AnandRathi
Private Client Group
Equity

PCG

FINANCIAL FLASH

DECEMBER 2022

www.anandrathipcg.com

INDEX

PCG Communique

From the Desk of the PCG Head

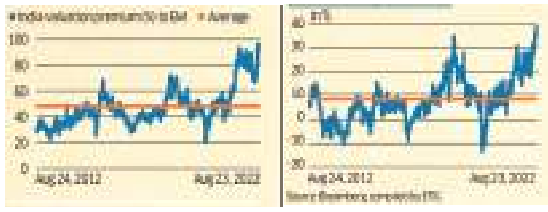
Rajesh Kumar Jain

Market is climbing to its all-time high trajectory

We are nearing to the end of the calendar year. We started the calendar year at around 17387 @ Nifty level, came along Feb we had geo-political crisis, which has resulted in hardening of commodity prices, across commodity to crude prices has gone from 18%-40%, which has resulted in high inflation, which made central banks fallen behind the curve and started aggressive rate hikes, which has tumbled the world market and we have seen world market bottoming out and Indian mkt from the cliff to 15300 in June. The recovery was lenient all the way from 15300 to 18300 is almost 20%. FIIs has been net buyer to a tune of INR 25,546.34CR while DII has been net seller to a tune of INR 6301.32CR.

Market is climbing to its all-time high trajectory of 18600. Currently Market is trading @ 21 PE with a P/BV 3.4x. The rich fundamental of the Indian market is justified. As it is always traded to premium to the other emerging markets which is mostly export oriented. If we see MSCI, India has been an outperformer to MSCI EM, wherein MSCI India in the last 3 years has given a dollar terms return of 12.98% vs MSCI EM 0.14% return over the same period. The MSCI India index now has a valuation premium of 96% and 39% over the MSCI Emerging Markets and the MSCI World indices, respectively. Over the long term, India has traded at 45% and 8% premium to the EM and DM markets.

Over the last 1 year the premium has further escalated which is not because Indian market moving



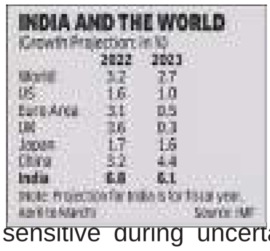
Over emerging markets　　Over developed markets

up but its more than other emerging market underperforming and India stands there itself.

The rich fundamental is also justified considering the companies in the index composition has higher ROE & ROCE. 70% of the index

composition is domestically driven companies Vs other markets where the composition are more of export oriented. Secondly with the large demographic, young & large working age population, low wage rates, govt initiative towards make in India and Atmanirbhar Bharat, China+1 factor playing out well for India in times to come in manufacturing which we are seeing, wherein most of the MNCs are looking to move their supply chain from China, and with high energy prices in Europe, it is going to be Europe +1. If large manufacturing has to be shifted than India is one of the ideal destination which work suitable for the MNCs to shift their base or create an additional base vs other EM like Indonesia, Vietnam or Malaysia.

In contest to 2008 where FDI inflows where $50Bn, over the years the FDI investment has been >$500Bn. India's economy is no more dependent in the FPI flow. As FPI flows are

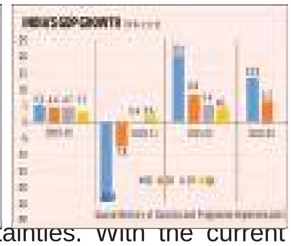


INDIA AND THE WORLD

Growth Projection (in %)

	2022	2023
World	3.2	2.7
US	1.6	1.0
Euro Area	3.1	0.5
UK	3.6	0.3
Japan	1.7	1.6
China	3.2	4.4
India	**6.8**	**6.1**

Note: Projection for India is for fiscal year, April to March. Source: IMF



sensitive during uncertainties. With the current selling over the last 1 year where in FPI outflow has been > 2 lakh CR, India mkt has shown its resilience without mkt falling too much. This also gives the confidence to the foreign players that liquidity is high in the Indian mkt and exits from the Indian mkt will not be difficult. Thanks to our Retail investor who has shown consistently pouring in money through SIP which has crossed monthly 13,000CR and other financial instrument. This shows the confidence of Retail investor on the economy and confidence on the India companies to deliver the desired return.

If we see, FPI is holding currently almost one-fifth of the Indian market. The total value of the FPI equity holding is $582Bn of which govt owned funds exposure is 16.2% which is 7.7 lakhs CR. Govt owned funds are sticky funds which is there for long term investment horizon. These long term govt funds auger well for India market as these funds has very little redemption in case of any uncertainty. The AUM of govt owned funds has rose by 33% annually in the past 2 years Vs the total FPI equity AUM grew by 25%.

Coming to 2nd Quarter Results on aggregate the number has slightly beaten estimate, Nifty posted a ~9% growth in earning but we go deep dive the numeric the number differ. Although the top line for most of the companies has seen a sizable growth but on the Gross Margins front most of the sector & companies has seen contraction sharply. The real benefit of the commodity correction can be visible in the 3rd & 4th qtrly earnings of companies. Financials has been the outperformer whereas Global cyclical- Metal has been a big disappointment. If we see Nifty earning leaving financials then Nifty earnings are down ~3%. BFSI has seen approx. 50% profit growth. For SBI where street estimation for Q2 was 10kCR profits but then it was @ 13kCR. We are seeing 15%-16% credit growth and if the credit growth remain same then we will see the profit growth will be in higher double digit as large franchises has the highest profit pool. The asset quality is the lowest in case of all the banks. If you see the full year Nifty earnings we expect Financial will drive 60% of the Nifty earnings. So if the Nifty grow by 14% then Financials will contribute 8.5% for the Nifty earnings. But post the 4th qtr we believe the NIMs will be under pressure as banks are increasing the deposit rates and are in the spree of raising deposits from the public. And that will be put pressure on NIM margins. If we see the current average deposit cost is 5.5% which is going to go up as across banks are raising the 3-5 year deposit rates anywhere between 50bps to 150 bps. We are not seeing any earning upgrade currently for FY23 earnings. Bloomberg consensus estimate is Nifty earnings will grow by 13.8% for FY23. 34 of the Nifty companies are seeing earning cut.

India's foreign exchange stockpile recorded a surge in forex reserve of $14.7-billion reflecting the impact of an estimated $8 billion worth of recent overseas currency purchases by the central bank amid rising global appetite for local growth assets. Select investment flows to corporates in India, coupled with a falling dollar index, revaluation of non-dollar assets in the reserves, triggered this surge in forex reserves. Excess flows were sterilised, which helped shore up the depleting forex reserves. Such a move should help the rupee gain stability." Forex reserves, including gold and special drawing rights (SDR) of the IMF, are at $550.14 billion as of November 25th.

For the 2nd quarter India's economy to record growth of 6.3%. In its latest monthly bulletin, RBI stated that if these growth rates are realised then the country is on course for a growth rate of about 7% in 2022-23. So for the H1FY 22-23, the GDP is at 9.7%. The IIP numbers has climbed to 3.1% in Sept. India manufacturing PMI hits 3-month

high of 55.7 in Nov compared with 55.3 in October, marking the seventeenth successive month of expansion in manufacturing production across India.
The PMI for the services sector improved to 56.4 in November from 55.1 in October.
The construction sector remains in expansion, and contact-intensive services, in particular, hospitality, travel and recreation, are experiencing explosive growth. Aggregate demand, on the other hand, is showing an uneven profile. While urban demand appears robust as the section on domestic developments profiles, rural demand which was muted, is gaining some strength recently.

The Indian economy which claimed the title of the fastest-growing major economy in the previous fiscal is likely to lose its momentum in 2023 owing to higher borrowing costs and fading benefits from the Covid pandemic reopening. Gross domestic product (GDP) may expand by 5.9%-6% in the calendar year 2023 from an estimated 6.9% this year estimated by most of the economist. Growth will likely be a tale of two halves, with a slower first half as the reopening boost fades, and monetary tightening weighs on domestic demand. In the second half, growth is likely to re-accelerate as global growth recovers, drag from net exports diminishes, and investment cycle picks up.

The retail inflation to ease to 6.1% next year from an estimated 6.8% this year. Inflation has remained above the Reserve Bank of India's tolerance band of 6% for the last ten months and is likely to hover over that mark in the coming few months as per experts. We will see inflation cooling off post the 1st Qtr of FY24.

Important to notice the RBI Monetary policy which will be on 7th Dec where most of the economist is expecting a rate hike by 35bps. This will take the rate to 6.25%. We firmly believe the hike of rate cycle is coming to end where central would either attempt towards for a last leg of low rate hike or would take a pause on the rate hike and look more for growth in the economy.

In its World Economic Outlook released last month, the International Monetary Fund (IMF) had forecast global growth to slow from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023.

Coming to market, @ 18500 we are seeing profit booking in most of the sectors & stocks where there been run up in prices. There has been profit booking by retail investor in Defence, Pvt banks, consumer names and some huge selling in block deal in new age internet based companies. This FY Street is estimating that Nifty company profits will end up at INR 6.50 lakhs CR. Till now we have achieved INR 2.95 lakhs CR. So for the 2nd half of the year we are looking to achieve INR 3.55 lakhs CR. For the FY24 the street consensus estimating INR 7.60 lakhs CR of Nifty company profit which is 17%. For the incremental profit of INR 1.1 lakhs CR, the major of these profits estimates are going to come from Reliance, BPCL, Tata Motors, SBI, Bharti Airtel which is estimated to contribute 41% of the incremental profits for FY 24E.

We expect the mkt to consolidate before a next leg of run. Going ahead market would be looking forward for the FY24 EPS which is estimated at 940. Considering the last 5 years average mean PE stands @ 24 and the 10 year average mean PE stands @ 20. Going by the simple mathematics if price is EPS multiplied by PE we would see Nifty anywhere between 18800 and 22500 in time to come. Renewables, Defence, Discretionary spending, Auto & Financials are the area where investors should look to build in their portfolio for long term.

Market Commentary

The Nifty index ended the November month on a strong note as it surpassed the previous all-time high mark of '18,600' after ending at 18,758 with a return of 3.4%. Similarly, Sensex ended the November month at 63,100 with a positive return of 3.2%.

It turned out to be a fruitful week of trade for Indian equity markets with frontline gauges hitting record highs as traders continued to cheer FOMC minutes which hinted towards a less hawkish approach in the coming policies. Markets made a positive start as traders took support with report that India's forex reserves have grown by $2.54 billion to $547.3 billion for the week ended November 18. Market participants also took support with S&P Global Ratings' latest report that the global slowdown will have less impact on domestic demand-led economies such as India, Indonesia and the Philippines.

In terms of economic performances, The S&P Global India Manufacturing PMI increased to a three-month high of 55.7 in November 2022 from 55.3 in the prior month, exceeding market estimates of 55.0 and staying above its long-run average of 53.7. Demand resilience boosted growth, with firms noting the quickest rise in new orders and output for three months. Also, buying levels grew at an accelerated rate as companies sought to benefit from relatively mild price pressures. Employment rose for the ninth month in a row; while outstanding business went up further despite the rate of accumulation easing. Meantime, vendor performance improved, as suppliers were able to deliver input in a timely manner. On inflation, input prices rose the least in 28 months, well below their long-run figures; while the rate of charge inflation eased to a nine-month low, with the vast majority of panelists keeping their fees unchanged. Finally, sentiment hit its highest in near 8 years, buoyed by optimism that demand would remain strong.

The IHS Markit India Services PMI came in at 55.1 in October rising from September's six-month low of 54.3 as favourable demand for services continued to underpin increases in new business and output at the start of the third fiscal quarter. Moreover, rates of expansion quickened from September's six-month lows. Buoyed by the ongoing recovery in new work, service providers again took on extra staff, with an improvement in business confidence also supporting hiring activity. The latest results also showed mild accelerations in inflation rates for input costs and output charges. Services Business Activity Index pointed to a quicker and marked rate of growth. The headline figure was above the neutral 50.0 threshold for the fifteenth month running and outpaced its long-run average. According to survey participants, sustained increases in new business boosted output. October data showed an expansion in new work placed with Indian service providers, continuing the trend seen since August 2021. Moreover, the pace of growth was marked and accelerated from September.

India's retail inflation, which is measured by the Consumer Price Index (CPI), eased to a three-month low of 6.77 per cent in the month of October from 7.41 percent in the previous months on a favourable base effect which was broadly in-line with expectations. However, Despite the sizeable fall in inflation in October, it has now spent 10 consecutive months above the 6 percent upper bound of the RBI's 2-6 percent tolerance band. As for the medium-term target of 4 percent, CPI inflation has exceeded it for 37 months in a row. The food price index increased 1.1 percent month over month even as food inflation decreased to 7.01 percent in October from a 22-month high of 8.6 percent in September. 10 out of 12 subgroups in the CPI's "food and beverage" category had their index increase month over month. Vegetables saw the largest growth (4.1%), followed by spices (1.3%) and grains (1 percent). At 0.5 percent, the sequential increase in the gasoline index was significantly smaller than the increase in the food index. Core inflation, which is inflation excluding the erratic food and fuel prices, slightly decreased to 6% in October from 6.1% in September.

India's merchandise exports fell to $29.78 billion from $35.45 billion in September. Exports in October 2021 stood at $35.73 billion. Merchandise imports declined to $56.69 billion from $61.16 billion in the same period, the data showed. Imports in October 2021 stood at $53.64 billion. The merchandise trade deficit for April-October 2022 was estimated at USD 173.46 billion as against USD 94.16 billion in April-October 2021, as per the data. Trade deficit in October 2021 was USD 17.91 billion. Last time it was in November 2020, when exports contracted by 8.74 per cent.

The Goods and Services Tax (GST) collections for the month of November 2022 stood at ₹1,45,867 crore which is 11% higher than the GST revenue in the same month last year, which itself was ₹1,31,526 crore. This is the ninth straight month when collections from GST has remained above ₹1.40 lakh crore. In November, revenue from import of goods was 20% higher and the revenue from domestic transactions (including import of services) 8% higher than in the corresponding period a year ago

After experiencing a freefall India’s foreign exchange reserves have again shown signs of improvement as it rose for the third straight week, to $550.14 billion in the week through November 25. The foreign exchange reserves for the week ended November 18 stood at $547.25 billion. Foreign currency assets rose by $3 billion to $487.29 billion for the week ending November 25.

The U.S. markets ended higher during the passing week as remarks by Federal Reserve Chair Jerome Powell provided further evidence the central bank plans to slow its aggressive pace of interest rate hikes as soon as next month. Powell noted that the full effects of the Fed's rapid rate increases have yet to be felt. However, the Fed chief argued the timing of a slowdown in the pace of rate hikes is less significant than how much further the central bank will need to raise rates and how long it will be necessary to hold policy at a restrictive level. Powell reiterated the Fed's plans to raise rates to a level that is sufficiently restrictive to return inflation to the central bank's 2 percent target. The Fed's next monetary policy meeting is scheduled for December 13-14, with street currently indicating a 72.3 percent chance of a 50 basis point rate hike and a 27.7 percent chance of a fifth straight 75 basis point rate hike. European markets ended passing week on a higher note. The start of the week was in red terrain, as Eurozone money supply growth eased in October and credit to the private sector logged a slightly slower growth. The European Central Bank said that the broad monetary aggregate M3 grew 5.1 percent annually in October, slower than the 6.3 percent increase in September. M3 was forecast to grow 6.2 percent. In the three months to October, M3 growth averaged 5.8 percent. The narrow measure M1, which includes currency in circulation and overnight deposits, logged an annual growth of 3.8 percent, slower than the 5.6 percent rise in September. Besides, Switzerland's economy expanded at a slower-than-expected pace in the third quarter as high inflation weighed on consumer spending. The State Secretariat for Economic Affairs, or SECO, in Bern reported that the economy registered a sequential growth of 0.2 percent in the three months to September, following the second quarter's downwardly revised 0.1 percent rise.

The S&P Global US Manufacturing PMI came in slightly above expectations at 47.7 in November of 2022 as compared to expectations of 47.6, but continued to point to the first contraction in factory activity since June of 2020. The fall was driven by declines in output and new orders. Demand conditions weakened in domestic and external markets, as new export orders fell further. Employment growth slowed as pressure on capacity dwindled and backlogs of work contracted strongly. On a more positive note, supply chains improved for the first time since October 2019, with price pressures softening as a result of reduced demand for inputs from firms. Input costs rose at the slowest rate for two years. Meanwhile, business confidence remained historically subdued, as concerns regarding inflation and customer hesitancy weighed on optimism.

The S&P Global Eurozone Manufacturing PMI was revised slightly down to 46.4 in October of 2022 from a preliminary expectation of 46.6 down from 48.4 in September, pointing to a fourth straight month of falling factory activity and the biggest contraction since May of 2020. Output and new orders fell at near record rates and export demand also sank sharply as geopolitical uncertainty, high inflation and weaker economic conditions around the world weighed on foreign client spending. With output requirements rapidly diminishing, eurozone manufacturers reduced their purchases of inputs to the quickest extent since May 2020. A further easing of supply chain pressures was also recorded as more capacity was freed up at suppliers. Meanwhile, price pressures subsided but remained historically elevated. Looking ahead, manufacturers continue to expect falling output volumes over the next 12 months, due to high inflation, geopolitical uncertainty and worsening economic conditions globally.

The au Jibun Bank Japan Manufacturing PMI fell to 49 in November 2022 from 50.7 in October, contracting for the first time since January 2021 and at the steepest pace in two years amid cooling demand conditions and severe inflationary pressures, a final reading showed. Output and new orders dropped the most since August 2020 and export orders fell at a faster rate as COVID cases in some countries reemerged. Also, firms continued to cut their buying activity, reflecting worries over future demand. At the same time, employment growth was unchanged, with backlogs of work decreasing at a stronger rate. On prices, input cost inflation eased to a 14-month low while output prices also moderated. Lastly, business sentiment remained optimistic in November but weakened from October.

Going Ahead

The situation in India continues to remain much better than most of the peers. Inflation rate had started softening again. The RBI may also adopt neutral stance on policy interest rate. The industry has generally come back to the growth path. With strong tax buoyancy, the union government is set to overachieve the budgeted tax collection target by a large margin during the current year. This would enable the government to carry out fiscal consolidation leading to lower borrowing requirement and to increase public spending. Bank credit growth continues to remain robust which suggest strong funding demand from the corporate sector. Resilience of capital goods production provides hope for a recovery in corporate investment. Buoyed by the global surge of equities and positive domestic developments, the bellwether equity indices in India have reached all-time high after remaining in the corrective mode for over a year.

Policy tightening initiated so far across the world have started impacting growth and the recessionary outlook continues. Many agencies have revised downwardly both the global and Indian growth targets for the current as well as the next year. Corporate earnings growth rates have slowed down and in sectors such as oil and gas and metals earnings have started contracting. Earnings of mid and small cap stocks are doing poorer than large cap stocks. Consequently, the large cap indices are at all-time high, but mid and small cap indices are not going up as much.

Despite our positive view on medium to longer term outlook of the Indian equity market, we do feel that investors should tone down return expectations over the next one year. It is true that the outlook for Indian economy and corporate sector is much brighter than most other countries. At the same time, it is not possible that the global slowdown and higher interest rate situation would not at all impact India. Moreover, more than 50% of the non-promoter equity in India is controlled by foreign investors. Negative global sentiment about equities, therefore, would impact the Indian market as well.

That said, with better fundamentals and strong flows of Rs. 13,000 crores coming from the Indian households towards the equity market through SIPs suggest that the current vulnerability of the Indian equity market is lower than most other major markets. With strong earnings growth but a consolidating market over the last one year, valuation multiples of Indian equities have become more reasonable as compared to the last five year averages. Accordingly, when the investor sentiments start becoming more positive, India equities are likely be to be the biggest beneficiary. We believe that in the next 12 months return from Indian equities can be in range of 10 to 12 percent.

Fixed Income Services

Monetary Policy Update

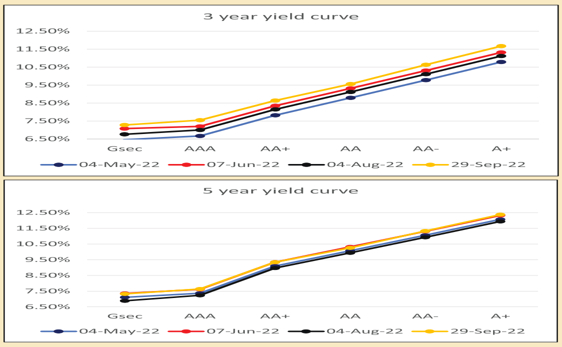
On 30th September, 2022, the Monetary Policy Committee (MPC), based on the prevailing adverse global environment increased the Repo Rate by 50bps to 5.90%, continuing the focus on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

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 geo-political 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 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 spill overs 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.

Outlook: While the governor abstained from giving any forward guidance on policy rate & stance owing to the uncertain economic environment, he continued to show faith in India's performance parameters. We believe, the market has already priced in future rate hikes, the extent and expectation, however, keeps changing basis developing implications. The optimism from the index inclusion has already played out, with the inclusion being deferred by a few quarters. We believe that we are closer to the end of the rate hike cycle. The volatility in the debt market will continue for a couple of months however the extent is expected to be limited.

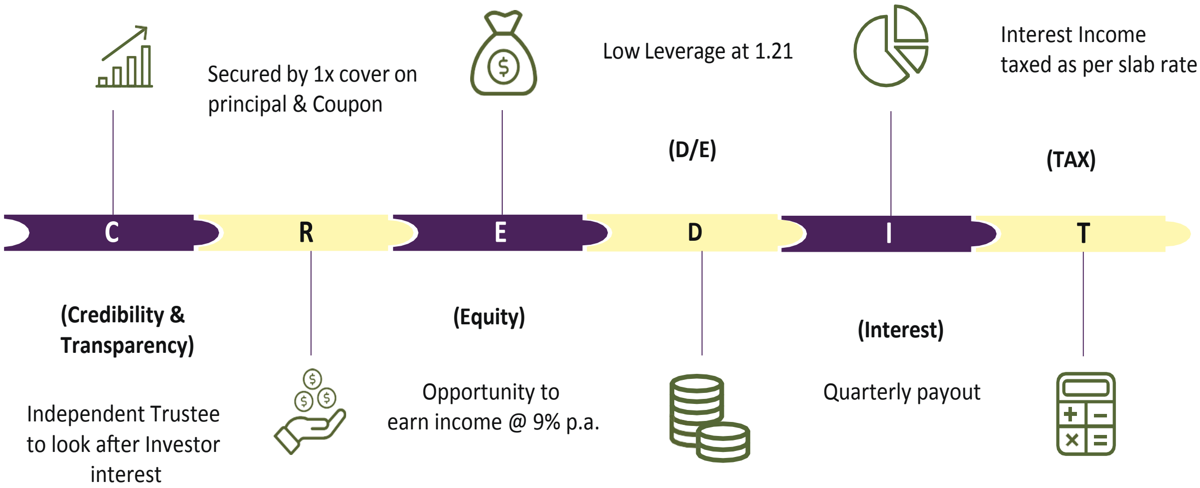
Secondary Market Bond Offers

Security	Maturity/C	IP	Rating	Yield
Tax Free Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
7.60% NHAI Tax Free 2031	11-Jan-31	Annual on 01-Apr	IND AAA/Stable	5.03%
8.91% IIFCL Tax Free 2034	22-Jan-34	Annual on 22-Jan	IND AAA/Stable	5.07%
PSB Perpetual Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
7.75% SBI Perp 2027	09-Sept-27	Annual on 9-Sept	AA+ by CRISIL & IND	7.80%
8.70% BOB Perp 2024	28-Nov-24	Annual on 28-Nov	AA+ by CRISIL & IND	7.47%
PSU Quotes				
Security	**Maturity/C**	**IP**	**Rating**	**Yield**
8.22% NABARD 2028	13-Dec-28	13-Jun & 13-Dec	AAA by ICRA & IND	7.32%
8.94% PFC 2028	25-Mar-28	Annual on 25-Mar	AAA CRISIL, ICRA & CARE	7.36%
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	10.30%
8.05% Mahindra &Mahindra Financial Services Ltd 2032	24-Jul-32	Annual on 01-Apr	AAA by IND Ratings & CARE	7.94%
7.80% HDFC LTD 2032	06-Sep-32	Annual on 06-Sep	AAA CRISIL & ICRA	7.65%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.45%
8.75% Bajaj Fin 2026	14-Aug-26	Annual on 16-Aug	AAA by CARE	7.50%
9.40% Hinduja Leyland Ltd 2024	28-Aug-24	Annual on 28-Aug	AA- by CARE	8.60%
7.30% Tata Capital Hsg Fin 2031	07-Nov-31	Annual on 09-Nov	AAA by CARE & CRISIL	7.78%
8.15% HDFC Credila Fin Ser Ltd 2032	07-Jul-32	Annual on 07-Jul	AAA by CARE	7.76%
9.95% UP Power 2032	Staggered Maturity (22-Mar-32)	31 Mar, 30 Jun, 30 Sept, 31 Dec	A+ (CE) BY CRISIL & INDIA RATINGS	9.55%

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

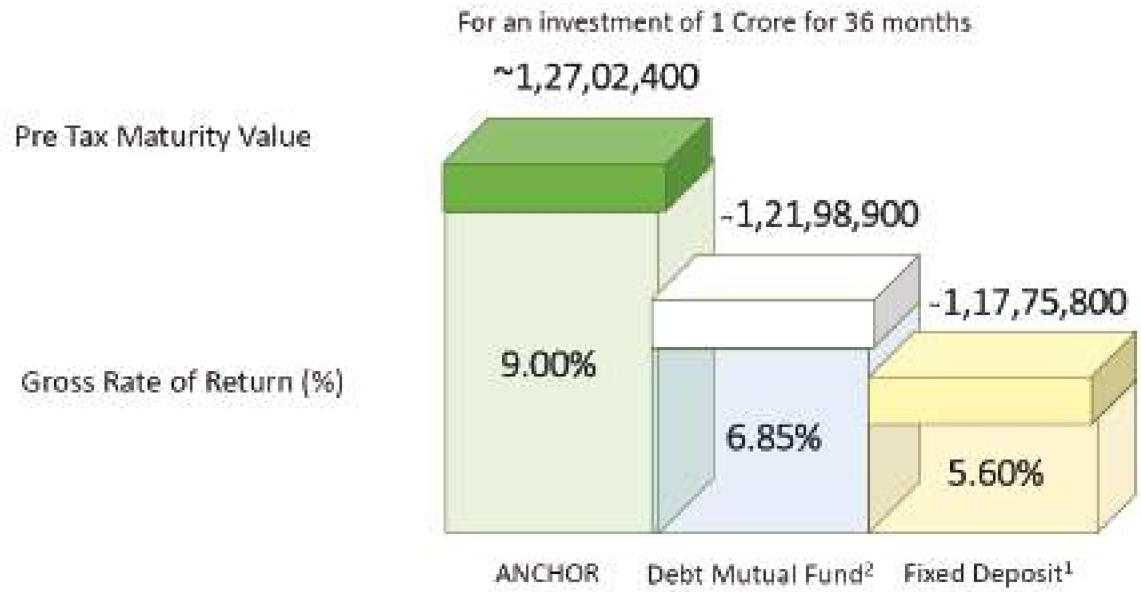
'Please note that investments in these bonds should not be construed as an advice or recommendation however we can facilitate the execution of the same. The bonds are tradeable on the Exchange platform, however we do not provide any assurance or guarantee on the liquidity of bonds. The investment decision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

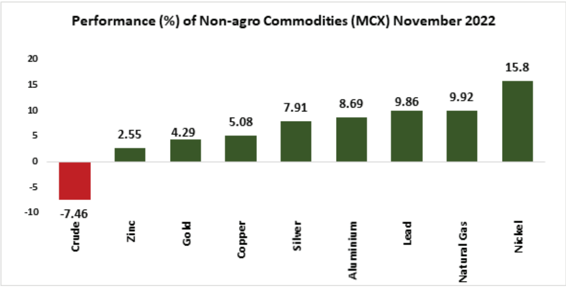
Date	Cash Flows at 9% p.a.
29-Sep-22	(2,500,000)
29-Dec-22	56,096
29-Mar-23	55,479
29-Jun-23	56,712
29-Sep-23	56,712
29-Dec-23	56,096
29-Mar-24	56,096
28-Jun-24	56,096
27-Sep-24	56,096
27-Dec-24	56,096
28-Mar-25	56,096
27-Jun-25	56,096
29-Sep-25	2,557,945
XIRR	**~9.31%**

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 no constitute an offer or solicitation for the purchase or sale of any financial instrument/security.

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

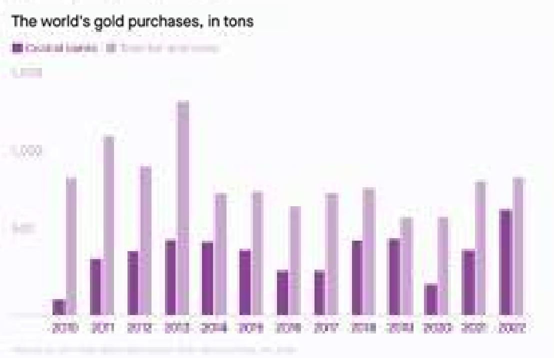
Commodities Outlook

Precious Metals Update:

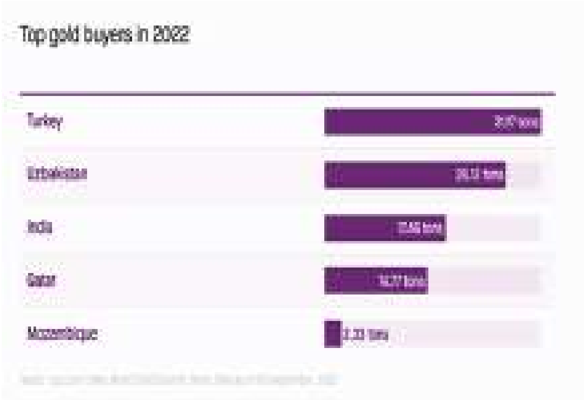


Precious metals rallies in November on hopes of easing US CPI leading to weaker dollar. Silver outperforms gold on stronger fundamentals.

Spot Gold after declining for seven consecutive Months since May'22 witnessed a positive momentum shift as prices rose by more than 9 % on monthly basis in Spot, while Silver gained by more than 17 % in international spot markets driven by firm fundamentals. The sharp up-move was underpinned by the lower-than-expected US inflation print for October and a higher unemployment rate, leading to expectations of a less aggressive monetary policy by the Federal Reserve. The US added 261k jobs in October and the unemployment rate inched up to 3.7%. On the other hand, inflation moderated to 7.7% y/y, the lowest figure in the last nine months after



Central banks globally accumulated gold reserves this year at a pace never seen since 1967, when the US dollar was still backed by the precious metal. In the quarter ending September'22, demand for gold was up 28% year-on-year, reaching 1,181 tons, according to report from world gold council. The demand for gold this year has been primarily driven by a flight towards safer assets amid hotter inflation. A significant chunk of the demand from central banks arose during the previous quarter, setting a record of nearly 400 tons that lifted central bank net purchases to date to 673 tons.



Turkey was the biggest buyer of gold during the quarter, followed by Uzbekistan (26.13 tons) and India (17.46 tons). Not all countries report their gold purchases regularly, so it's difficult to know how much, for example, China and Russia bought during this same period. India also shored up its gold reserves as Indian consumer habitually purchased gold jewellery ahead of the festive season every October. Putting that aside RBI bought 13 tons of gold in July and 4 tonnes in September pushing its reserves to 785 tonnes according to WGC report.

Outlook

Gold prices having rallied almost 10 % from its monthly lows this year might face near-term corrective moves as the market could enter quieter period ahead of US Fed meet on 14th Dec. On the downside MCX Gold could witness supports around Rs. 52750 per 10 gm levels in February contract. However with inflation pressures easing as US CPI for November could show further ease in same which could continue to witness further up moves during the month as

Gold could breach its yearly high levels and find strong resistance around Rs. 56,200 per 10 gm levels. Overall buy on dips could remain a favorable strategy for the month while trading range to remain around Rs. 52750 – 56200 per 10 gm levels on MCX February contract. For Silver with stronger fundamentals persisting in same, one might continue to prefer buy on dips strategy in same with trading range to remain around Rs. 63500 – 74000 /Kg levels in March contract on MCX.

Base Metals Update:

- Copper rallies on China reopening optimism combined with dollar weakness.

- Aluminium rises the most as remains the most volatile base metals of 2022.

- Deficit concerns in Zinc & Lead for 2022 could

LME 3M Forward Prices ($/tonnes)				
Date	Copper	Aluminium	Zinc	Lead
2-Dec-22	8450	2545.5	2202.5	3079
25-Nov-22	8008	2362.5	2117	2920.5
31-Oct-22	7450	2222	1973	2697
3-Jan-22	9720.5	2807.5	2304	3534
% Change				
Weekly	5.23%	7.19%	3.88%	5.15%
Monthly	11.83%	12.71%	10.42%	12.41%
YTD 2022	-15.04%	-10.29%	-4.61%	-14.78%

Copper recorded its biggest monthly advance since April 2021 as investors bet China may shift from Covid-Zero policies and boost demand in the top metal-consuming economy. Copper prices rose almost 11% on the London Metal Exchange in November, snapping seven months of losses. The industrial metal however pared some gains in the last week of the month after top producer Chile registered its first year-on-year output increase since July 2021 in October.

China pushed for greater vaccination of the elderly towards the end of the month, driving speculation about further easing of Covid-Zero rules that took a toll on the economy. Such measures have undercut metals demand throughout the year, adding to headwinds caused by Europe's energy crisis and the Federal Reserve's tighter monetary policy. both showed signs of easing
this month, brightening Copper & other metals outlook.

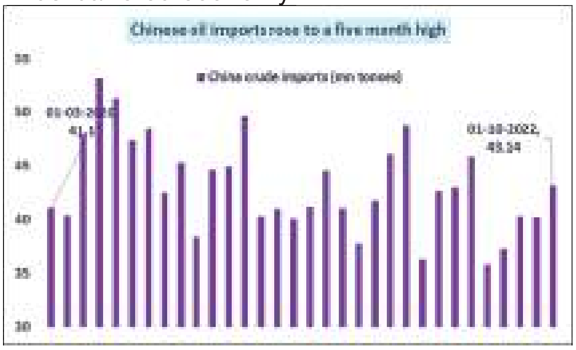
Despite the slowing global economy, ICSG forecasted that copper demand will exceed production in 2022 and the world refined copper balance was expected to be in a 328,000 tonnes deficit. Copper market was forecast to swing back into a 155,000 tonnes surplus in 2023. ICSG said. Overall during the last month, China demand remained muted as the premium paid at the port of Yangshan fell
to the lowest level since July as inventories rose and import needs shrunked in the face of China's property crisis and its persistence with Covid Zero.

Outlook

China's slowdown manufacturing activities, coupled with the easing Covid curbs, domestic stimulus and tight physical supplies, might increase volatility in copper prices towards the year end. With metal balances portraying deficit concerns in 2022, recessionary concerns in second half of 2023 suggest poor sentiment that could keep most metal prices will under pressure in the early part of 2023. Meanwhile on the back of low inventories for a number of metals, expectations of monetary loosening and a modest recovery from China could benefit prices towards the second quarter of the year. Overall MCX Copper could still face upside bias towards the end of the year as could rise 715 - 720 per Kg levels in December contract. However on the downside prices could face significant supports around Rs.670-675 / Kg. zone a breach & weekly close below which only prices could extend short term downside. Overall trading range for the metal could remain around Rs. 680 – 722 / Kg levels in December contract. In other metal's Zinc prices could also continue to trade with upside bias as deficit concerns and tight supplies could support the metal on the downside. Overall MCX Zinc may rise towards Rs. 295 – 300 / Kg. levels in December contract.

The Black Gold tumbled on demand concerns

Crude oil prices whipsawed in November, with WTI crude oil futures closing the month lower by almost 7% at $80.55 per bbl. In the second half of November, oil prices tumbled to an 11 month low of $73.6 per bbl, as China grappled with record high covid cases raising demand concerns. However, one third of the losses were pared on prospects of output cut from OPEC+ in December meeting coupled with reopening news from China amid protests. After the meeting, OPEC+ alliance decided to maintain production at current levels, pausing to take stock of a global oil market that's roiled by uncertainty over Chinese demand and Russian supply. However, China stepped up oil imports in October, as the government released more fuel export quota (15 million tons of fuel from late September to the first quarter of 2023) in an attempt to help revive the country's virus-battered economy.



There has been so much uncertainty recently, regarding the EU ban on Russian oil and a US price cap. EU sanctions on Russian seaborne oil exports comes in effect from 5th December and without a price cap mechanism, there might be supply disruptions and short term spike in oil prices. Initially, the G7 has proposed a cap of $65-70 per barrel, but Poland and some others argue this will not hurt Moscow because Russian crude is already trading below that range. However, in a recent move, EU agreed to put a price cap on Russian oil at $60 a barrel, paving the way for a wider G7 deal. The price is higher than where Russia already sells most of its crude. That's because one of the main aims of the measure is to try to keep Russian oil flowing to global markets. In a reaction to the price cap, Russian Deputy Prime Minister Alexander Novak said that Russia is not going to supply oil to nations imposing a price cap and might even cut supply.

On the supply side there has been no major improvement. US crude oil output has been hovering near 12 mbpd for months. EIA slashed its forecast for 2023 oil production in the latest sign that world crude markets can't rely on American shale fields to ramp up supply quickly enough to reduce high energy prices over the next year. Production is now estimated to hit 12.31 million barrels a day in 2023, a fifth straight downward revision by the government agency. Occidental, one of the biggest operators in the Permian Basin, said that it plans to keep oil production flat in 2023, while Devon Energy said output growth for 2023 will be at the lower end of a previously stated 0% - 5% guidance range, as record costs continued to tear through the shale patch in the third quarter for key supplies, from drill rigs to steel tubes used to line oil wells.

In the monthly outlook, OPEC reduced its forecasts for global oil demand again as the group implements production cutbacks aimed at keeping markets in balance. Due to a weaker economic backdrop and China's strict anti- Covid measures, the OPEC lowered estimates for the amount of crude it will need to pump this quarter by 520,000 barrels a day, following a similar-sized downgrade a month ago. The latest figures for November, compiled by Bloomberg showed that OPEC cut crude production by the most since 2020, fulfilling a new agreement aimed at stabilizing world oil markets. The Organization of Petroleum Exporting Countries curbed supplies by just over 1 million barrels a day last month, with production averaging 28.79 million barrels a day. Group leader Saudi Arabia led the reduction, lowering output by 470,000 barrels a day to 10.44 million a day, while substantial cutbacks were also implemented by its Persian Gulf neighbours, Kuwait and the United Arab Emirates.

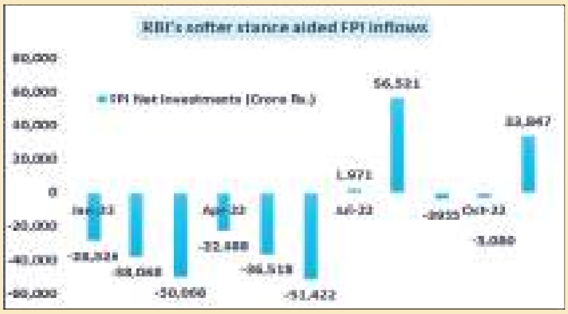
Outlook

Crude oil futures might trade with an upside momentum and might end the last month of 2022 with gains, amid prospects of China reopening, ease in dollar index and uncertainty regarding the impact of EU ban on Russian oil. Financial hub Shanghai and neighboring Hangzhou eased some Covid curbs after protests against the nation's zero covid policy, while cases have also been in a downtrend for last 7 days, raising optimism on demand recovery from the world's largest oil importer. EU has proposed a price cap at $60 per bbl, which is not much of an issue now, as the Russian grade Urals is already trading below that price. However, the major issue is when oil prices rise, with Brent above $90 levels. There is lot more ambiguity on hoe Russia will react to the price cap as they have told multiple times that they will not supply oil to nations agreeing to the cap. US might fill back reserves if WTI falls towards $65 - $70 per bbl levels, and thus it is the floor. We expect MCX Crude oil futures to trade in the range of Rs.6,000 – Rs,7,350 per bbl for December.

Currency Outlook

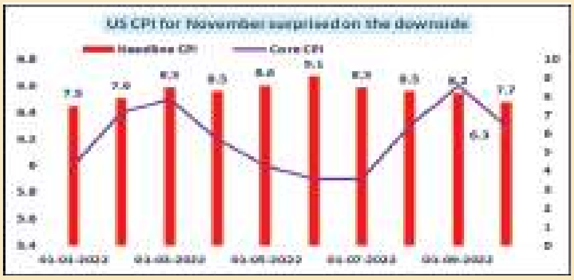
Indian Rupee gained for the first time in 2022

The Indian rupee posted its first monthly gain this year, supported by a weaker dollar and a rally in equities on the back of robust foreign inflows. Rupee spot gained almost 1.6% and closed below 81.5 levels. Meanwhile, the yield on the Indian 10-year government bond fell to 7.2%, tracking the external sentiment amid lower US Treasury yields and a weaker dollar. Indian government bonds were also aided by reports stating that spending by the central government should be less than the amount budgeted this financial year for the first time since 2019/20.



On the economic data front, India's trade deficit widened to $26.91 billion in October 2022 from $25.71 billion in September. Considering April to October, exports rose 12.55% to $263.35 billion while imports advanced at a faster 33.12% to $436.81 billion. Inflation continue to hover above RBI's upper target range, and rose by 6.77% annually in October, bolstering RBI's slower pace of rate hikes, aiding growth. RBI has not been very hawkish in hiking rates compared to the western nations and this has led to an equity outperformance and robust FII inflows. Foreign portfolio investments have been robust in November and so far in December, with net inflows of Rs.33,847 and Rs.7,723 crores respectively. Recent data showed that Indian economy expanded by 6.3% in Q3, slightly higher than market expectations of 6.2% and extending the country's growth momentum to eight straight quarters. Meanwhile, India Manufacturing PMI increased to a three-month high of 55.7 in November 2022 from 55.3 in the prior month, aided by rise in new orders.

RBI's November bulletin showed that RBI sold $10.4 billion net in spot and $9.7 billion in forwards for the month of September, to prop up Rupee, when dollar index notched multi decade highs. India's foreign exchange reserves rose for the third straight week and was up by $2.8 billion to $550.142 billion in the week ended 25th November, helped by rise in foreign currency assets even as reserves held in gold shrunk. Recent rise in forex reserves can be mainly attributed to a sharp fall in dollar index, leading to valuation gains in non-dollar reserves.



The greenback plunged by more than 5%, towards 105 levels in November. It all started as Democrats faced a tough path in the midterms, with Republicans widely expected to win both houses, which making it harder for President Joe Biden to implement his policy agenda. However, the major pain for dollar came after the US CPI data surprised on a downside, rising 7.7% in October compared with 8.2% in September, bolstering Fed's slower pace of rate hikes in future and cementing a 50 bps rate hike for December FOMC meeting. Fed funds terminal rates, which was seen at 5.1% ahead of the CPI data, fell towards 4.9% and investors started pricing in two 25 bps rate hikes in 2H 2023. November FOMC minutes also showed that a substantial majority of Fed officials judged that a slowing in the pace of the fed funds rate increase would likely soon be appropriate, as it would better allow the Committee to assess progress toward its goals of maximum employment and price stability.

Outlook

Indian Rupee has been one of the worst performing currencies since September, as Rupee's carry appeal has faded amid narrowing interest-rate differentials with the US. High current account deficit and RBI expected to build back its reserves keep adding upward pressure on USDINR pair. It might get only narrow, with the RBI widely expected to end the rate-hike cycle by December or early 2023, while the Federal Reserve is seen peaking only in the second quarter. Dollar index has fallen more than 9% from the September peak, while Rupee spot merely gained 2% form the all-time highs touched recently. During the December meeting, to be held on 7th December, RBI might go for a 35 bps hike, focusing on domestic growth and might pause after that. Yuan climbed past the closely watched 7-per-dollar level for the first time since September, as authorities accelerated a shift toward reopening the economy and Covid cases have also been in a downtrend for last seven days. The greenback doesn't perform during times of improving risk sentiments. Dollar index looks weak amid easing US inflation and optimistic news from China hurting safe haven bids. US CPI is expected to ease towards 7.3% in November compared with 7.7% in October. We expect Indian Rupee spot to trade in the range of 80.7 – 82.9 levels against dollar, with an appreciation bias for December. Any unexpected surge in oil prices poses a risk to the outlook.

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

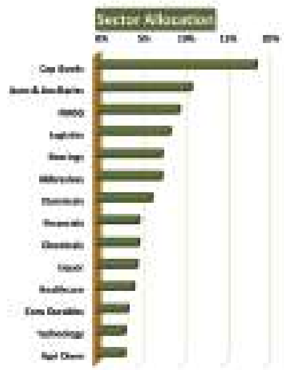
Healthy Balance Sheet

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 November, 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

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.

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: *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

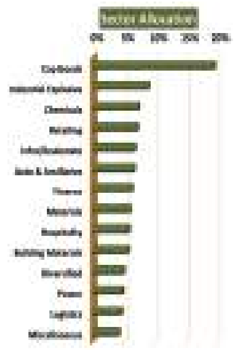
- Indian economy has found its place among the key global players in many of the sectors.
- India increasing its share and becoming a part of the global supply chain and also a reliable partner.
- Government focus on building capabilities, scale and good manufacturing practices.
- PLI, Export incentive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

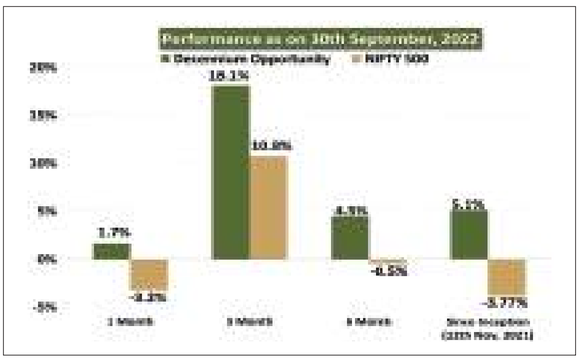
Sr No	Top 10 Holdings	% Holdings
1	Solar Industries India Limited	9.0%
2	Bharat Electronics Ltd	8.9%
3	Gujarat Fluorochemicals Limited	7.4%
4	Aditya Birla Fashion and Retail Limited	7.2%
5	Oberoi Realty Limited	6.8%
6	Craftsman Automation Limited	6.7%
7	Praj Industries Ltd	6.5%
8	Bajaj Finserv Limited	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 November, 2022

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



Structure Product Idea

Nifty Accelerator

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

PAYOFF (100.0%: Market Linked Debentures Idea)

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
39900	110.00%	100.00%	15.50%	14.40%
38000	**100.00%**	**100.00%**	**14.40%**	**14.40%**
28500	50.00%	100.00%	8.20%	14.40%
25270	**33.00%**	**100.00%**	**5.70%**	**14.40%**
25080	32.00%	74.00%	5.60%	11.40%
24890	31.00%	48.00%	5.40%	7.90%
24700	**30.00%**	**22.00%**	**5.20%**	**3.90%**
22800	20.00%	12.00%	3.60%	2.20%
20520	**8.00%**	**0.00%**	**1.50%**	**0.00%**
19000	**0.00%**	**0.00%**	**0.00%**	**0.00%**
18758	-1.30%	0.00%	-0.20%	0.00%
17100	-10.00%	0.00%	-2.00%	0.00%
16150	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
16148	-15.01%	-16.51%	-3.12%	-3.45%
15200	-20.00%	-22.00%	-4.30%	-4.70%
13300	**-30.00%**	**-33.00%**	**-6.70%**	**-7.50%**
11400	-40.00%	-34.00%	-9.50%	-7.80%
0	-100.00%	-40.00%	-100.00%	-9.50%

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 18758, adding 150 points contingent: 18908, rounded off to next 100: 19000.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 30th November 2022.

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

Structure Product Idea

Nifty Magnifier

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

PAYOFF (100.0%: Market Linked Debentures Idea)

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
39900	110.00%	100.00%	15.50%	14.40%
38000	**100.00%**	**100.00%**	**14.40%**	**14.40%**
28500	50.00%	100.00%	8.20%	14.40%
25270	**33.00%**	**100.00%**	**5.70%**	**14.40%**
25080	32.00%	74.00%	5.60%	11.40%
24890	31.00%	48.00%	5.40%	7.90%
24700	**30.00%**	**22.00%**	**5.20%**	**3.90%**
22800	20.00%	12.00%	3.60%	2.20%
20520	**8.00%**	**0.00%**	**1.50%**	**0.00%**
19000	**0.00%**	**0.00%**	**0.00%**	**0.00%**
18758	-1.30%	0.00%	-0.20%	0.00%
17100	-10.00%	0.00%	-2.00%	0.00%
16150	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
16148	-15.01%	-16.51%	-3.12%	-3.45%
15200	-20.00%	-22.00%	-4.30%	-4.70%
13300	**-30.00%**	**-33.00%**	**-6.70%**	**-7.50%**
11400	-40.00%	-34.00%	-9.50%	-7.80%
0	-100.00%	-40.00%	-100.00%	-9.50%

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 18758, adding 150 points contingent: 18908, rounded off to next 100: 19000.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 30th November 2022.

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

Technical Analysis

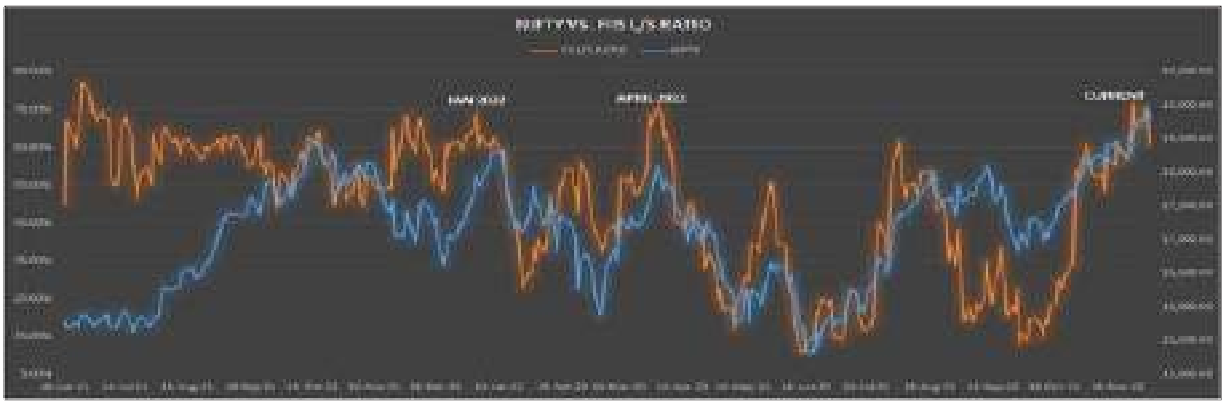
NIFTY: December 2022

LEVELS TO WATCHOUT FOR: 19000 - 19300 / 18350 - 18000

For our domestic markets; it was a crystal clear No Sell November as the markets kept moving north with benchmark indices making new life high. The index NIFTY spot initially gave some hiccups near 18350 mark but eventually surpassed the same to register a record high of 18887. On the whole; the index rallied more than 4% during the month. The sentiment remained upbeat in the absence of any negative triggers on the domestic as well as global front.

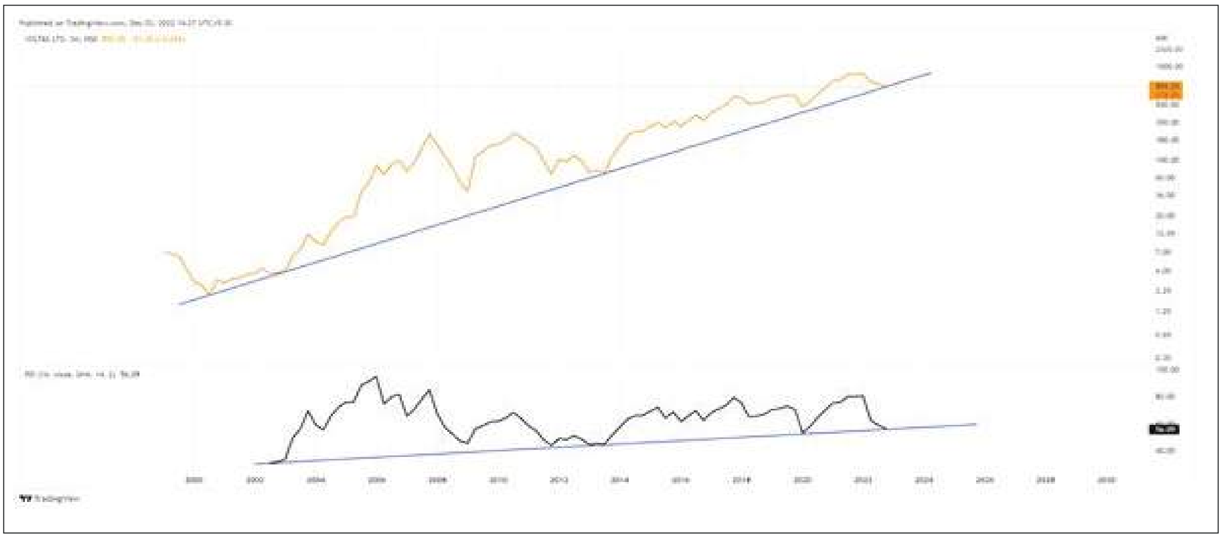
During our previous monthly interaction; we discussed that a move above 18350 on closing basis would confirm a major range breakout and that breakout has a theoretical target of around 21000. However; due to too many uncertainties in the global space we don't expect the move to be one sided. Although we have witnessed one side rally towards almost 19000 mark but we continue to follow our stand. Instead of participating in the index; we have been focusing on individual stocks which has more potential to outperform the market. Coming back to NIFTY; once again we would discuss about the Long Short ratio of FIIs in index futures. Recently it went beyond 75% and in this calendar year this has happened of the third time. Once it was in Jan 2022 and second it was in April 2022 and both the time we witnessed a reversal from the top. Thus; it is quite possible that we may see some profit booking in the markets after a rally of over 2000 points in NIFTY. We reiterate our view that we have a bullish opinion on the markets but one considerable corrective move is needed for a better risk reward in order to go long. Thus traders are advised to remain stock specific. On the levels front; 18350 would be an important support for the coming week and a breach of the same might halt this euphoria. On the upside; a breach of 19000 would extend this rally towards 19300.

With regards to NIFTY BANK index; it has managed to clear the top of 42000 and in fact it sneaked above 43000 levels. This major range breakout has a target of 50000 in few months but for this index too it would be healthy if we have a decent corrective move on the downside. On the downside; 42700 would be an immediate support and a close below the same might be a confirmation of our view. Once this happens then the index has potential to retest 41000 mark. On the upside; sky is the limit as we are already trading near life time high but the risk to reward is not favourable.



Technical Pick – BUY VOLTAS LTD

POTENTIAL UPSIDE 16.07%- 21.43%▲



- The long term quarterly chart of **VOLTAS** indicates that the stock is now at a major support.
- VOLTAS has been in a strong corrective mode since many months.
- The stock seems to be highly oversold on almost all time frames.
- On the daily scale; we are witnessing higher top higher bottom formation which indicates change of trend. Thus; traders are advised to accumulate the stock **in the range 860-820** with a stop loss of 750 on closing basis for the upside potential target of 975 followed by 1020 levels in coming 3-6 months.

Overview of ICICI Venture

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

ICICI Venture at a Glance

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

Our Existing 4 Verticals

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

Sector Footprint

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

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

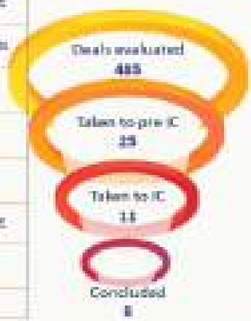
RFCL	GO COLORS!	KIMS	STAR	WABAG
Exit Strategy : Sum of parts sale Investment : Dec-2005 Exit : Feb-2011 Gross INR MOIC: 8.2x[4] Gross INR IRR: 81.9%[4]	*Exit Strategy: IPO* Investment : Jan-2018 Exit: Nov/Dec 21 (Partial) Gross INR MOIC : 6x Gross INR IRR: 88%	*Exit Strategy : Sale to PE* Investment : Jun-2014 Exit : Jun-2018 Gross INR MOIC : 2.8x Gross INR IRR: 28.8%	*Exit Strategy: Sale to Strategic/PE* Investment : Mar-2010 (IAF3) / Aug -2016 (IAF4) Exit : Mar-2020 Gross INR MOIC : 8.2x/3x Gross INR IRR: 25% / 55%	*Exit Strategy : IPO* Investment : Apr-2005 Exit : Jul-2011 Gross INR MOIC : 25.8x 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
Ontheo	2016	1,650	Mfg	Growth PE	26.22%[5]	2022-23	2.5x-3x	Sale to PE / IPO
KIMS	2021	1,600	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	2010	2,350	BFSI	Growth PIPE	4.36%	Listed	2x	Capital markets
EPACK	2021	1,600	Mfg	Growth PE	25.3%-24.3%	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

ICICI Venture

iREIF 2

India Real Estate Investment Fund Series 2

Affordable Housing Focused Debt AIF

Overview of ICICI Venture

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[3]	$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

Evolution of our RE Vertical

ICICI Venture

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 3.75 Bn*[1]	*INR 5.83 Bn*	*INR 10.00 Bn*[2]
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[3]
Exited		13	8	2	-

iREIF 2

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 Superstructures
Total Inventory 4,917 units	Mayfair Housing
Ticket Size INR 2.5-24 Mn	Platinum Homes
	Suraj Estate
	Dhanji Shamji

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

Bengaluru & Chennai	
Total Area 1.8 Mn sft	Mahaveer
Total Inventory 1,477 units	Prince Foundation
Ticket Size INR 4-13 Mn	USCL

iREIF

Our RE debt exit track record

ICICI Venture

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

ARIHANT
Type: Affordable Housing
Investment : Oct 2018
Exit : April 2021
Gross IRR: 22.5%

SKYi Developers
Type: Affordable Housing
Investment : Oct 2019
Exit : Oct 2021 (Largely)
Gross IRR: 22%

Rajesh LifeSpaces
Type: Housing
Investment : Oct 2013
Exit : Sept 2015
Gross IRR: 25.2%

Type: Affordable Housing
Investment : August 2015
Exit : Jan 2018
Gross IRR: 23.4%

Type: Affordable Housing
Investment : Oct 2012
Exit : Jul 2014
Gross IRR: 22.7%

AHUJA
Type: Housing
Investment : Dec 2012
Exit : Jul 2015
Gross IRR: 22.2%

PRINCE
Type: Affordable Housing
Investment : Dec 2014
Exit : Oct 2018
Gross IRR: 21.7%

SUNSHINE
Type: Commercial
Investment : Dec 2014
Exit : Aug 2016
Gross IRR: 21.8%

DS
Type: Affordable Housing
Investment : Oct 2014
Exit : Nov 2016
Gross IRR: 20.8%

iREIF

iREIF Portfolio Overview

ICICI Venture

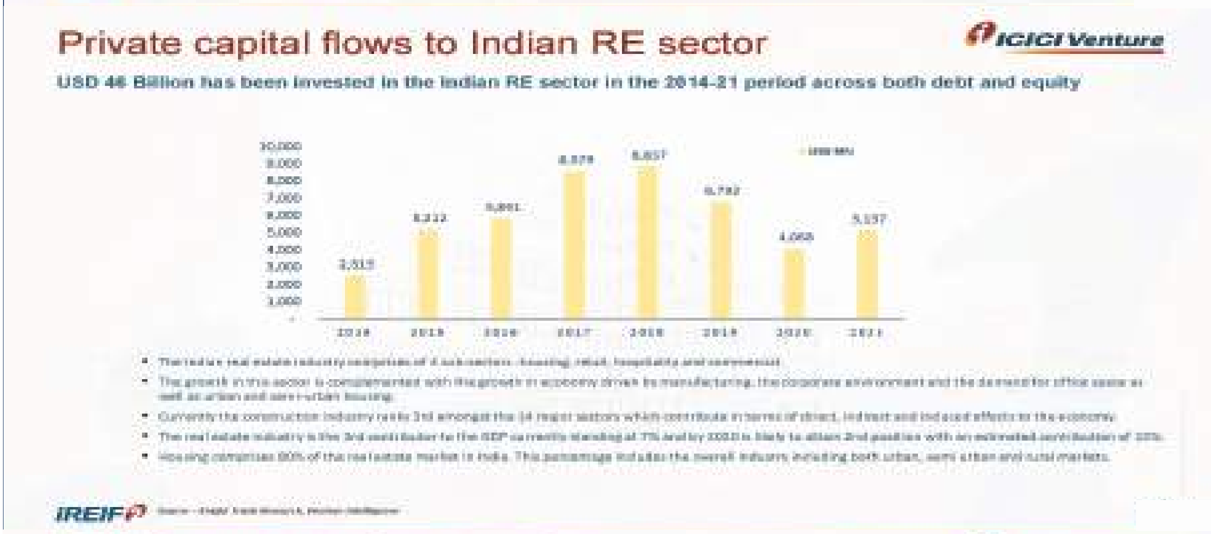
Backing affordable housing projects with leading developers in each micro-markets

Portfolio	[illegible]	[illegible]	Location	Project Type	[illegible]	Gross IRR	[illegible]
ARIHANT	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
ARIHANT	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
SKYi	[illegible]	[illegible]	[illegible], Pune	Affordable Housing	[illegible]	[illegible]	[illegible]
SKYi	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
MAYFAIR	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Housing	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Affordable Housing	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

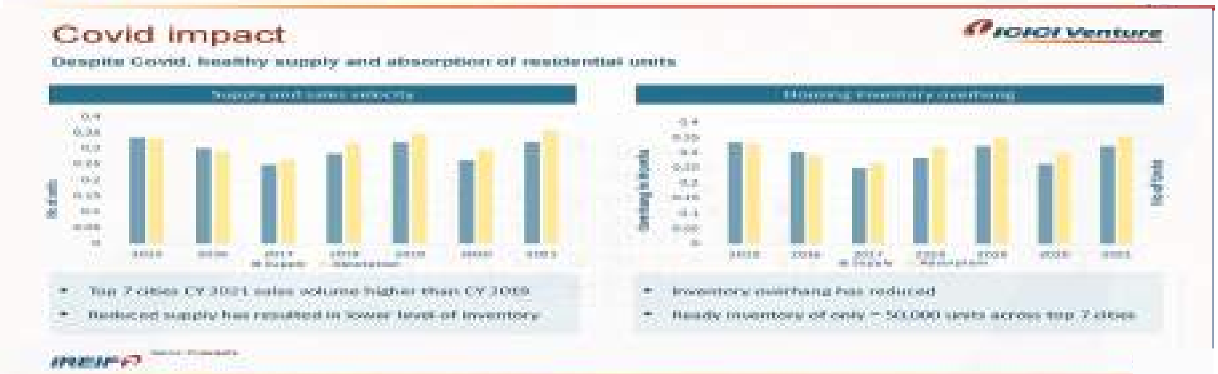
iREIF deal log

iREIF

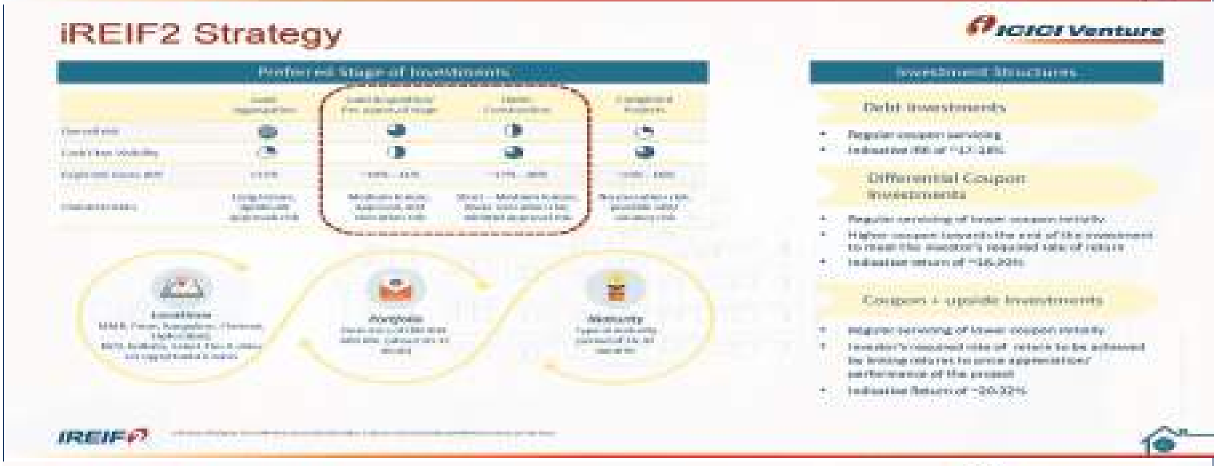

ICICI Venture
Leveraging ICICI Group RE strengths
MOU with ICICI Bank
ICICI Group
ICICI Bank CRFG
ICICI HFC
01 Key features of MoU
02 Benefits of MoU
iREIF


ICICI Venture
Private capital flows to Indian RE sector
USD 46 Billion has been invested in the Indian RE sector in the 2014-21 period across both debt and equity
2,515
5,212
5,861
8,579
8,857
6,792
4,065
5,157
2014
2015
2016
2017
2018
2019
2020
2021
iREIF

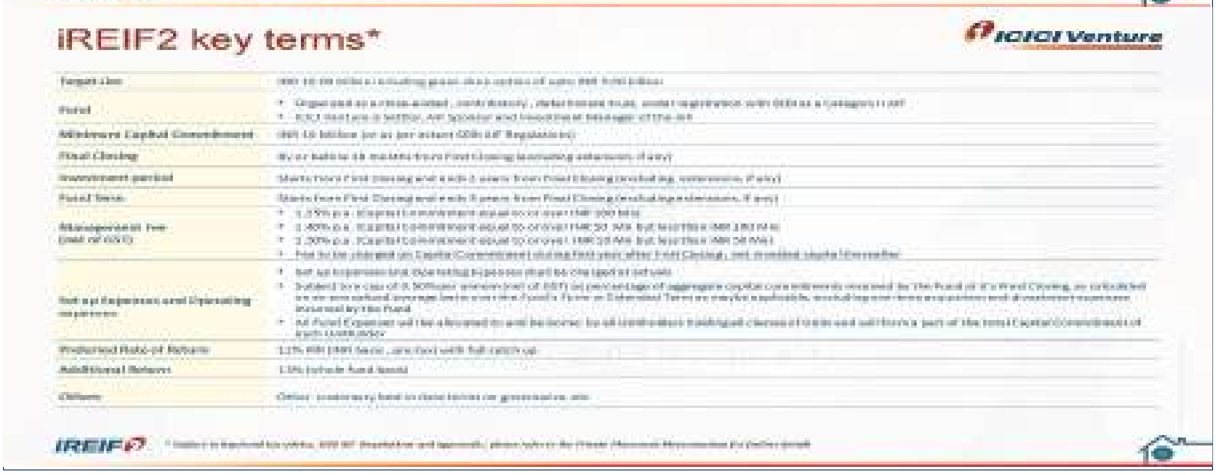

ICICI Venture
iREIF2 target market snapshot
MMR and Pune account for 53% of Sales
% of Overall Sales from 2015-2021
City wise residential unit sales
Affordable & Mid income continues to drive overall volume
% of Sales in Mid-income & Affordable
21%
79%
iREIF


ICICI Venture
Covid impact
Despite Covid, healthy supply and absorption of residential units
Supply and sales velocity
Housing inventory overhang
Top 7 cities CY 2021 sales volume higher than CY 2019
Reduced supply has resulted in lower level of inventory
Inventory overhang has reduced
Ready inventory of only ~ 50,000 units across top 7 cities
iREIF


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


iREIF2 Strategy
ICICI Venture
Preferred Stage of Investments
Investment Structures
Debt investments
Regular coupon servicing
Differential Coupon Investments
Coupon + upside investments
iREIF

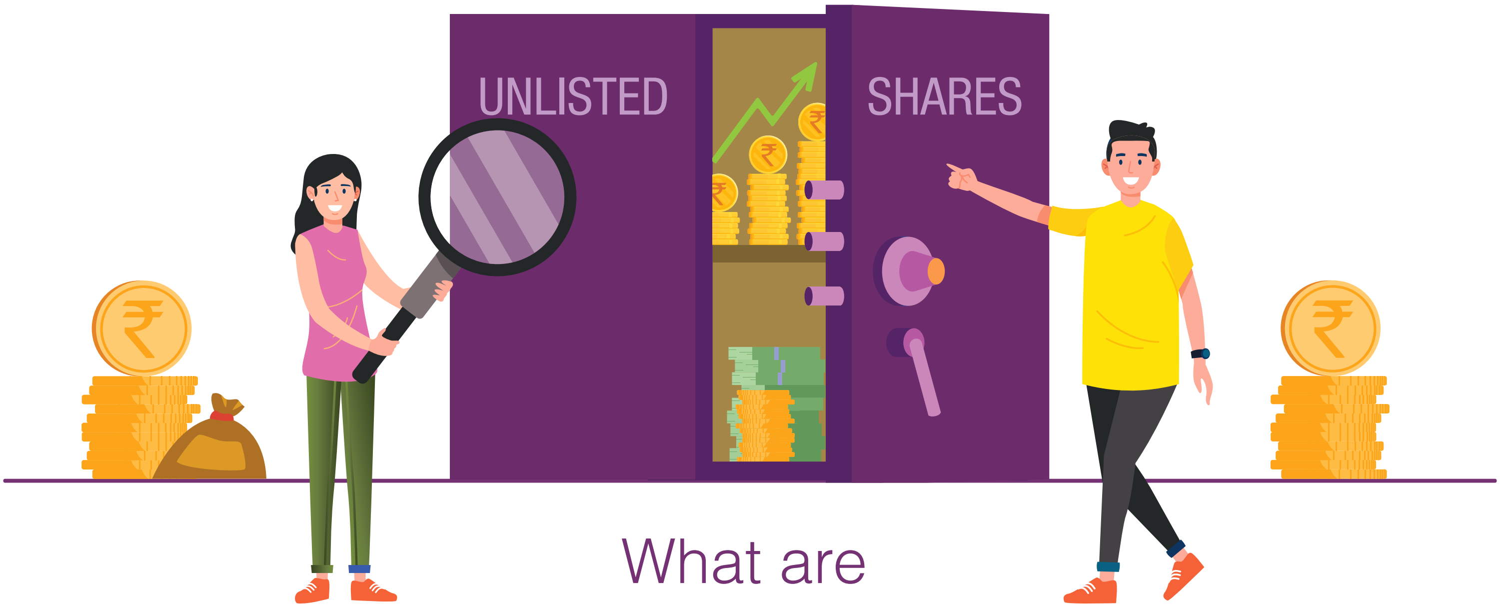

iREIF2 Process
ICICI Venture
ICICI Venture leverages its well-established process for implementing iREIF2 investment strategy
Project Management
Target Returns within Targeted Holding Period
Distinctive and disciplined structuring and rights
Rigorous due diligence
Dealsourcing
iREIF


iREIF2 key terms*
ICICI Venture
Target Size
Fund
Minimum Capital Commitment
Final Closing
Investment period
Fund Term
Management Fee
(net of GST)
Set up Expenses and Operating expenses
Preferred Rate of Return
Additional Return
Others
iREIF

Explore the
Hidden Treasure of **Unlisted Shares***
With

EQUITY UNICORN

Investment in Unlisted Shares*



What are
Unlisted Shares*?

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

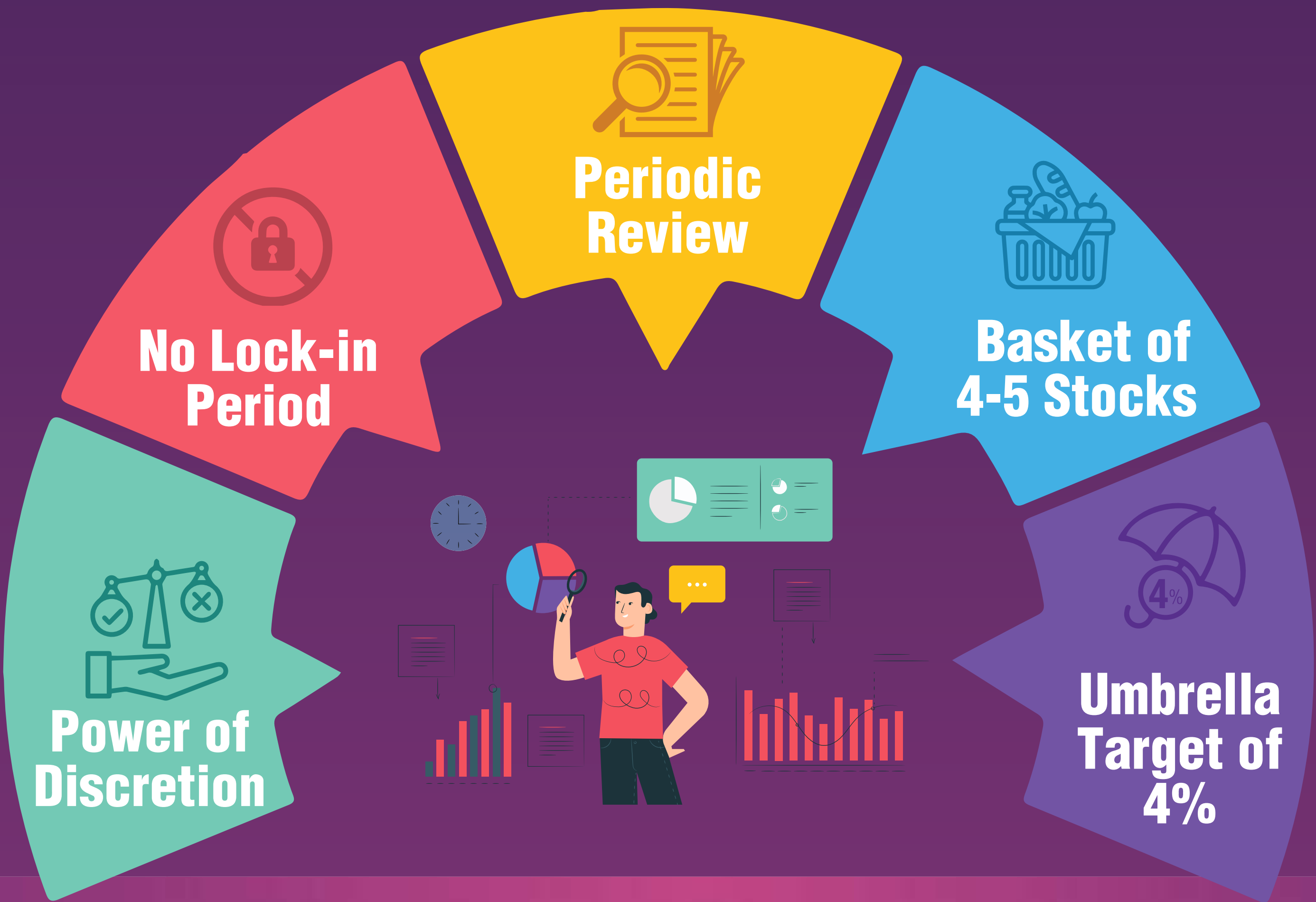
- **Reliance Retail** — Retail
- **HDB Financial Services Ltd.** — Financial Services
- **Chennai Super Kings** — IPL Team
- **TATA Technologies Ltd.** — Engineering
- **(API holdings Ltd.)** PharmEasy — Healthcare Product
- **Studds Accessories Ltd.** — Helmet Accessories
- **Care Health Insurance** — 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

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

FINANCIAL

FLASH

DECEMBER 2022

ANAND RATHI

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.

Anand Rathi Share and Stock Brokers Ltd.,

Regd. Office: Express Zone, 10th Floor, A Wing, Western Express Highway, Goregaon (E), Mumbai - 400 063, Maharashtra. Tel: (022) 6281 7000.