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INDEX

PCG Communique

From the Desk of the PCG Head

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WISH YOU ALL A HAPPY NEW YEAR!!!

Dec has been a month where Indian markets had a great move. In the last month of 2023 Nifty, Mid Cap Nifty 100, Small Cap Nifty 100 has given a return of 6.90%, 6.93% & 6.68% respectively. However 2023 will be remembered for the stellar performance for the mid-cap and small-cap indices versus the large caps. If we look at the last 1 year the broader index has given a return of 19.06%, while the Mid Cap Nifty 100 has given a return of 45.94% and Small Cap Nifty 100 has performed by 55% but it was neither the best performing emerging market, nor was it the best performing Asian market. Those titles went to Brazil and Japan, respectively.

Period	1 M	3M	1 Year
Nifty	6.90%	10.32%	19.06%
Nifty Midcap 50	7.00%	13.66%	49.61%
Nifty Midcap 100	6.93%	14.44%	45.94%
Nifty Smallcap 100	6.68%	19.15%	55.02%

Return over the Period	1M (%)	3M (%)	1 year (%)
Developing Markets			
Shangai Comp	-2.29%	-4.76%	-4.11%
TAIEX	6.54%	13.66%	49.61%
KOSPI	6.93%	14.44%	45.94%
S&P BSE SENSEX	6.68%	19.15%	55.02%
IBOVESPA	6.68%	19.15%	55.02%

The year marked the fall and subsequent rise in the share prices of the Adani Group, as also a year of some large debutants in the Indian landscape. In some sense, 2023 also showed how swiftly can the ranks change when the fortunes for the Adani Group turned with investments from marquee investors like GQG and from the U.S. government into Adani Ports' project in Sri Lanka.

Speaking of debuts, 2023 will certainly be remembered as the year of the primary markets. And more infamously, IPOs in the SME space. Out of over 150 companies that hit the primary markets in the SME space, 51 companies hit subscription levels of over 100 times and 12 of those hit subscription levels of over 300 times. People joked about how the existing companies should delist themselves and relist them for better valuations. A logistics company received subscription for Rs. 10,100 crore against the IPO size of Rs. 32 crore. Another SME IPO received Rs. 18,800 crore worth of bids against an IPO size of Rs. 78 crore. And the most subscribed IPOs were not oversubscribed 'merely' 100-200 times. This is definitely exuberance?

Foreign portfolio investors (FPIs) started December on a cheerful note after finally having reversed their selling streak in November, emerging net buyers in the Indian stock market. A decline in the US treasury yields and softening of dollar amid rising bets that the US Federal Reserve is done with raising key interest rates have triggered foreign fund inflows into emerging markets like India.

FPIs have bought ₹31960 crore worth of Indian equities, while DII's were net buyer to an extent of ₹12942 crore. Retail participation is heightening through SIP route where the SIP flow has been staggering to ₹1.66 lakhs CR in 2023 till Nov. The Nov month SIP inflow has breached 17k CR mark.

In Dec Crude dropped further, was quite positive. GDP numbers came in solid, RBI held rates for the fifth time, growth at 7% was projected by the RBI governor, U.S. markets hit all- time highs, SIP flows continued to hit new highs (crossing Rs 17,000 crore now), FPIs continued to be net buyers in the market etc. etc. This provided sufficient fuel for the trends to remain aloft.

Indian Markets in expected to be on Path of continued outperformance in 2024. Positive foreign institutional investor flows in November and strong domestic flows are factors that could extend the bull market into first half of 2024. Stable rupee, lower U.S bond yields, falling crude prices, solid earnings, dropping inflation are few of the positives that will give the markets a strong start in 2024. With general election slated to take place in May, and the BJP winning the state elections in 3 major states, gives the narrative to the market that the present govt will be repeat the centre in 2024 elections and there will be continuation of the policies, capex will be on forefront and a stable govt. We believe all these improvements put India firmly on the path of continued outperformance. Valuation lies the only caveat which can disturb this rally.

Data released shows that consumer price index (CPI)-based inflation at 5.55% in November, up from 4.87% in October and 5.02% in September, the figure is higher than RBI's target of 4%, but still remains within its tolerance range of 2-6% for the third consecutive month. The U.S. Federal Reserve kept its key interest rate steady in line with expectations but signalled three rate cuts next year. And so do we think there will be rate cut by across central bankers in 2024 and so do in India, which will give further boost for rate sensitive stock to take the next leg of up move. Lower interest rate scenario will be good for equities and asset classes like commodities.

Outlook for 2024

According to The Economist's calculations, over four billion people in 76 countries are set to cast their votes in 2024 to elect governments. It states that populous countries like Bangladesh, Brazil, India, Indonesia, Mexico, Pakistan, Russia, and the United States will have elections in 2024.

The celebration of democratic renewal in 2024 on an unprecedented scale, and that is precisely the kind of optimism we eagerly anticipate as we await the arrival of the new year. In India, we are gearing up for the largest event of all—the Lok Sabha elections scheduled for April-May 2024. Additionally, key states such as Maharashtra, Andhra Pradesh, Haryana, Jharkhand, and possibly Jammu & Kashmir will hold elections. Regardless of the outcome (current indications suggest a one-sided election in favour of the Modi regime), India will move one step closer to its dream of achieving a $30-trillion economy. We are confident that the global economy will perform better in 2024 and India retaining its title as the fastest-growing large economy.

We believe one has to be shift their portfolio allocation to Large Caps and look at booking profits from the Mid & Small Caps. Market analysts estimate that the current rally is likely to further continue over the next three-six months. But valuation is a cause of concern wherein the broader market, Nifty is trading at a trailing PE of 22.5x and a 1 year forward PE of 19.6x, while the Nifty Small Cap is trading @ PE of 27.4x & Nifty Mid Cap is @ 26.5x which is at the higher range of the spectrum.

The government's thrust on the manufacturing sector is already seeing public sector companies, especially defence, railway, banking and financial services companies, attract a lot of investors' attention. In times of correction, exposure to quality stocks in the above sectors would benefit investors.

The immediate focus would be on Q3 earnings which should be in-line with street expectations and any deviation in earnings would be a reason for markets to go into profit booking zone. The Budget would be a non-event and major focus would be on Lok Sabha elections in May 2024, which would drive the overall market sentiment.

For 2024, the possibilities are enormous. The world will have to get used to higher-for-longer interest rates in a falling interest rate year. It will have to get used to political change in multiple countries, even as it tries to latch on to the slightest hint of political stability. And it will have to get used to higher valuations for quality, as predictable quality growth in a world which is faltering will be very highly valued. We have seen risk assets climb a wall of worry in 2023, but questions will be asked about the valuations of some of the asset classes and geographies. Stronger questions around markets like India and Brazil, in light of the extreme underperformance of markets like China, would arise. And while the questions around politics and conflicts will only get louder and shriller in the year, the biggest question to my mind is how would corporates and investors align themselves to the reality of higher interest rates equating to lower IRRs and lower multiples. That is the single biggest question that might find its answers in 2024. For the investing world certainly, 2024 will never be the same as 2023. At one side we will see rate cuts, while on the other side we have to also value market valuations, political equations as many countries will go for elections and possibility of govt change prevails, geopolitical risk can’t be ruled out.

Inspite of the above caveats, we have reason to smile also, as liquidity of foreign will be high to emerging markets, India shining, U.S. economy stabilising, oil prices receding, lots of money yet to come in, and consistent SIP. We believe India's structural demand visibility, supply-side reform by the government and healthier corporate and bank balance sheets will enable a further increase in capex across most sectors following an uptick.

Corporate earnings recovery has been healthy in the recent past with Nifty earnings growing at 22 per cent compound annual growth rate (CAGR) over FY20-23. ‘’Going forward, FY25E, we expect Nifty earnings to grow at 16%. Our FY25 target for Nifty is set at 22,500 wherein we have valued Nifty at 20x PE on FY25 EPS of ₹1,100/share. As we embark on CY24, there are green shoots in the form of continued corporate earnings momentum domestically, healthy gross domestic product (GDP) growth, benign commodity prices outlook as well as likely rate cut globally. There seem to be more positive than negatives ahead. Amidst this setup, India is in a sweet spot vis-à-vis global peers with macroeconomic stability and corporate earnings in sight," said the brokerage.

Look for sector like, Power companies on the renewable space, power financing companies, Capital goods, NBFCs, PSU Banks, Defence companies. Our preferred bet would be PFC, REC, Tata Power, Paras Defence, Bharat Dynamics, Siemens, Bank of Baroda.

Elections and Markets

ELECTIONS AND MARKETS

How S&P BSE Sensex has performed before and after Central Government elections

Election Result

DATE	SENSEX
6th Oct, 1999	4,697
13th May, 2004	5,399
14th May, 2009	11,872
16th May, 2014	24,121
23rd May, 2019	38,811

6 Months Before Result

DATE	SENSEX	% CHANGE
6th Apr, 1999	3,569	31.61
13th Nov, 2003	4,949	9.09
14th Nov, 2008	9,385	26.50
14th Nov, 2013	20,399	18.25
22nd Nov, 2018	34,981	10.95

6 Months After Result

DATE	SENSEX	% CHANGE
6th Apr, 2000	4,866	3.60
12th Nov, 2004	5,964	10.46
13th Nov, 2009	16,848	41.91
14th Nov, 2014	28,046	16.27
22nd Nov, 2019	40,359	3.99

1 Year Before Result

DATE	SENSEX	% CHANGE
6th Oct, 1998	2,919	60.91
13th May, 2003	2,960	82.40
16th May, 2008	17,434	-31.90
16th May, 2013	20,247	19.13
23rd May, 2018	34,344	13.01

1 Year After Result

DATE	SENSEX	% CHANGE
6th Oct, 2000	4,092	-12.88
13th May, 2005	6,451	19.49
14th May, 2010	16,994	43.14
15th May, 2015	27,324	13.28
22nd May, 2020	30,672	-20.97

Market Commentary

The Nifty index ended the December month on a higher note as it closed at '21,731' as compared to November end '20,133', an increase of 7.9%. Similarly, Sensex ended the December month at 72,240 with a return of 7.8%.

Indian equity benchmarks ended the last week of Calendar Year 2023 with a gain of over one and a half percentage points. Key gauges started the holiday truncated week on an optimistic note after credit rating firm Fitch Ratings stated that it expects that India's resilient economic growth will boost demand of the corporates. It said rising demand and easing input cost pressure should boost margins of the corporates in the next financial year. Sentiments remained optimistic with Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Rajesh Kumar Singh's statement that foreign direct investments into India is likely to gather momentum in 2024 as healthy macroeconomic numbers, better industrial output as well as attractive PLI schemes will attract more overseas players amid geopolitical headwinds and tighter interest rate regime globally. Some comfort also came with Union Food and Consumer Affairs Minister Piyush Goyal's statement that the Centre has taken many proactive steps in the past few years to control retail prices of food items, and that the government would keep inflation under control while ensuring the country's economic growth. Traders continued taking support from a private report stating that the Indian economy is likely to grow 6.7% in FY24, staying resilient despite external headwinds as domestic demand and improving investments provide support. Local bourses extended gains and kept hitting fresh highs during the week as optimism over the outlook for the US interest rates into the New Year generated renewed buying interest. Sentiments remained up-beat with a report that as many as 746 applications have been approved till November 2023 under the Production Linked Incentive (PLI) schemes for 14 sectors such as pharma, white goods, and electronics. The schemes for 14 sectors were announced with an outlay of Rs 1.97 lakh crore to enhance India's manufacturing capabilities and exports. Traders took support with the Reserve Bank of India's statement that India's current account deficit narrowed in the July-September quarter largely due to a lower merchandise trade deficit while services exports also grew. The current account deficit stood at $8.3 billion, or 1% of GDP, in the second quarter of fiscal 2023-24 as compared to $9.2 billion or 1.1% of GDP in the preceding quarter. Traders took note of report that the negotiations for the proposed free trade agreement (FTA) between India and Oman are moving at a fast pace and the pact is likely to be signed next month. Markets continued northward journey, taking support from data showing that investment in the Indian capital markets through participatory notes (P-Note) jumped to Rs 1.31 lakh crore by the end of November 2023, bouncing back from a decline in the previous month, owing to the robust performance of the domestic market. However, traders book some of their weekly gains on last day of the week as traders turned little cautious after the RBI's Financial Stability Report said that the increase in risk weights for personal loans and loans to non-banking financial companies (NBFCs) may lead to a decline in the capital adequacy ratio of 71 basis points (bps) of the banking system.

The S&P Global India Manufacturing PMI dropped to 54.9 in December 2023 from 56.0 a month earlier, pointing to the lowest print since June 2022 and missing market forecasts of 55.9. Output expanded the least since October 2022 even as it remained above its long-run average, and new orders growth was at its lowest level in 1-1/2 years. Also, foreign sales rose at a moderate pace that was the joint-slowest in 8 months while buying activity increased at the softest pace since November 2022. Further, the outstanding business was marginally higher amid a lack of pressure on the capacity and stable employment. On prices, input cost continued to rise but the inflation level was negligible by historical standards and was the second-weakest in 3-1/2 years. The rate of charge inflation eased to a 9-month low, surpassing that of input prices for the fourth month running. Finally, confidence stood at a 3-month peak, lifted by advertising efforts, better customer relations, and new inquiries

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

Annual retail price inflation in India went up to 5.55% in November 2023, the first increase in four months, from 4.87% in October and compared to market expectations of 5.7%. Food inflation went up to 8.7%, the highest in three months, from 6.61% in October. Monsoon in India hit five-year low in 2023 due to El Nino, affecting agricultural production. Prices rose the most for spices (21.6%), pulses (20.2%), vegetables (17.7%), namely onions and tomatoes, fruit (11%) and cereals (10.3%) while cost for oils and fats went down 15%. Meanwhile, a slowdown was seen in prices for pan, tobacco, and intoxicants (3.81% vs. 3.87%), clothing and footwear (3.9% vs. 4.31%), housing (3.55% vs. 3.8%), and miscellaneous (4.38% vs. 4.4%). Additionally, fuel and light costs fell by 0.77% after a 0.39% drop in October.

India's overall exports (Merchandise and Services combined) in November 2023* is estimated to be USD 62.58 Billion, exhibiting a positive growth of 1.23 per cent over November 2022. Overall imports in November 2023* is estimated to be USD 67.88 Billion, exhibiting a negative growth of (-) 6.16 per cent over November 2022. India's overall exports (Merchandise and Services combined) in April-November 2023* are estimated to be USD 499.46 Billion, exhibiting a negative growth of (-) 1.39 per cent over April-November 2022. Overall imports in April-November 2023* are estimated to be USD 560.90 Billion, exhibiting a negative growth of (-) 7.58 per cent over April-November 2022.

The Goods and Services Tax (GST) collections for the month of December 2023 stood at ₹1,64,882 crore which is 10.3% higher than the GST revenue in the same month last year, which itself was ₹1,49,507 crore. During the month, the revenues from domestic transactions (including import of services) are 13% higher than the revenues from these sources during the same month last year.

India's foreign exchange reserves have shown positive signs as it increased by US$4.47 billion to $468.53 billion in the week through December 22. Foreign currency assets increased by $4.70 billion to $476.72 billion for the week ending December 22.

The U.S. markets ended higher during the passing week as treasury yields moved notably lower over the course of the week, with the yield on the benchmark ten-year note falling to its lowest level in five months. Treasury yield saw further downside after the Treasury Department revealed this month's auction of $58 billion worth of five-year notes attracted average demand. The decrease in treasury yields has added to optimism about the outlook for interest rates, generating renewed buying interest on markets. Sentiments remained upbeat on expectations that the Federal Reserve will begin cutting interest rates as soon as March 2024.

On the economic front, after reporting a steep drop in U.S. pending home sales in the previous month, the National Association of Realtors (NAR) released a report showing pending home sales were unexpectedly unchanged in the month of November. NAR said its pending home sales index stayed at 71.6 in November after tumbling by a revised 1.2 percent in October. Street had expected pending home sales to jump by 1.0 percent compared to the 1.5 percent slump originally reported for the previous month. A pending home sale is one in which a contract was signed but not yet closed. Normally, it takes four to six weeks to close a contracted sale. Pending home sales came in unchanged in November as a steep drop in pending sales in the South offset increases in other regions. The report said pending home sales in the South plunged by 2.3 percent, while pending home sales in the West surged by 4.2 percent. Pending home sales in the Northeast and Midwest also rose by 0.8 percent and 0.5 percent, respectively.

Besides, first-time claims for U.S. unemployment benefits rose by more than expected in the week ended December 23rd, according to a report released by the Labor Department. The report said initial jobless claims climbed to 218,000, an increase of 12,000 from the previous week's revised level of 206,000. Street had expected jobless claims to inch up to 210,000 from the 205,000 originally reported for the previous week. Meanwhile, the Labor Department said the less volatile four-week moving average edged down to 212,000, a decrease of 250 from the previous week's revised average of 212,250. The report also said continuing claims, a reading on the number of people receiving ongoing unemployment assistance, rose by 14,000 to 1.875 million in the week ended December 16th. The four-week moving average of continuing claims still dipped to 1,864,500, a decrease of 12,500 from the previous week's revised average of 1,877,000.

European markets ended passing week on a muted note, weighed down by a bit of profit taking after recent gains that have taken several markets in the region to record highs amid rising optimism the Federal Reserve will cut interest rate soon. The start of the week was on a higher note, as Norway's retail sales increased for the third straight month in November. The preliminary data from Statistics Norway showed that the volume of retail sales rose a seasonally adjusted 0.4 percent month-on-month in November, the same pace of increase as in the previous month. Retail sales of other household equipment grew 3.8 percent compared to last month, and those of information and communication technology equipment climbed by 3.1 percent. On the other hand, sales of automotive fuel showed a decline of 3.0 percent.

However, markets failed to hold gains towards end of the week, after Finland's consumer confidence weakened in December to the lowest level in one year. The survey figures from Statistics Finland showed that the consumer confidence index dropped to -13.3 in December from -12.4 in November. Further, this was the weakest score since December last year and also well below the long-term average of -2.4. Further, the Netherlands' retail sales expanded at a slower pace in November. According to data published by the Central Bureau of Statistics, retail turnover adjusted for shopping days grew 3.2 percent annually in November, slower than the 4.7 percent increase in October. Sales have been rising since March 2021. The annual sales growth in food products eased to 4.8 percent in November from 6.0 percent in the prior month. Similarly, sales of non-food products rose at a slower pace of 0.7 percent.

On the inflation front, Spain consumer price inflation unexpectedly slowed in December. The flash estimate from the statistical office INE revealed that consumer price inflation softened to 3.1 percent from 3.2 percent in the previous month, while the rate was expected to climb to 3.4 percent. Underlying inflation weakened for the fifth consecutive month in December. The core inflation was 3.8 percent, down from 4.5 percent in November. Besides, France's producer prices increased in November largely reflecting the rebound in mining and energy prices. The statistical office INSEE reported that producer prices in the domestic market rose 0.3 percent on a yearly basis, in contrast to the 1.4 percent fall in October and a 1.5 percent decrease in September. Prices were 32 percent above their 2021 average level.

Asian markets ended in green during the passing week amid optimism about the likelihood of near-term interest rate cuts by the US Fed. However, traders were cautious and remained reluctant to make significant moves going into the end of the year and ahead of the New Year's long weekend. Seoul stocks rose over two percent on the back of strong foreign and institutional buying. Data also revealed that South Korea's industrial output rebounded in November due to a double-digit increase in semiconductor production.

Japanese shares rose by over a percent as the Ministry of Economy, Trade and Industry or METI said the value of retail sales in Japan was up 5.3 percent in November- coming in at 13.819 trillion yen. That was up from the 4.1 percent increase in October. However, the METI also said industrial production in Japan was down a seasonally adjusted 0.9 percent in November. That beat expectations for a decline of 1.6 percent following the 1.3 percent increase in October. Meanwhile, official data revealed that Japan's headline inflation rate slowed to 2.8 percent year-on-year in November from 3.3 percent in the previous month. It was the slowest pace of inflation since July 2022.

Chinese Shanghai ended higher by over a percent in a sign that investors may be eyeing a return to the battered market. Investor sentiments also boosted after Pan Gongsheng, governor of China's central bank stated that China will maintain reasonably abundant liquidity, to create a favourable monetary and financial environment for the sustained improvement of the economy. Traders overlooked data showing that Chinese industrial profits in the January to November period fell by 4.4%, easing from a 7.8% drop in the prior period as the government continued its attempt to reverse sluggish recovery by delivering various support measures.

The S&P Global Flash US Manufacturing PMI fell to 48.2 in December 2023, the lowest in four months, compared to 49.4 in November and forecasts of 49.3, preliminary estimates showed. The reading signaled a sharper deterioration in operating conditions across the goods-producing sector, due to contractions in output, new orders, employment and stocks of purchases, alongside an improvement in vendor performance. Moreover, supplier delivery times improved to the greatest extent since September amid weaker demand for inputs and increased material availability. In fact, manufacturers reduced their input buying at the steepest pace since June, with many choosing to cut costs and continue working through stocks to fulfil new order requirements. Although pre-production inventories fell at a solid pace, stocks of finished goods rose for the first time since March as lower than anticipated sales led to an accumulation of items

The HCOB Eurozone Manufacturing PMI was unchanged at 44.2 in December 2023, the same as in November, and below forecasts of 44.6, preliminary estimates showed. The reading continued to subdued conditions in the manufacturing sector. Output fell for a ninth month with the rate of decline re-accelerating after the moderation seen in November and backlogs of work fell sharply. Also, payrolls were cut for a seventh month in a row, and the rate of job losses continued to run at one of the highest seen since 2012 if pandemic months are excluded. Manufacturers cut their purchasing activity at one of the steepest rates recorded since the global financial crisis, resulting in the largest fall in inventories of inputs since November 2009. On the price front, input prices declined for a tenth month and selling prices for the eighth time. On the other hand, business sentiment improved to the highest since May.

The au Jibun Bank Japan Manufacturing PMI declined to 47.7 in December 2023 from 48.3 in the previous month, pointing to the seventh straight month of contraction in factory activity amid weak demand and price pressures, a preliminary estimate showed. The latest reading also marked the steepest contraction in the manufacturing sector since February, as output and new orders shrank faster, with new export orders falling at a stronger rate. Employment was unchanged amid signs of excess capacity, with backlogs of work decreasing markedly overall. Purchasing activity dropped faster, while delivery times lengthened, despite at a softer rate. On prices, input cost inflation accelerated to a three-month high due to weaker yen and higher labor and raw material costs, while output charge inflation eased to the lowest since July 2021. Lastly, business sentiment weakened, but it remained positive.

Going Ahead

Every new year offers new motivation, optimism, and determination to succeed in life. It also causes uncertainty, apprehension, and fear of the unknown. These opposing urges impact our behavior throughout the year, including financial assessment, advice, and decision making. However, as the year unfolds, neither all of our concerns nor all of our aspirations are realized.

While financial theories presume that humans are rational and markets are perfect, none of this is true in practice. Individuals have behavioral biases, and the market suffers from a variety of imperfections. Despite this, there are ways to incorporate methods into the apparent madness. Recent events serve as a wonderful reminder of why we should stick to our strategies, convictions, and well thought out decisions in the face of rapid change.

The year 2020 was exceptional. The largest epidemic outbreak of the century caused a global economic shutdown and significant restrictions on the movement of goods and people alike. It appeared to be the end of the world, and the stock market fell precipitously. But human determination fought back not just by producing the vaccine in record time, but also by millions of innovations and all of us adjusting our lifestyles in the face of unexpected challenges. As a result, the year turned out to be far better than anticipated.

Despite additional epidemic waves, there was rapid normalization in 2021. Financial markets began to reach new highs, and there was widespread belief that we were entering an era of extraordinary technological advancement and wealth. These two, however, did not last. By the year's end, much of the pent-up demand had been exhausted, some of the key supply chains remained impaired, and commodity prices had begun to rise rapidly, raising concerns about unusually high inflation even in advanced economies.

To combat unprecedentedly high and growing inflation, central banks around the world raised the policy rates dramatically in 2022. With the outbreak of the Russia-Ukraine war, geopolitical uncertainty skyrocketed. Widespread sanctions against Russia, growing tensions between China and the United States, and global polarization created a protectionist environment that hampered the free flow of products and services across borders.With ongoing high inflation, unprecedented monetary tightening, and the fear of an imminent recession in industrialized economies, the beginning of 2023 saw high levels of pessimism. The start of the Israel-Palestine conflict and the continuation of the Russia-Ukraine war increased geopolitical concern. Despite these, 2023 turned out to be far better than expected, with most countries registering GDP well above expectations and inflation rates falling more than expected.

Despite the tug of war between hope and despair in the last four years, the Indian equity market has produced a solid average return, with the Nifty 50 returning 15% annually since 2020. Indian equities generated a negative return in none of the last four years. In fact, with the exception of 2015, the Nifty 50 has never had a negative annual return since 2012, and the annualized average return in this period has been 14%.

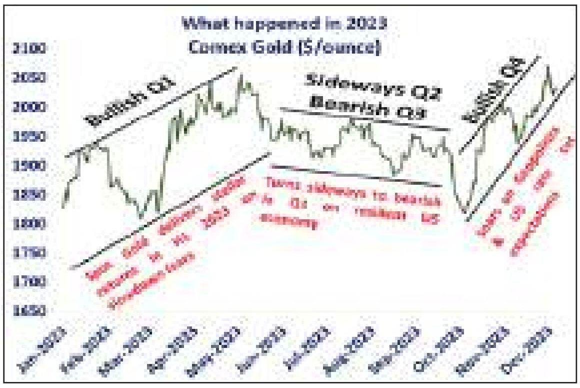
With the preceding description, I attempted to emphasize that the only thing constant in life is change. Some of these changes are not always positive, which has a negative impact on the market and leads us to believe that the bad times will continue indefinitely. Similarly, when good things happen, we tend to extrapolate them into the future. However, we must disregard almost all of these because the majority of these occurrences are transitory and have no bearing on the market's long-term prospects. This is the best method to overcome our behavioral biases and avoid making incorrect assessments and financial judgements when markets behave imperfectly.

With rapid deflation, higher-than-expected growth rates, a more accommodative stance by major central banks, and the possibility of a moderate fall of geopolitical concerns, the outlook for 2024 appears promising. However, as we have seen during the last four years, the journey will not be easy. However, as long as we remain true to our convictions and do not respond in a knee-jerk manner to changes in sentiments and market momentum, we will be on the path to long-term wealth creation. This is the message we must convey to our clientele.

Commodities Outlook

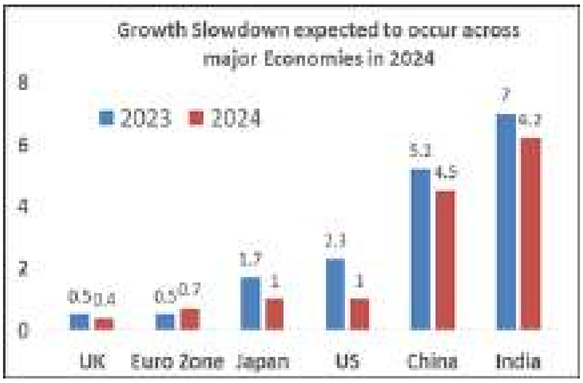
Precious Metals: Gold witnessed all time high monthly average in December amid Fed dovish pivot and traders positioning aggressively over rate cut scenario in 2024.

Gold had a strong 2023, defying expectations amid a high interest rate environment, and outperforming commodities, bonds and most stock markets. As inflation declined from its peak levels on its impact from higher interest rates expectations of a soft landing scenario with traders positioning for an interest rate cuts in 2024 combined with geopolitical unrest in Middle East were the major drivers of Gold in 2023. The last month of the year was also positive with returns driving the prices to all time high levels amid traders positioning increasingly for rate cuts to happen in March 2024 towards the year end. In 2024 the driving forces for gold remains a record-high central-bank Gold purchases which was nearly 1,100 tons in 2022, & with 2023 shaping up for a similar level. Central banks buying patterns historically remain unchanged over a prolonged period, hence robust buying to remain a major feature over the next 2-3 years. Gold ETF investors are expected to add to their holdings in 2024 after three years of outflows as expectations advance for rate cuts by midyear. Outflows in 2023 so far exceed those in 2022 by almost 80 tons which is expected to turn into inflows in 2024.



Fundamental Outlook: Gold may turn volatile in January amid heightened speculation of imminent rate cuts in March 2024. Bias to remain positive as global slowdown fears dominate this year.

Opportunities do exist for traders/investors to make fresh moves as new highs are still possible in the coming quarter especially in Gold amid probabilities of an interest rate cut as soon as March 2024 increasing with markets anticipating 6 – 7 rate cuts being increasingly discounted for



2024 resulting in a hard landing scenario. Overall three themes dominate the sentiments in 2024 which includes the geopolitical tensions, Fed rate cut scenario and Central bank buying frenzy to continue in 2024.

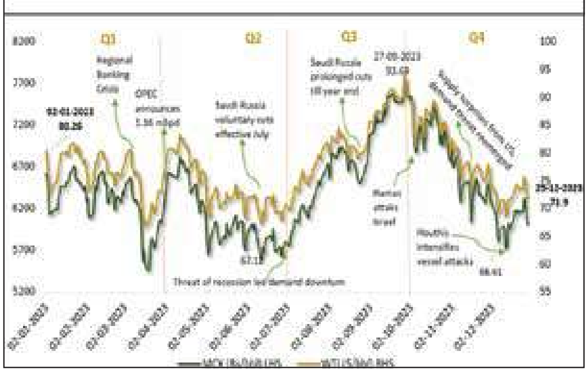
Consumer spending is expected to grow at a weaker pace in the last quarter with this decelerating trend continuing in 2024 which seems to bring down quarterly growth in Q4. Home builder sentiment in US have also remained lack lustre which weakens the outlook for residential construction towards 2024. As impact of higher interest rates starts to bite growth in coming quarters, safe haven appeal could continue to favour gold.

Overall Historically Gold had always delivered a positive monthly average return during times of on hold interest rate period. Hence Spot Gold is expected to trade in the range of $ 1980 – 2110 per ounce range in current month, with staggered buying on dips of 2 – 3 % from current levels always remains a good investment opportunity in Gold. MCX Gold may also continue to witness new all-time highs with targets of Rs. 64,000 – 65,000 per 10 gm still achievable on higher side in futures contract.

Crude oil's roller coaster ride in 2023 driven by OPEC, Fed and War

Year 2023 was comparatively a stable year for Crude oil particularly in the aftermath of COVID-19 pandemic (2020) and the geopolitical tensions notably the Russia's invasion of Ukraine (2022). Elevated interest rates and recession fears remained the most talked topic of 2023 and thus crude oil remained grappled with demand threat. However, prolonged OPEC+ supply cuts helped oil market balance to some extent.

In the last quarter of 2023, prices reverted back from over $95 level to ~$70 as Q4 saw supply surprises from the US record production, Crude Oil Prices Performance in 2023



offsetting Saudi cuts to some extent. Demand from China faltered, European economies registered slowdown while US manufacturing activity remained in contraction for 13 straight months keeping prices under pressure in Q4. Fed's dovish guidance along with supply threat/delay amid attack on Red Sea vessels failed to provide any concrete signal.

WTI oil broadly traded in the range of $63- $95 per bbl during 2023 and settled the year at $71.89 per bbl level, down ~11% from $ 80.26 per bbl at the close of 2022. Annual average price of WTI oil stood around $77.61 level in 2023, down ~17% from an average $94 in 2022.

Oil Markets likely to face demand headwinds in 2024 amid impending slowdown

After ending 2023 on a negative note, oil price outlook for 2024 will largely depend on the state of the global economy. No doubt, OPEC+ additional cuts effective in Q1 2024 and the supply threat from the ongoing geopolitical issues will keep prices buoyed in the first quarter 2024, but upside won't be sustainable given the impending economic slowdown and the sluggish demand along with rising Non-OPEC supplies. In Q1 2024, Oil prices may broadly trade in the range of $65-$80 per bbl level (CMP: $71.65).

New OPEC+ supply curbs effective Q1 2024, if materializes, will cutoff additional 9 lakh bpd and turn oil markets into deficit. However, beyond Q1, the cartel may also find it difficult to extend cuts given the disagreement by few OPEC+ nations. Angola, a significant contributor of about 1.1 mbpd in OPEC production, recently announced its withdrawal from over a dispute regarding output quotas. The nation's exit after 16 years of membership highlights shifting dynamics within OPEC. In fact the OPEC+ nations rather will focus on volumes than the price level. In such a situation, oil prices will come under pressure, if there are no convincing numbers on demand front.

Last year's robust demand growth was driven by China, but, forecasts for 2024 indicate a significant slowdown in demand growth from the nation amid normalization of economic activities and a strategic shift towards sustainability and efficiency in energy policies. Further influencing this trend is China's growing emphasis on renewable energy and electric vehicles, which are expected to reshape its oil consumption patterns. In a major drawback, global gasoline demand may witness a slow growth (less than 3 lakh bpd in 2024 and this may be the last year of global growth for the fuel due to influx of new EVs. Meanwhile, the new wave of supplies led by the US may arrive Q2 onward and tip global markets back into surplus, if demand remain dented amid slowdown.

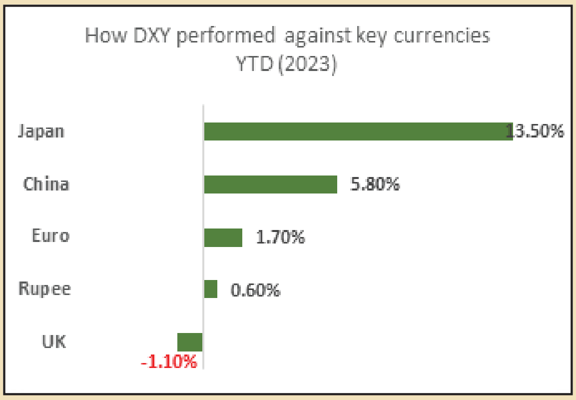
Concluding with the price outlook --WTI Crude oil may broadly trade in the range of $65-$82 in the first quarter of 2024 as OPEC+ cuts will keep oil markets in small deficit or largely balanced. On the MCX, the trading range will be Rs 5400-6650 in Q1 2024. Though economic indicators are not much positive, but soft landing of US recession (mild slowdown) and optimism with respect to interest rate cuts in 2024, will provide floor to the prices around $65 levels. However, in case of partial withdrawal of supply curbs by OPEC nations or evidence of hard-landing of US recession ie two consecutive quarters of negative growth, then WTI oil prices might plunge below $65 levels also in Q2. On the flip side, if geopolitical tensions escalates and supply disruptions occurs on wider scale, then we might see prices breaching $80 levels on the upside and $15-20 buildup in war premium might be on the cards.

Crude Oil Quarterly Production, Consumption and Surplus/Deficit- Oil balance to turn into surplus in Q1 2024 driven by OPEC+ additional cuts

Currency Outlook

Dollar index declined by 2.1% first annual decline in the index since 2020

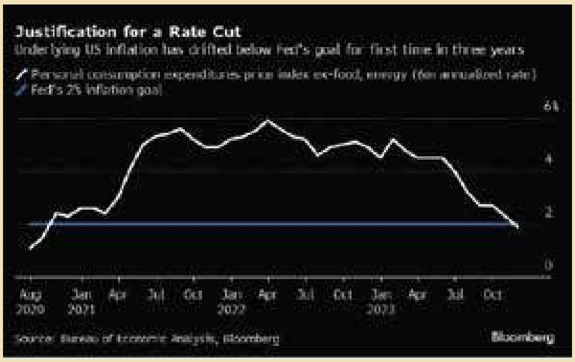
In CY23, the dollar was on track for a 2% loss in 2023 against a basket of its peers, when it declined by 6.7%. The trajectory of DXY has been influenced by the Fed path, which underwent a sharp turn during the course of the year. While the dollar started the year on a sombre footing amidst dwindling economic fortunes, a turnaround was visible in the latter part of the year when the US growth outcomes beat all market expectations and tightness in labour market and services inflation remained stubbornly high. This lent support to the Fed's higher for longer rate narrative which worked in the dollar's favour. However, with inflation abating and labour market also softening, those expectations subsided and investors now turning their focus on the timing of rate cuts. This was all but confirmed in Fed's projections, which priced in lower rates in CY24. The impact on dollar has been significant. From a peak of 107 in Oct'23, the dollar has fallen by ~5%. As a result both GBP and EUR have gained, despite being severely handicapped by their respective economic challenges.



Questions for 2024 will be when the Fed begins cuts, and whether the first rate reduction is made to avoid over-tightening as inflation drops, or due to slowing US economic growth.

Inflation is subsiding even as the economy is holding up

The Fed's preferred measure — the core personal consumption expenditures (PCE) price index — rose only 1.9% on a six-month annualized basis. Two more PCE prints like November's reading would justify expectations for a March cut, and that will be the catalyst for further speculation and narrowing rate differentials between the US and the rest of the world. The Fed has room to ease policy more assertively than its G-3 peers since US real rates are the most restrictive. This is arguably the main reason FOMC members are sympathetic toward a policy pivot.



Dollar outlook

The big question for 2024 will be whether the Fed bites the bullet on rate cuts despite a historically low unemployment rate and risks a spike in inflation in the later part of the year and into 2025. If the Fed does cut from March 2024, as is expected, it would be the first time in history that the FOMC cuts rates in a solid economy with a core CPI close to 4%. As for the long end, the fiscal borrowing from the US government is expected to be close to 1.9 trillion, which is almost double the amount borrowed in 2023. If the Fed does not change its balance sheet reduction strategy and does not provide liquidity to absorb the large bond issuance, the pressure on long-term yields could come back to hurt risk sentiment in markets. Both the UK and the Eurozone will probably need to wait longer than the US to make rate cuts since inflation is proving stickier.

Indian Rupee: It has been different story for Rupee in 2023

With the currency up about only 0.1% in this period, thanks largely to a central bank that has insisted on a narrow range. The rupee is down about 0.4% year-on-year, the smallest percentage change in at least the last 20 years. Even though the local unit hit a record low of 83.42 in 2023, it's depreciation was sharply milder compared to its drop of about 10% last year.

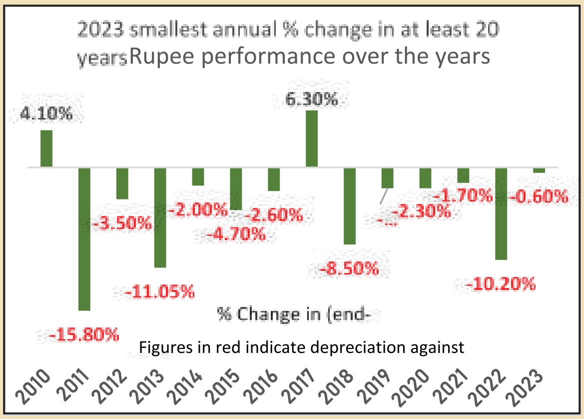
The biggest question for the rupee heading into 2024 is not about flows or the Fed. It's about the RBI. The RBI's heavy intervention,

particularly in the latter half of the year, has implications far beyond USDINR spot.

Despite moderate current account deficit, subdued crude oil prices and dollar weakness, USDINR remains firmly above the 83-mark. The lack of reaction from the currency reflects interest rate differentials between India–US at historical lows, with Fed hiking interest rates more aggressively. The impact of the low differentials is being felt more now as support from balance of payments (BoP) has reduced with surplus falling to $2.5b in 2QFY24 from $24.4b in 1Q.

Rupee realized volatility with mixed momentum

The rupee remained largely steady in the face of volatility in global cues amid the RBI's interventions via spot, forwards, non-deliverable forwards, and futures markets. The rupee's stickiness has also hurdled gains amid dollar weakness and a sharp pickup in inflows into India markets towards the end of the year. As of December 22, the country's foreign exchange reserves reached a 21-month high at $620.44 billion. The RBI's active intervention in currency markets is aimed at preventing excessive volatility in the rupee's exchange rate.



Rupee Outlook

Tailwinds for Rupee appreciation: Equity portfolio flows into India will be "robust" as the Federal Reserve starts its interest rate easing cycle in 2024, while debt inflows will be strong following India's inclusion in the JPMorgan's global bond indexes. Moreover, Asia's third-largest economy will continue to benefit from regional supply chain diversification, which will boost foreign direct investments. Additionally, India's external balances remain favorable, with a combination of low current account deficit, strong public market capital flows, and adequate forex reserves and low external debt.

With the expectations of lower Fed rate in 2024, the prospects of Rupee look bright. This along with bond index related inflows and range-bound oil prices bode well for the trajectory of Rupee in the near-term. We expect a range of 83-83.5 for the next fortnight. Beyond that, we expect USDINR to trade with an appreciating bias in 2024, and see a range of 82-83 for the year.

Technical Analysis

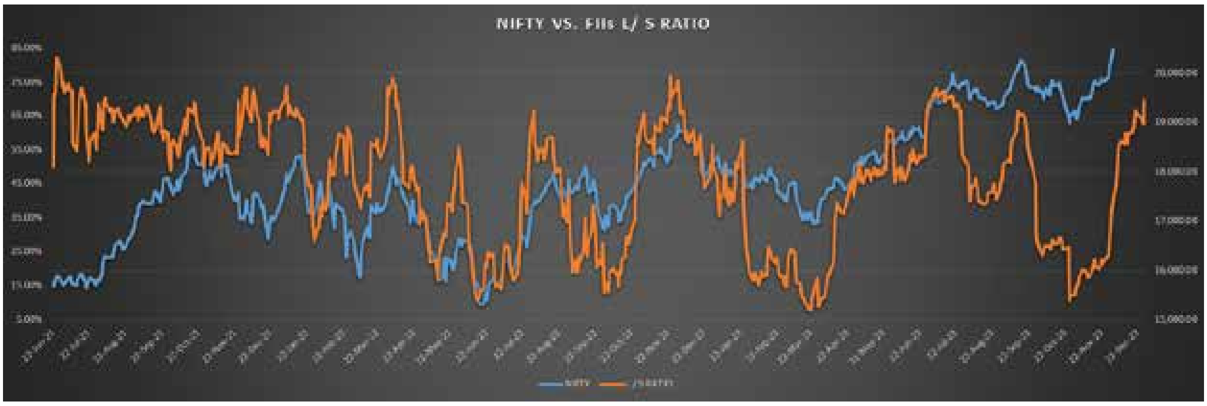
NIFTY: JAN 2024

LEVELS TO WATCHOUT FOR: 22000 - 22400 / 21300 – 21000

The month of December 2023 was a historical one, since the India markets posted their biggest December month gains since 2003. This time the month of December ended with a gain of around 8% whereas in 2003 there was a surge of over 16%. Along with the month, the year 2023 proved to be phenomenal for the domestic markets. Despite so many geopolitical issues, the benchmark indices gained around 20% during the year marking it an eight consecutive positive year. During the course, NIFTY reached a milestone of 21800.

During the final week of Oct 2023, we strongly called it a bottom while NIFTY was inching below 19000 mark. This was on the back of FII's long short ration in index futures which reached near 10%. From there the index has rallied around 3000 points and that too without any meaningful dip. At this juncture, there are no signs of exhaustion on price chart as well as momentum oscillators apart from a negative divergence in daily RSI. However, the Long Short ratio of FII's index future is now hovering near 70%. In the past 2 – 3 years we have witnessed a temporary top in the markets when this ratio reaches the zone of 70% to 75%. This indicates that there can be still some room on the upside for NIFTY but this could be the last leg of the rally and then we might witness some heavy profit booking in the markets. On the levels front, 22000 can be the next psychological hurdle followed by 22400. This can be the red flag zone in terms of a beginning of a corrective move. Traders are advised to stay light from here on with regards to long positions. In case of individual stock opportunities strict stop losses should be followed on the downside especially in small and midcaps. On the downside, immediate support is placed at 21400 but 21000 seems to be a crucial support.

Although, the NIFTY BANK index outperformed the benchmark indices during the month of Dec 2023 by surging over 8.5% but the year 2023 was not so great for the index. The index gained over 12% during the year and that indicates considerable underperformance. At this juncture, there is a still a fresh breakout in the index and that indicates that it has potential for further upside towards the milestone of 50K. The support now is at 47500 and a close below the same might halt upside in the index.



Technical Pick – BUY DIVISLAB

POTENTIAL UPSIDE 12.58%- 16.77% ▲

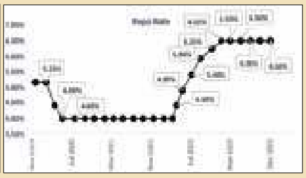
- The past few months have been really good for the pharma stocks since the index NIFTYPHARMA surged over 10% from the bottom of 14600.
- Although most of the heavyweight pharma participated in this rally but DIVISLAB was consolidating since many week.
- Finally, the stock has now confirmed a breakout which resembles an inverse head and shoulder pattern.
- Thus, traders are advised to buy DIVILAB in the range of 3900 - 3850 with a stop loss of 3550 on closing basis for an upside target of 4363 and 4525 in coming 1 – 3 months.

Fixed Income Services

Monetary Policy Update

On 8th December 2023, the Monetary Policy Committee (MPC) held its meeting to assess the macroeconomic situation and its outlook. The committee unanimously decided to maintain the Repo Rate at 6.50%, remaining focused on withdrawal of accommodation to ensure that inflation progressively aligns to the 4% target, while supporting growth.

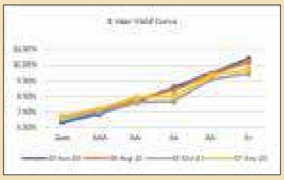
Key Rates	Pre-Policy	Post-Policy
Repo Rate	6.50%	6.50%
Bank Rate	6.75%	6.75%
Marginal Standing Facility	6.75%	6.75%
Standing Deposit Facility	6.25%	6.25%
Cash Reserve Ratio	4.50%	4.50%
Statutory Liquidity Ratio	18.00%	18.00%

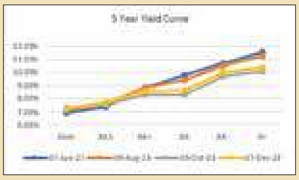


Source: CCIL, RBI, SEBI, Domestic Fixed Income Numbers - CRISIL Fixed Income Database

The forecast for real GDP growth in FY 2023-24 is now 7%, up from the October projection of 6.5%. Despite worries about food shocks, inflation is under control. Global commodity prices are down, and local supply measures are helping. The CPI inflation forecast for FY24 stays at 5.4%. The governor, cautious about liquidity, cited factors like currency leakage and government cash balances tightening system liquidity. No immediate need for OMOs; stressed adaptability based on global and domestic conditions, with room for OMO sales if needed. Despite acknowledging this possibility, he expressed no discomfort with the central bank's balance sheet size as a percentage of GDP.

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





Source: CRISIL Fixed Income Database

- The 3 year & 5 year Gsec curve saw easing of ~5bps and ~4bps respectively, while the 3 year & 5 year AAA curve experienced a hardening of 14bps & 11bps respectively.
- In the 3 year space, the rest of the credit curve saw a hardening in the range of ~11bps to ~17bps & in the 5 year saw a hardening in the range of ~6bps to ~12bps.
- The AAA spread over G-sec, in the 3 year & 5 year space saw expansion of ~15bps to 19bps, from ~34bps to ~53bps in the 3 year space and from ~37bps to ~52bps in the 5 year space.

Outlook: The RBI maintains a cautious stance amid robust growth and food price uncertainties, signalling a prolonged pause in policy rate changes until there is visibility of inflation durably aligning with the 4% target. Stressing the importance of deliberate actions, the central bank urges against hasty decisions based on isolated inflation data. The MPC remains committed to navigating complexities, focusing on sustained disinflation and timely policy actions.

Secondary Market Bond Offers

Tax Free Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.69% NHAI Tax Free 2031	09-Mar-31	Annual on 1-Oct	AAA	5.10%
7.40% IIFCL Tax Free 2033	22-Jan-33	Annual on 22-Jan	AAA	5.10%
PSB Perpetual Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.75% SBI Perp 2027	Call: 09-Sept-27	Annual on 09-Sept	AA+ Stable by CRISIL & ICRA	7.85%
8.50% Bank of Baroda Perp 2025	Call: 28-Jul-25	Annual on 28-Jul	AA+ by CRISIL & IND Ratings	7.97%
PSU Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
8.20% NABARD 2028	09-Mar-28	09-Mar & 09-Sep	AAA by CRISIL & IND	7.58%
7.55% PFC 2028	01-Aug-38	01-Aug	AAA CRISIL, CARE & ICRA	7.50%

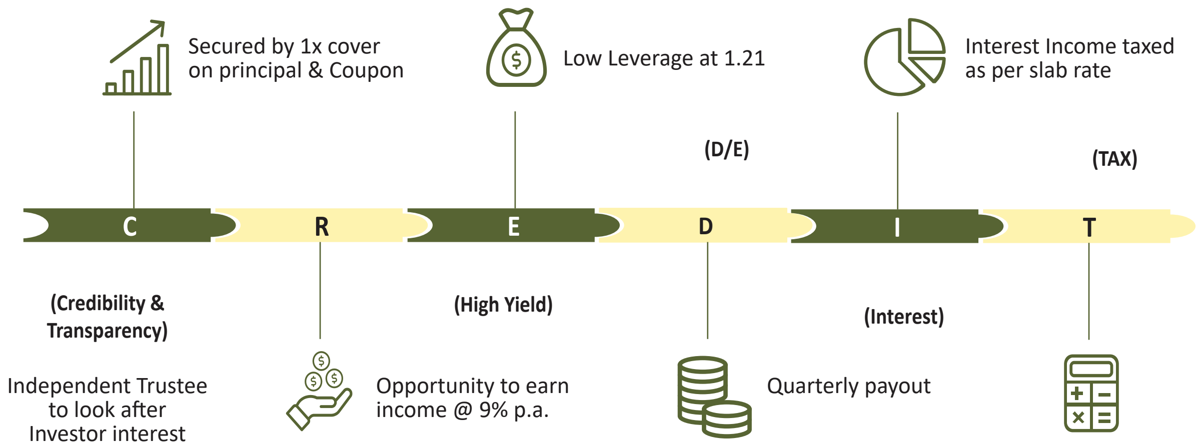
Corporate Bonds				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (28-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.70%
8.05% M&M Fin Serv Ltd 2032	Call: 23-Jul-27 Maturity:24-Jul-32	Annual on 01-Apr	AAA by IND & BWR	7.95%
6.88% HDFC Ltd 2031	24-Sep-31	Annual on 24-Sep	AAA CRISIL & ICRA	7.80%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	7.30%
7.85% Bajaj Finance Ltd. 2028	01-Sep-28	Annual on 1-Sep	AAA by IND & CRISIL	7.65%
9.17% Tata Capital Fin Ser Ltd 2026	30-Mar-26	Annual on 30-Mar	AAA by CRISIL & CARE	8.08%
8.25% HDFC Credila Fin Ser 2028	29-Mar-28	Annual on 29-Mar	AAA by CRISIL & CARE	8.08%
8.10% Aditya Birla Finance Ltd. 2033	09-Oct-33	Annual on 9-Oct	AAA by IND & ICRA	8.00%
9.95% UP Power 2028	Staggered Maturity (31-Mar-28)	31 Mar, 30 Jun, 30 Sept, 31 Dec	A+ (CE) BY CRISIL & IND	8.85%

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

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

ANCHOR (Market Linked Debentures)

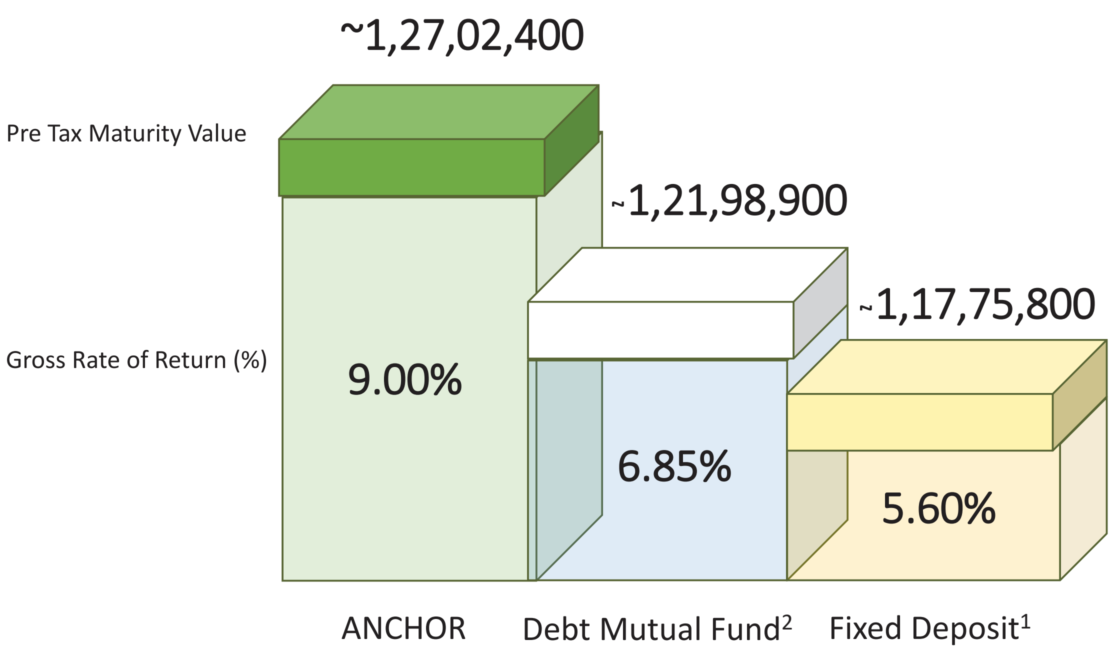
What is ANCHOR?



*Realized return on investment may differ depending on the investment timing, due to the difference in purchase value and face value of the security on the date of investment & Return is subject to the credit Risk of the Issuer.

What is the Opportunity?

For an investment of 1 Crore for 36 months



1. 3 year Fixed Deposit rate effective 13th Aug, 2022, per SBI website https://sbi.co.in/web/interest-rates/deposit-rates/retail-domestic-term-deposits
2. Average Gross Yield to Maturity for Corporate Bond Fund Category as on 31st Aug, 2022

Key Terms of the Issue

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

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

Cash-flow Illustration

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

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

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

Anand Rathi PMS

PMS Portfolio

Objective & Investment Philosophy

Objective

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

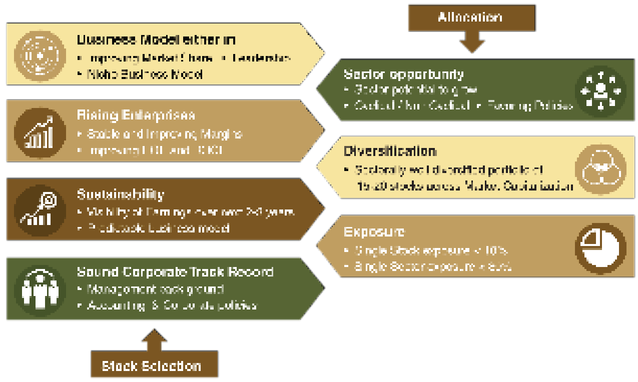
Value

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

Growth

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

Investment Process



Re-VIEW Strategy

V — Valuation Check

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

I — Impact of Events

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

E — Earnings Visibility Changes

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

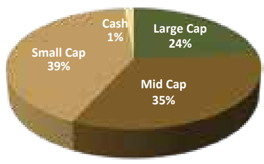
W — Weightage Check of the Holdings

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

Top Holdings & Market Cap Allocation

Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd.	8.8%
2	Ratnamani Metals & Tubes Ltd.	7.5%
3	ITD Cementation India Ltd.	7.2%
4	Varun Beverages Ltd.	7.0%
5	KEI Industries Ltd.	6.8%
6	Radico Khaitan Ltd.	6.1%
7	Coforge Ltd.	5.2%
8	Titagarh Railsystems Ltd.	5.1%
9	JK Lakshmi Cement Ltd.	5.1%
10	KEC International Ltd.	4.8%

Market Cap Allocation

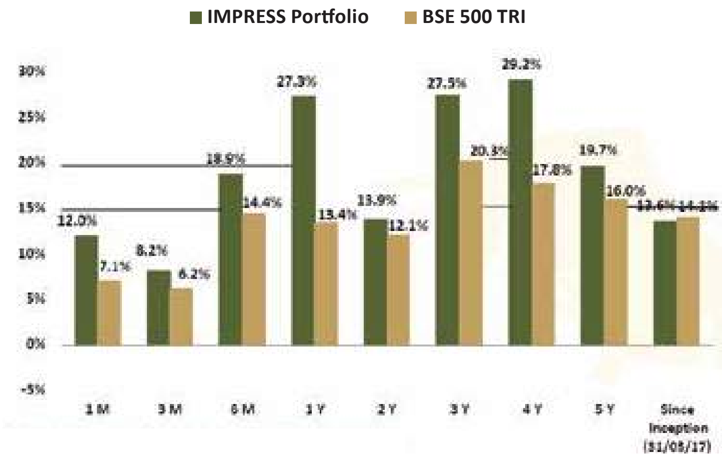


Avg Mkt Cap (cr)	
Large Cap	201182
Midcap	27192
Small Cap	9691
Overall Portfolio	57988

Data as on 31st December 2023

Portfolio Performance

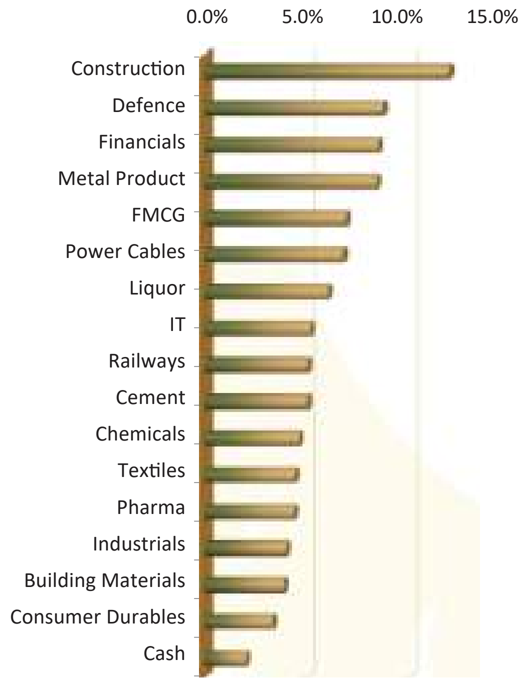
Performance as on 30th November 2023



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

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

Sector Allocation



Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

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

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

Healthy Balance Sheet

Top Holdings and Allocation

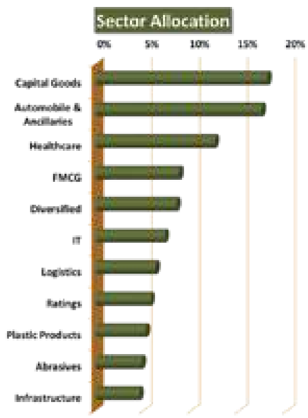
Sr No	Top 10 Holdings	% Holdings
1	Siemens Ltd	8.0%
2	Maruti Suzuki India Limited	7.5%
3	ITD Cementation India Limited	6.7%
4	Schaeffler India Limited	6.4%
5	3M India Ltd	6.4%
6	CRISIL Ltd	5.5%
7	Nestle India Ltd	5.3%
8	Blue Dart Express Ltd	5.2%
9	Gland Pharma Limited	4.7%
10	EPL Limited	4.7%

Avg Mkt Cap (cr)	
Large Cap	312462
Midcap	31796
Small Cap	8464
Overall Portfolio	72194

Data as on 31st December, 2023

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



The current model client portfolio comprise of 20 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.

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

Disclaimer: Past Performance is not necessarily indicative of likely future performance. Index - **BSE 500 TRI** is shown as per guidelines Performance mentioned above are not verified by SEBI. We have shown the performance as Aggregate performance of all clients on TWRR basis.

Anand Rathi PMS

Decennium Opportunity

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

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

Opportunities at every level of emerging business

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

Emerging business of ongoing Industrial Revolution

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

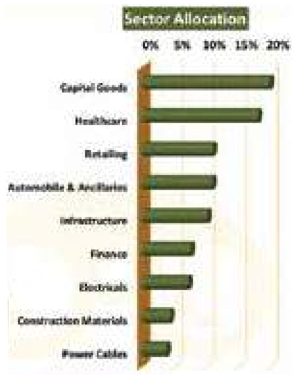
Stock Selection Process

Opportunity - Accelerated Growth from Business Upcycle

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

Portfolio Synopsis

Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	11.3%
2	Craftsman Automation Limited	8.2%
3	Poonawalla Fincorp Ltd.	7.6%
4	Global Health Limited	7.5%
5	Ethos Limited	6.7%
6	Caplin Point Laboratories Ltd	6.3%
7	Praj Industries Ltd	5.9%
8	KEC International Limited	5.7%
9	MTAR Technologies Ltd.	4.7%
10	H.G. Infra Engineering Limited	4.5%



	Avg Market Cap (cr)
Large Cap	101567
Midcap	27886
Small Cap	9575
Overall Portfolio	**29818**

Data as on 31st December 2023

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

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

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

Structure Product Idea

Nifty Accelerator

Product Name	Nifty Accelerator– 100%	
Issuer	Anand Rathi Global Finance Limited	
Underlying	Nifty 50 Index	
Principal Protected	Principal is not protected	
Tenor(days)	1900 Days	
Initial Fixing Level	150 points contingent from closing nifty then rounded to next 100	
Final Fixing Level	Average of Closing NIFTY on last Thursday of 44^{th}, 47^{th}, 50^{th}, 53^{rd} & 56^{th} Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100% (IRR – ~14.24%)	
Participation Rate1 (PR1)	100% (From 110% to 133% of Initial Fixing Level)	
Participation Rate2 (PR2)	7800%(From 132% to 133% of Initial Fixing Level)	
Decay Multiple (DM1)® Knock-In Put @ 84.99%	1.4x (below -10% till -30% fall with catch-up)	
Decay Multiple (DM2)® Nifty @ 69.99% of initial	0.4x (Between -30% till -90% fall decay decreases)	
Payoff	If Final Fixing Level is at or above 133% of Initial Fixing Level	Contingent Coupon
	If Final Fixing Level is above 110% & below 133% of Initial Fixing Level	(NP-10%)* PR1+ Max(0%,(NP-32%)*PR2
	If Final Fixing Level is at or above 90% & at or below 110% of Initial Fixing Level	Principal Protection
	If Final Fixing Level is below 90% of Initial Fixing Level	MAX(-100%,MAX ((-30%* DM1), NP*DM1)+MIN (0%,(NP+30%)*DM2))
	If Final Fixing Level is below 10% of Initial Fixing Level	NP

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

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
43800	**100.0%**	**100.0%**	**14.2%**	**14.2%**
32850	50.0%	100.0%	8.1%	14.2%
29127	**33.0%**	**100.0%**	**5.6%**	**14.2%**
28908	32.0%	22.0%	5.5%	3.9%
28689	31.0%	21.0%	5.3%	3.7%
24309	11.0%	1.0%	2.0%	0.2%
24090	**10.0%**	**0.0%**	**1.8%**	**0.0%**
23652	8.0%	0.0%	1.5%	0.0%
21900	**0.0%**	**0.0%**	**0.0%**	**0.0%**
21600	-1.4%	0.0%	-0.3%	0.0%
20805	-5.0%	0.0%	-1.0%	0.0%
19710	**-10.0%**	**0.0%**	**-2.0%**	**0.0%**
19708	-10.01%	-14.01%	-2.01%	-2.86%
17520	-20.0%	-28.0%	-4.2%	-6.1%
15330	**-30.0%**	**-42.00%**	**-6.6%**	**-9.9%**
12045	-45.0%	-48.00%	-10.8%	-11.8%
2190	**-90.0%**	**-66.00%**	**-35.7%**	**-18.7%**
2188	-90.01%	-90.01%	-35.8%	-35.8%
0	-100.0%	-100.0%	-100.0%	-100.0%

Product IRR*
14.24%

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

**Standard Deviation
4.46%

Target Nifty Perf.
33%

Product Explanation

NP >= 33%	100% (Contingent Coupon)
32% < NP < 33%	Max(0%,(NP-30%)*PR2
10% < NP < 33%	(NP-10%)* PR1
-10% <= NP <= 10%	Principal Protection
-30% <= NP < -10%	1.4x Decay with Catch-up
-90% <= NP < -30%	Decay decreases to 0.4x
Nifty falls beyond -90%	Nifty performance

*Product IRR assume to be Pre-Tax IRR
NP: Nifty Performance
^ Initial Fixing Level is taken as 21731, adding 150 points contingent: 21881, rounded off to next 100: 21900.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 31st December 2023.
Investment Value per debenture: 1,25,000/-(Issued at a premium)

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

Overview of ICICI Venture

ICICI Venture

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

ICICI Venture at a Glance

$5bn AUM/A
since inception

600+ Investments
since 1988

100+ Investments
since 2002

81+ Exits
since 2002

ICICI Venture's Business Verticals

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

Real Estate Foot Print


Affordable housing


Mid-high end housing


Office development


Mixed use

iREIF 2

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

Evolution of our RE Vertical

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 3.76 Bn[2]	INR 5.83 Bn	INR 10.00 Bn[3]
India focused		✓	✓	✓	✓
Debt focused		×	✓	✓	✓
Equity focused		✓	×	×	×
Strategy	Affordable Housing	×	✓	✓	✓
	Pan Residential	✓	✓	✓	✓
	Commercial/ Retail	✓	✓	×	×
	Mixed use	✓	×	×	×
	Pan India	✓	×	×	×
	Top 7 cities	✓	✓	✓	✓
Number of deals		13	8	11	10-12[4]
Exited		13	8	2	-

iREIF 2

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

ICICI Venture's Footprint of Financing for Housing

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

Mumbai Metropolitan Region (MMR)

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

iREIF

Our RE debt exit track record

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

Developer	Type	Investment	Exit	Gross IRR
ARIHANT	Affordable Housing	Oct 2018	April 2021	22.5%
SKYi Developers	Affordable Housing	Oct 2019	Oct 2021 (Largely)	22%
[illegible]	Housing	Oct 2013	Sept 2015	25.2%
[illegible]	Affordable Housing	August 2013	Jan 2016	23.4%
[illegible]	Affordable Housing	Oct 2012	Jul 2014	22.7%
AHUJA	Housing	Dec 2012	Jul 2015	22.2%
[illegible]	Affordable Housing	Dec 2014	Oct 2016	21.2%
SUNSHINE	Commercial	Dec 2014	Aug 2016	21.8%
DS	Affordable Housing	Oct 2014	Nov 2016	20.8%

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

iREIF

iREIF Portfolio Overview

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

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

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

iREIF deal log

Deals evaluated
300+

Taken to pre IC
30+

Taken to IC
13

Concluded
11

iREIF

Leveraging ICICI Group RE strengths

MOU with ICICI Bank

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

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

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

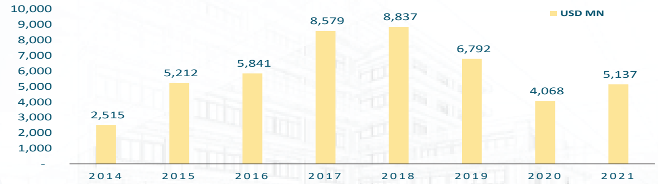
01 Key features of MoU
- Access to proprietary deal flow
- Priority partner for potential co-lending transactions
- Access to diligence materials and market insights
- Ability to leverage CRFG & HFC presence across markets in India

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

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

Private capital flows to Indian RE sector

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



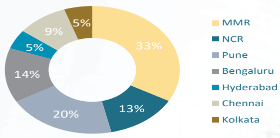
- The Indian real estate industry comprises of 4 sub-sectors -housing, retail, hospitality and commercial.
- The growth in this sector is complemented with the growth in economy driven by manufacturing, the corporate environment and the demand for office space as well as urban and semi-urban housing.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

Source – Knight Frank Research, Venture Intelligence

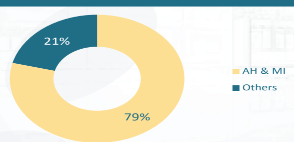
iREIF2 target market snapshot

MMR and Pune account for 53% of Sales

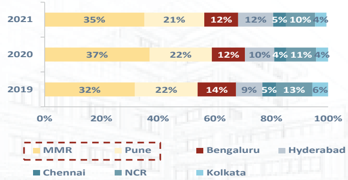
% of Overall Sales from 2015-2021



% of Sales in Mid-income & Affordable



City wise residential unit sales



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

Affordable & Mid Income continues to drive overall volume

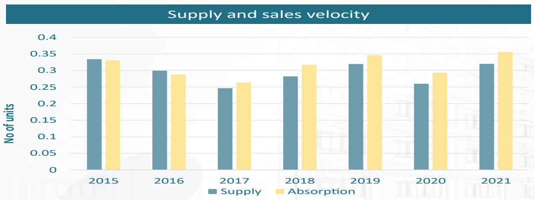
- ~67 % of residential units sold in CY2021 have been in below INR 7.5 mn unit price

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

Covid impact

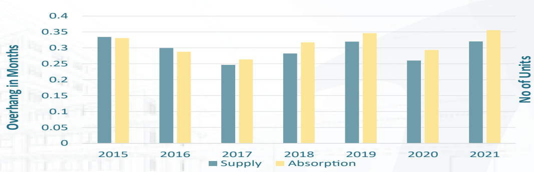
Despite Covid, healthy supply and absorption of residential units

Supply and sales velocity



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

Housing inventory overhang



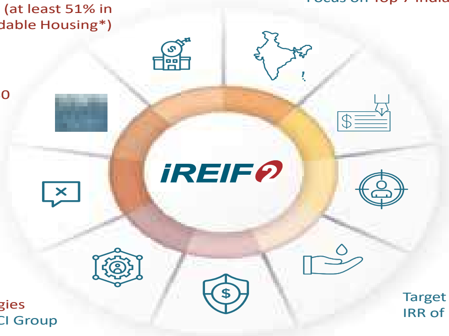
- Inventory overhang has reduced
- Ready inventory of only ~ 50,000 units across top 7 cities

Source: Propequity

iREIF2 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
- Typically INR 400-600 Mn per deal through interest bearing NCDs
- Focus on Tier 1-2 developers in chosen micro-markets; MOUs executed with select iREIF funded & other leading developers
- Target Gross INR IRR of 17%-22%
- Typical Security cover of 1.5x on a post tax basis; Active portfolio monitoring
- Tap synergies across ICICI Group
- "No Go": Pure Equity risk, pure-play commercial, early stage land aggregation risk
- India focused; View on India 2030

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

iREIF2

iREIF2 Strategy

ICICI Venture

Preferred Stage of Investments

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

Investment Structures

Debt Investments

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

Differential Coupon Investments

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

Coupon + upside Investments

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

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

iREIF2

iREIF2 Process

ICICI Venture

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

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

iREIF2

iREIF2 key terms*

ICICI Venture

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

iREIF2 * Subject to legal and tax advice, SEBI AIF Regulations and approvals ; please refer to the Private Placement Memorandum for further details

ICICI Venture

IVen amplifi

India focused Venture Fund

Overview of ICICI Venture

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

ICICI Venture at a Glance

$6.25 Bn	610+	100+	80+	LPs
AUM/A since inception	Investments since 1988	Investments since 2002	Exits since 2002	Global and Indian

Our 5 Verticals

		Venture Capital	Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A		USD 0.5 Bn[1]	USD 1.95 Bn[2]	USD 0.8 Bn[2]	USD 1.75 Bn[3]	USD 1.25 Bn[4]
Strategies		Growth Equity	Growth Equity	Equity	Energy	Debt, Mezzanine
		Early investing	Joint Control	Debt	Utilities	Distress Buyouts
			Buyouts	Mezzanine	Buyouts	Equity Recaps

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

Evolution of ICICI Venture platform

ICICI Venture

During the last 30+ years, we have become one of India's most diversified Alternative Asset platforms

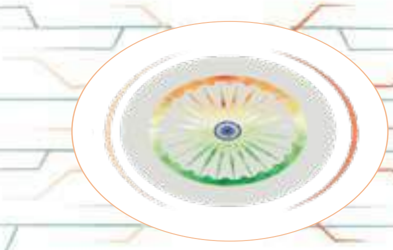
- **1988** Founded as TDICI
- **1998** Re-named to ICICI Venture
- **1988 - 2001** Focused on Venture Capital
- **2002** Private Equity vertical established
- **2005** Real Estate vertical established
- **2012** Special Situations Vertical established
- **2016** Infrastructure vertical established
- **2022** AUM/A since inception reaches USD 6 Bn
- **2023** Venture Fund IVen amplifi

IVen amplifi

INDIA 2030 Summary

ICICI Venture

Domestic consumption to remain, and digital to become, key drivers of the economy



- India expected to become **3rd largest economy**
- **$5,242** Per-capita income
- GDP is anticipated to reach **$7.9 trillion**
- **1,083 million** Smartphone users
- IT services export to reach **$527 billion**
- **25.2 million** Households with income $>35,000
- **960 million** Internet users
- **700 million** online hoppers
- **$226 billion** E-commerce market

Source: Industry reports, IVEN estimates

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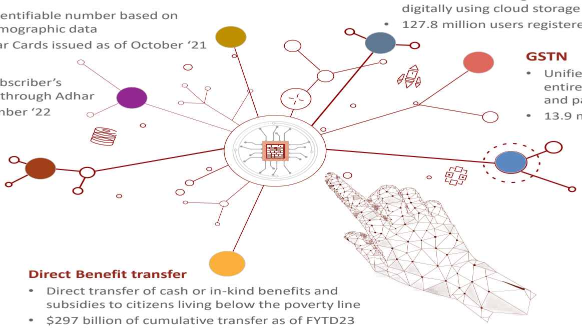
Components of Digital India

ICICI Venture

Key layers include eKYC (biometric KYC), Unified payments interface (UPI), and GST network (GSTN)



Aadhar UID
- 12-digit unique identifiable number based on biometric and demographic data
- 1.32 billion Aadhar Cards issued as of October '21

eKYC
- Paperless KYC process, verifying subscriber's identity and address electronically through Adhar
- 13 billion transactions as of September '22

E-Rupi
- Prepaid Vouchers delivered to the beneficiary through an SMS or QR code, ensuring access to welfare benefits for unbanked population

Digi Locker
- Platform for issuing and verifying documents digitally using cloud storage linked to Aadhar
- 127.8 million users registered as of September '22

GSTN
- Unified indirect tax administration platform for the entire country to handle invoices, returns, registrations, and payments
- 13.9 million businesses registered as of September '22

UPI
- Enables all bank account holders to send and receive money instantly using Smartphones
- $133 billion transactions as of September '22

Direct Benefit transfer
- Direct transfer of cash or in-kind benefits and subsidies to citizens living below the poverty line
- $297 billion of cumulative transfer as of FYTD23

Source: Industry reports, IVEN estimates

IVen amplifi

Fund strategy

ICICI Venture

Tech-focused venture fund

- Rs. 15 Bn India focused fund; View on Digital India 2030
- Tap synergies across ICICI Group
- Sector agnostic; digital focus on Fintech, ConsumerTech and Enterprise
- Early-stage; late Series A / early Series B (Rs. 0.5 to 1 Bn per company across rounds), minority shareholding; typically, revenue < ~Rs. 1 Bn
- 10-15 investments; focus on portfolio diversification and risk management
- Best in-class Deal Sourcing capabilities; Early Identification of key trends
- Target Gross INR MoIC of 3.5x-4x at a Gross INR IRR of 30%-35%
- "No Go": Seed stage
- Provide strategic support to portfolio companies especially areas of corporate governance

IVen amplifi

IVen Amplifi's positioning

ICICI Venture

IVen Amplifi will focus on the under-served late Series A or early Series B stages

Target Return / Risk	Seed Stage	Early (Series A)	Scale (Series A+ to B-)	Late (Series B onwards)
30x, 10x, 5x, 2x	Friends & Family, Angels, Incubators and Accelerators, Angel Funds, Family Offices, Micro VC Funds, Seed Funds, VC Funds	VC Funds, Family Offices	IVen amplifi	Late-Stage VCs, Private Equity, Secondary Sales, M&A, Equity Markets (IPO)
	Crowded	Owned by existing brand name VCs	Under-served	
Round	*Up to USD 2-3 Mn*	*Up to USD 3-8 Mn*	*Up to USD 8-15 Mn*	*Over USD 15 Mn*
#Players	*Large number of players*	*>50*	*<10*	*Large number of players*

The under-served late Series A to early Series B stages presents investment opportunities with ticket sizes of USD 5-8 Mn in USD 8-15 Mn rounds

IVen amplifi

Investment themes

ICICI Venture

Over 2x GDP growth in the next decade will create opportunities across sectors

Fintech

- Strong digital infrastructure for financial services
- Large financing gap across consumer and SMB
- Low-risk coverage (shallow insurance penetration)
- Embedded finance and cross-border financial services

Lending Tech | Payment tech | Insure Tech
Embedded Finance | Financial Infrastructure | Wealth Tech

Consumerisation

- Rapidly growing GDP per capita = disposable income
- Nearly a BILLION internet users by 2031
- Digital economy to reach USD 800 Bn i.e., 10x in the next decade
- Youngest population in the world

D2C | Food Tech | Social Commerce
Marketplace | Digital Content

India and the World

- Value chain disruption via marketplaces
- New-age technologies enhancing sustainability
- AI native applications
- Industrial automation driven by 5G

B2B Marketplace
SaaS

amplifi

Illustrative ICICI Group Partnerships with Startups

ICICI Venture

Fingpay
AEPS based biometric payments and cash drop/withdrawals

Vernacular.ai
IVR Automation in vernacular language using voice bot

IndiaFilings
Support for SMEs with incorporation, tax, compliance and HR services

Karza
Digitization of due diligence process for retail loans

SatSure
Satellite data analytics for Agri business- Sat farm

PropertyPistol
Property tech platform aiding customers with B2C real estate sales

RemitGuru
Unified remittance solution for M21, Wire, Vostro, FDI and FCC

CarDekho
Dealer funding/ Inventory funding/ New car loans

Credgenics
Automated drafting of personalized legal notices & live tracking

WorkApps
Video KYC and video banking module

Vanghee
Current account opening & payment solution for MSME

Advarisk
Title search report for project funding & asset monitoring pre-lending and post disbursement

More than 200 partnerships across ICICI Group

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Illustrative Deal Pipeline

ICICI Venture

Focus on businesses which solve real problems

Sr. No.	Project Name	Sector	Description	Potential Next Round Size
1	Project Ed	Fintech	Education Loans	INR 80 - 100 Crs
2	Project Real	Fintech	B2C PropTech platform with embedded home loan product	INR 50 - 80 Crs
3	Project Sauce	Consumer - D2C	Asian Food Brand	INR 50 - 80 Crs
4	Project Pet	Consumer - D2C	Pet Products and Marketplace	INR 80 - 100 Crs
5	Project Fashion	Enterprise	SaaS platform and B2B marketplace for fashion supply chain allowing brands to compete with the likes of Shein	INR 50 - 60 Crs

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Key investment framework

ICICI Venture

The process to repeatably create value through a structured approach to investing

1. Back top founders – first-time as well as repeat
2. Focus on large markets – existing and new emerging markets
3. Sharp attention to unit economics and potential for operating leverage
4. Focus on innovation, product, business model moats, and fundamentals

5. Identify right to win and mitigate risks
6. Capital intensity of business model i.e., steady state ROCE potential
7. Focus on entry shareholding and entry price
8. Liquidity and exit opportunities

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Fund's Investment Process

ICICI Venture

Deal Sourcing
- Team's network
- Prior investments
- Group and Investor references
- Investor / GPs / VC references
- Intermediaries
- Accelerators

Deal assessment
- Team's network
- Prior investments
- Group and Investor references
- Investor / GPs / VC references
- Intermediaries
- Accelerators

Investment with growth mindset
- Business evaluation
- Provide strategic support to portfolio companies
- Focus on Governance

Target returns within targeted holding period
- Multiplicity of exit options
- Ab initio alignment with promoters, teams
- Focus on execution excellence

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Key Fund Team Members

ICICI Venture

Experienced fund management team with significant investing experience

Mr. Subeer Monga
Director

Over 15 years of experience in Indian markets with a significant majority in venture investing

Previously worked at Mayfield India Fund for over 12 years. Prior to that was with HSBC and I&LFS Investmart

Subeer has been involved with ~20 investments

Deal Experience:*
- *Enkash – India's leading B2B cards payment business (~9x mark up from first investment to latest round)*
- *Strata – Leading fractional commercial real estate ownership platform (Follow on investment led by Kotak Bank)*
- *Knowlarity – Cloud communication platform (acquired by Gupshup)*
- *LEAP India – India's largest pallet rental business*

Mr. Sharad Malpani
Director

Extensive experience in investing and operating side of business, early and mid-stage investing

Part of the ICICI Group for 21 years of which 13 years of investing including with ICICI Venture

Sharad has been involved with ~10 investments

Deal Experience:*
- *Zopper –India's leading digital Insurtech Platform (assurance/ insurance)*
- *Go Colors – Leading women's fashion wear brand (IPO – ~6x exit)*
- *RBL Bank – Leading regional bank in India (IPO ~3x exit)*
- *Cello – Leading home products company*
- *Epack – Amongst the largest contract manufacturers for consumer durable*

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Portfolio management

ICICI Venture

ICICI Venture leverages its well-established network of external advisors for driving operational excellence

Accounting		
EY	KPMG	pwc
BDO	Deloitte.	Grant Thornton

Hiring		
native	Michael Page	QUESS
WALKWATER Talent advisors	PURPLE QUARTER	seenrecruit

Services		
MyCFO	Aparajitha	protiviti

Products		
knowlarity	exotel	darwinbox
EnKash	freshworks	ZOHO

Digital Services		
Google	Microsoft	aws
Meta	Digital Ocean	Infosys

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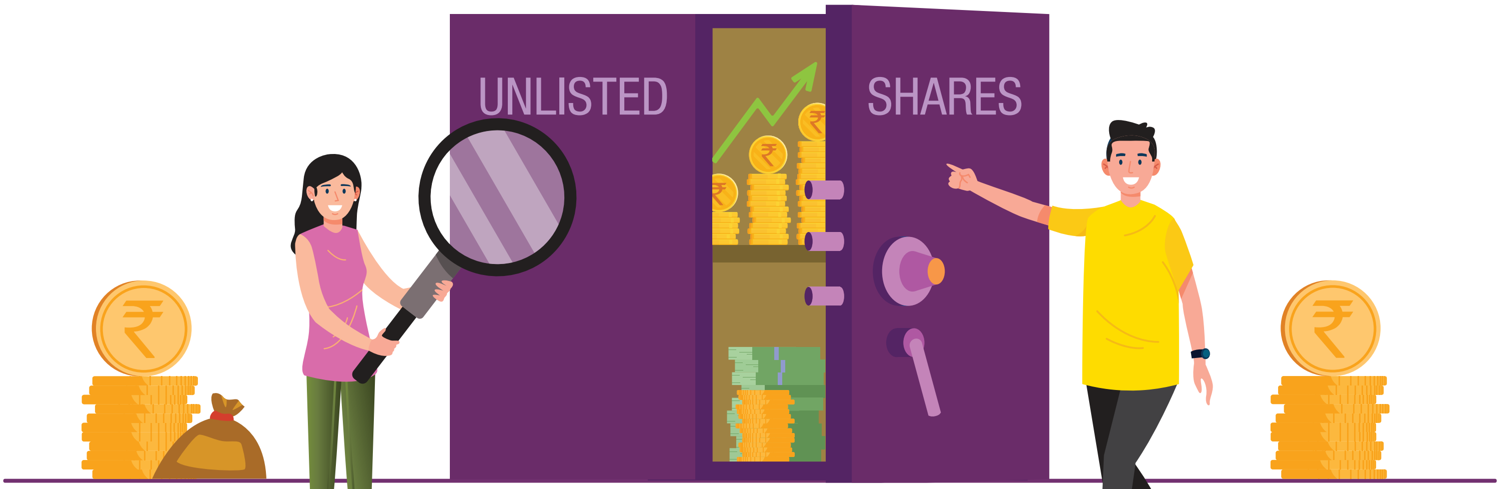
PRIVATE CLIENT GROUP
EQUITY
PCG

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.

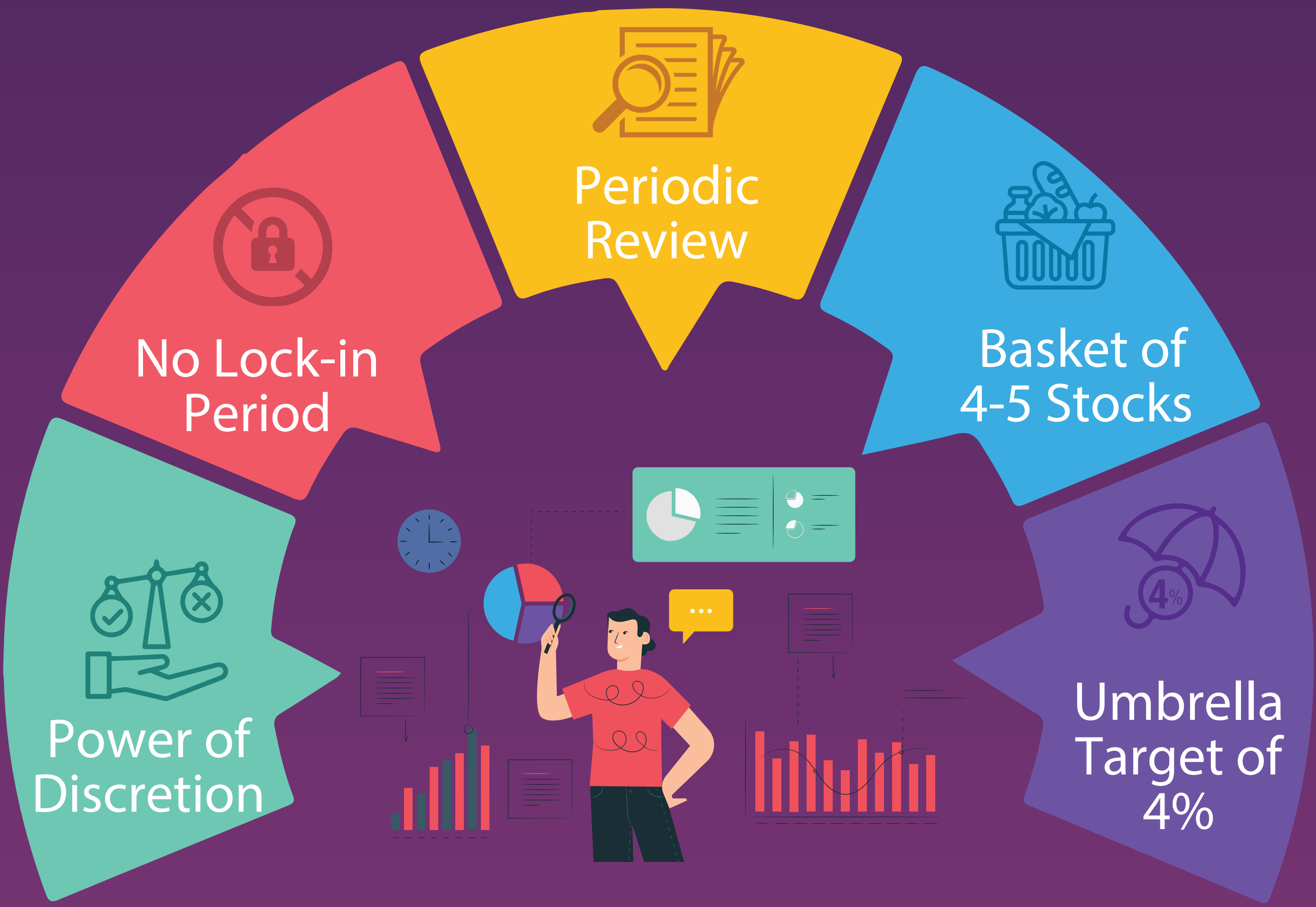
Note

Note

FINKART
Quality Investing - Simplified!

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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



Dynamic Research Basket Stock Allocation

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

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Feat Award Function 2022-23

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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.