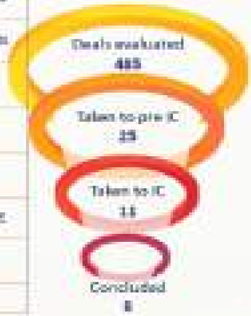
RFCL	GO COLORS!	KIMS HOSPITALS	STAR	WABAG
Exit Strategy : Sum of parts sale	*Exit Strategy: IPO*	*Exit Strategy : Sale to PE*	*Exit Strategy: Sale to Strategic/PE*	*Exit Strategy : IPO*
Investment : Dec-2005	Investment : Jan-2018	Investment : Jun-2018	Investment : Mar-2010 (IAF3) / Aug -2016 (IAF4)	Investment : Apr-2005
Exit : Feb-2011	Exit: Nov/Dec 21 (Partial)	Exit : Jun-2018	Exit : Mar-2020	Exit : Jul-2011
Gross INR MOIC: 8.2x[4]	Gross INR MOIC : 6x	Gross INR MOIC : 3.8x	Gross INR MOIC : 6.2x/3x	Gross INR MOIC : 29.8x
Gross INR IRR: 61.9%[4]	Gross INR IRR: 98%	Gross INR IRR: 28.0%	Gross INR IRR: 25% / 55%	Gross INR IRR: 128%

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
Anthea	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	2018	2,358	BFSI	Growth PIPE	4.36%	Listed	2x	Capital markets
[illegible]	2021	1,600	Mfg	Growth PE	15.0%-24.2%	2024-25	2.5x-3x	IPO

IAF4 deal log



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

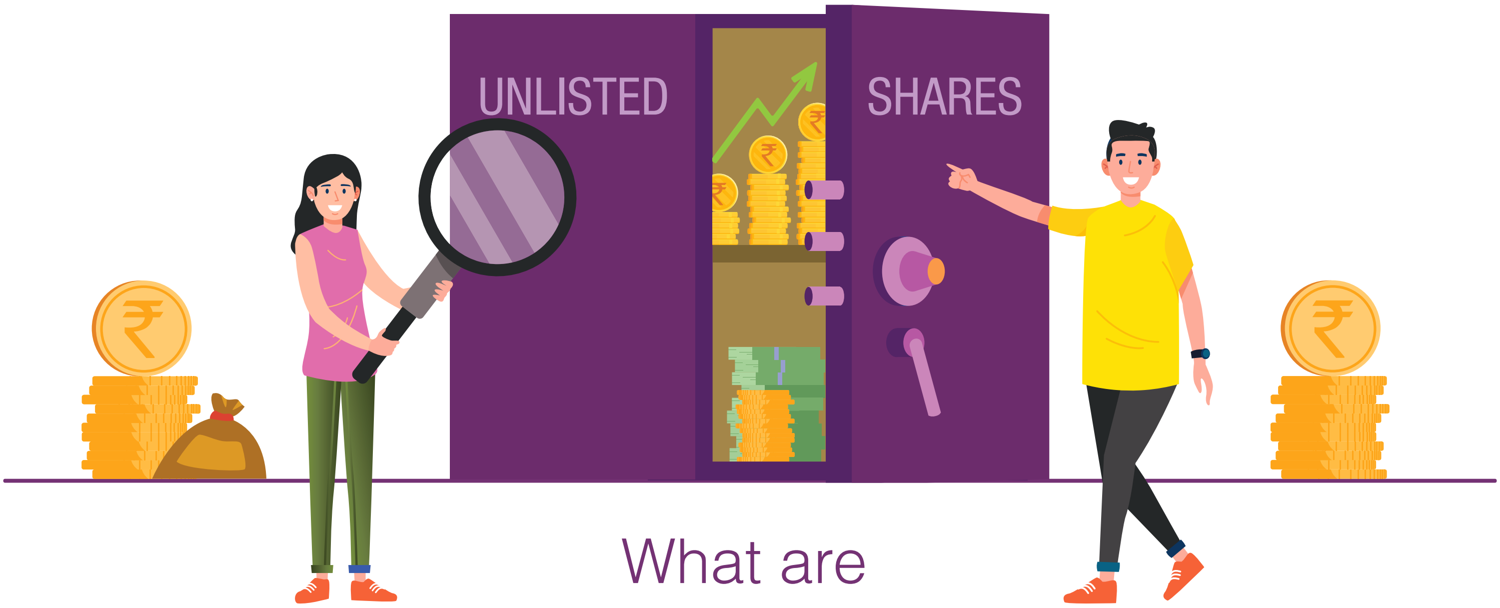
ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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
- 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

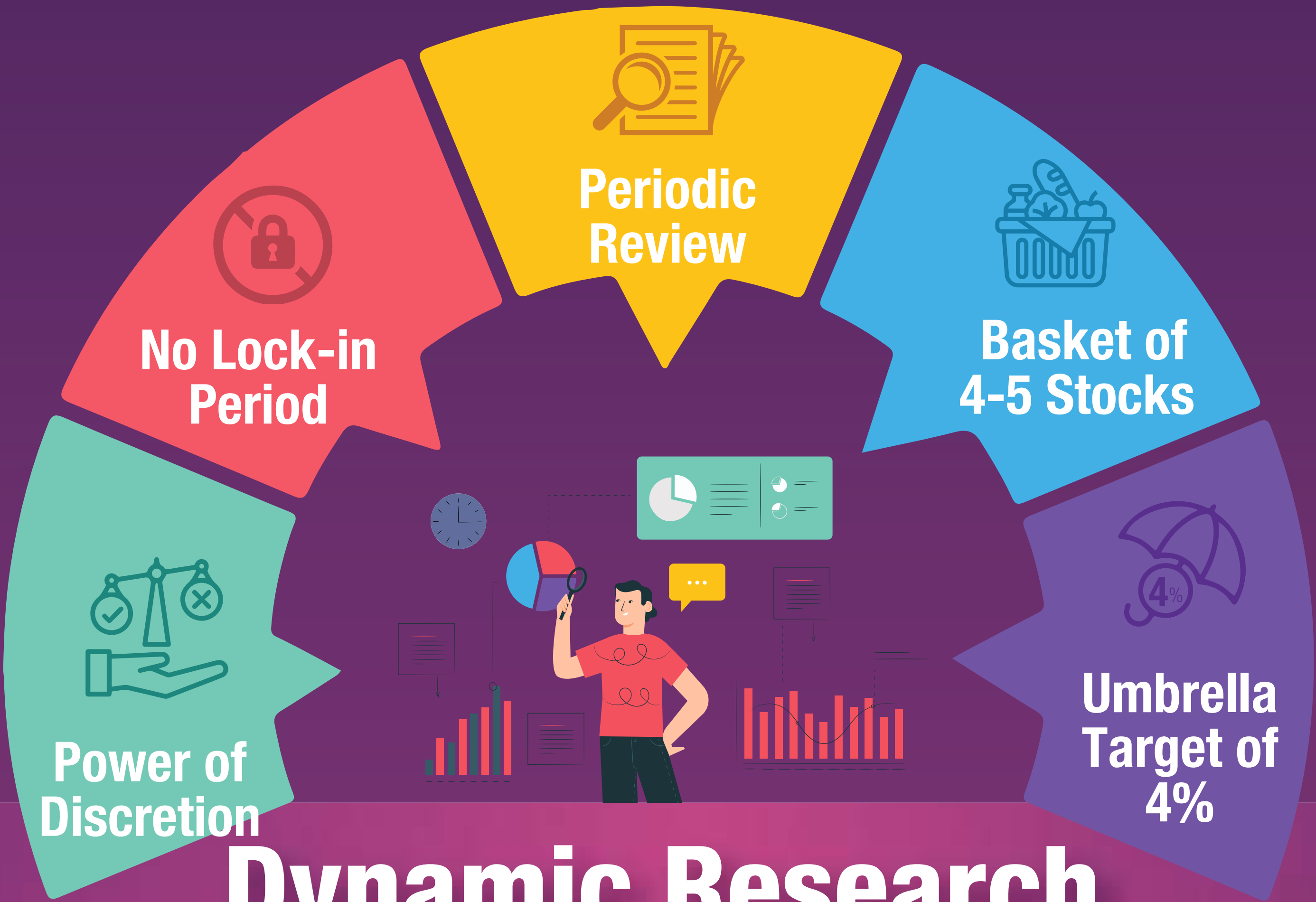
*These are not Exchange traded products and all disputes with respect to the distribution activity, would not have access to Exchange Investor Redressal Forum or Arbitration mechanism.

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

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FINANCIAL

FLASH

OCTOBER 2022

ANANDRATHI

INVESTMENT SERVICES

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

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