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PCG Communique

From the Desk of the PCG Head

Rajesh Kumar Jain

PCG COMMUNIQUE – AUGUST 2024

The Indian stock market's performance last month was mixed, with gains and losses across various indices and sectors. While some sectors displayed robust growth, others lagged, reflecting a diverse market sentiment. The key indices BSE Sensex, Nifty 50, and Nifty 500 showcased differing trajectories, indicating varied investor confidence and sectoral shifts.

The BSE Sensex experienced a 2.85% increase over the month, reaching a value of 81,741.34, Nifty has given a return of 3.35% touching the historical high of 24,951 mark. This rise suggests strong market sentiment and investor confidence in blue-chip stocks, supported by positive economic indicators and strong corporate earnings. The index's performance was bolstered by strong gains in sectors like technology and consumer goods. The growth in Nifty 50 highlights investor optimism in large-cap stocks and the overall stability of the market's heavyweight sectors.

The 1st Qtr results for most of the large caps companies where declared. Information technology was among the most unfavourable sectors and a major underperformer, but it is showing structural changes along with a good run-up. IT majors, reported first quarter earnings were in-line with estimates, meaning the earnings downgrade is over after a prolonged time. This could also indicate a turnaround in demand softness that the industry has been reeling in. Uncertain macro environments like rate hikes and geopolitical tension had created pressure on clients' budgets, putting pressure on discretionary demand by clients, last couple of quarters. Indian IT companies have been facing deal pauses and even cancellation. IT sector watchers expect the discretionary demand to recover in financial year 2025. For now, the sector is celebrating the lower revenue leakage on the book, however a bigger recovery is more likely in 2025. Large deal activity in the Banking, Financial Services, and Insurance sector is down and the general expectation is that this sector will improve in 2025.

The International Monetary Fund has lifted India's GDP growth projection to 7% for fiscal 2025 in its latest outlook, citing improved prospects for private consumption, particularly in rural areas. In its April review, the agency had projected 6.8% growth for the year. The multinational lender also retained the country's fiscal 2026 growth outlook at 6.5%. The World Bank too said that India will remain the fastest-growing of the world's largest economies, although its pace of expansion is expected to moderate, projecting a 6.6% rate in FY25.

Global inflation will continue to decline, even as it remains higher in developing countries than in advanced economies. Falling energy prices have contributed to inflation returning close to pre-pandemic levels for the median developing country. Moreover, the agency said the monetary policy rates of major central banks are expected to decline in the second half of 2024, with divergence in the pace of normalisation reflecting varied inflation circumstances.

July was the month wherein the government, presented the Union Budget. The Union Finance Minister Nirmala Sitharaman where the govt has targeted the budget's fiscal deficit target of 4.9% of GDP, lower than anticipated, signals a commitment to fiscal prudence while allowing room for growth-oriented expenditures.

Infrastructure Push: The government pledged robust fiscal support as it retained a capital expenditure plan of Rs 11.11 lakh crore, which is 3.4% of the GDP. This is expected to boost infrastructure projects, bolster economic activity and create employment opportunities.

Tax Cut For Middle-Class: The government also announced changes in income tax slabs and an increased standard deduction (from Rs 50,000 to Rs 75,000), with the aim to reduce the tax burden on the middle class and boost disposable incomes.

Rural Economy: Push A significant allocation of Rs 2.6 lakh crore for rural development, including agriculture and infrastructure, aims to uplift rural communities and enhance agricultural productivity.

Local Manufacturing And Startups: Special focus on labour-intensive manufacturing sectors and the abolition of the angel tax for startups are expected to bolster growth and innovation in these sector.

Equity Markets: Increased long-term capital gains tax (12.5% from 10%) and higher short-term capital gains tax (20% from 15%) dampened investor sentiment, leading to a decline in equity markets.

Real Estate: While long-term capital gains tax on real estate was reduced, the removal of indexation benefits negatively impacted top developers like DLF Ltd. and Godrej Properties Ltd.

Electric Vehicles And Transport: The budget lacked specific incentives for electric vehicle manufacturing, disappointing stakeholders in the transport and automotive sectors. India's ongoing bull market reflects investor confidence in the country's economic resilience and policy direction, underpinned by the government's strategic shifts towards macroeconomic stability and private sector-led growth initiative.

Globally, US economic growth accelerated by more than forecast in the second quarter, illustrating demand is holding up under the weight of higher borrowing costs. Gross domestic product increased at a 2.8% annualized rate in the April-June period after rising 1.4% in the previous quarter. The economy’s main growth engine — personal spending — advanced 2.3%, also more than projected. Even though the pace of growth picked up from the first quarter, the figures still represent a moderation from last year. Consumer spending and broader economic activity have cooled under the weight of high interest rates, which is simultaneously helping to tame inflation gradually. That bodes well for the Federal Reserve, which is trying to pull off a soft landing for the economy and likely to start cutting interest rates as soon as September.

A closely watched measure of underlying inflation rose 2.9%, easing from the first quarter but still above estimates.

The US Federal Reserve has maintained its key interest rate for the eighth consecutive time, as expected, and maintained its wait-and-watch approach for inflation to ebb. It however kept the rate cut on the table for the next meeting in September. The Federal Open Market Committee decided unanimously to hold its key interest rate at 5.25–5.5% in July.

The Key Risk to the Equity Market:

Unwinding of yen carry trade: During the course of this year, the Japanese yen fell by nearly 14 per cent to 161.6 against the US dollar to reach its lowest levels since 1986. Since reaching that bottom, currency intervention and rate hikes by the Japanese central bank, Bank of Japan, along with hawkish messaging by its Governor, triggered a 9 per cent up move to 146.9. This has propelled the Yen Carry Trade wherein most of the Japanese money are winding up their position in the world market and there can be a possibility of Equity market coming down in the near future.

Possible US Recession: Global markets got another shock from the US monthly jobs report, which indicated the unemployment rate had increased to 4.3 per cent. While still remaining amongst the lowest level, it spooked markets because at 4.3 per cent.

The three-month average of the unemployment rate is 0.5 bps above its 12-month low, a recession is underway. Historically, it has been a very accurate indicator. Recession or not, turbulent global economy and financial markets is not good news for Indian markets. US recessions in the past have always resulted in deep bear markets in India as well. With markets at peak valuations when risks abound, strong domestic macros may not be a sufficient cushion.

Geopolitical Tension: With recent tensions in the Middle East adding to risks to markets from worsening geopolitics. While Iran & Hezbollah are planning for a strike with Israel, this will lead to a heightened tension across the Middle East Region. The heightened tension will make investors to shift their investment to safe heavens like Gold & Bonds.

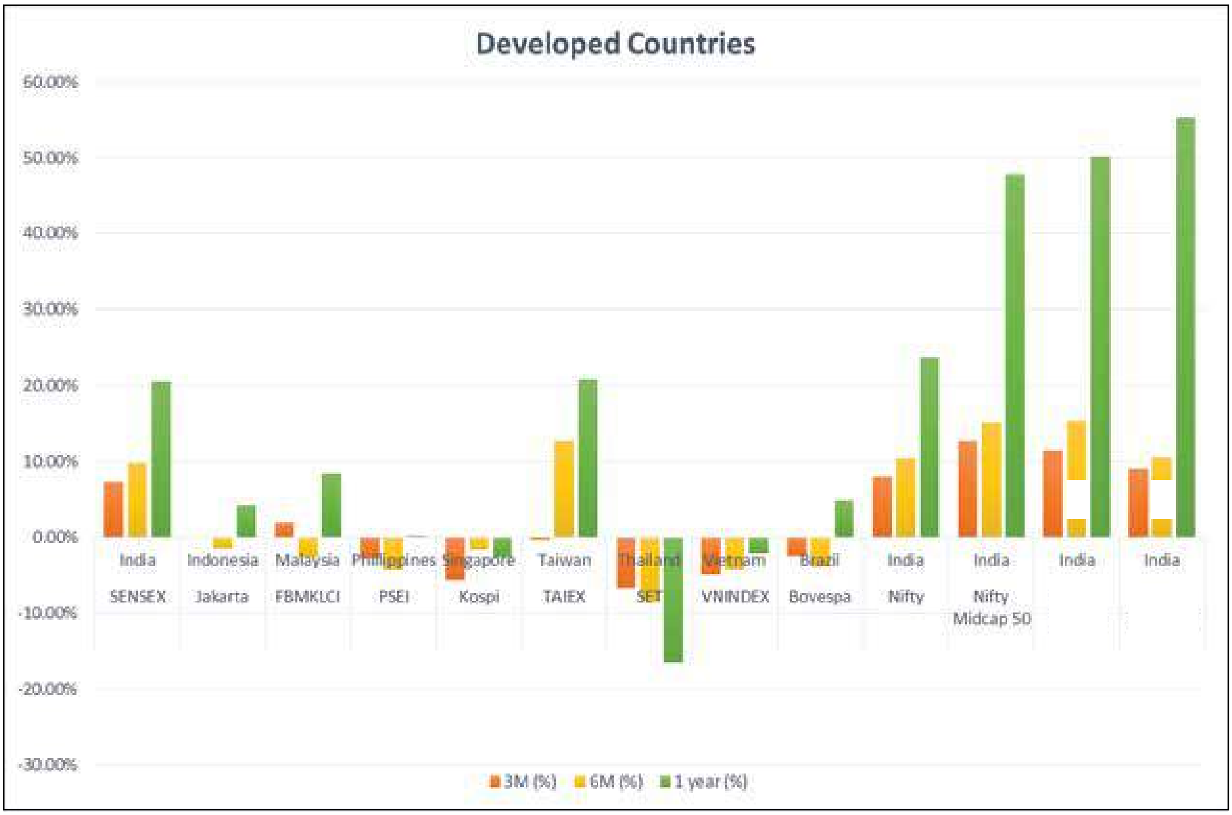
Market Sentiment and Outlook:

At current market levels of 24700, the market is trading @ P/E multiple of 22.45 FY25 earning & 19.76 FY26 earnings. The market is slightly over valued and there is a possibility of some profit booking. The mixed performance across different indices and sectors reflects a complex market environment. The decline in the BSE Sensex during the latter part of the month highlights the volatility and cautious sentiment among investors, particularly in response to global economic developments and domestic market conditions.

Looking forward, the Indian stock market will continue to be influenced by global economic trends, fiscal policies, and sector-specific developments. Investors will likely focus on sectors demonstrating resilience and growth potential while remaining cautious about those facing structural challenges.

Last month’s stock market performance presents a nuanced picture of growth and decline. While sectors like insurance and technology drove gains, manufacturing, and aviation, underperformed. As the market navigates through uncertainties, a diversified investment strategy remains key to managing risks and capitalizing on opportunities. On any dip look for companies in the power finance companies (PFC & REC), Renewables (Tata Power, NTPC, POWER GRID), Real Estate & Ancillary (Godrej Properties, Astral, Prestige Estate, Pidilite, Asian Paint), Infra (ABB, SIEMENS, Cummins), Auto (M&M, TVS Motors) looks to be in the sweet spot. FMCG space looks very stagnant for quite some time but early monsoon may give some respite to rural growth which can add momentum to this sector.

Developed Countries Market Performance				
Indices	**Country**	**3M (%)**	**6M (%)**	**1 year (%)**
SENSEX	India	7.3%	9.80%	20.60%
Jakarta	Indonesia	0%	-1.50%	4.16%
FBMKLCI	Malaysia	2%	-2.70%	8.40%
PSEI	Phillippines	-2.82%	-4.33%	0.19%
Kospi	Singapore	-5.59%	-1.68%	-2.70%
TAIEX	Taiwan	-0.35%	12.59%	20.84%
SET	Thailand	-6.63%	-8.43%	-16.45%
VNINDEX	Vietnam	-5.00%	-4.30%	-2.10%
Bovespa	Brazil	-2.49%	-3.95%	4.83%
Nifty	India	8.00%	10.49%	23.64%
Nifty Midcap 50	India	12.60%	15.03%	47.82%
Nifty Midcap 100	India	11.50%	15.35%	50.11%
Nifty smallcap 100	India	8.98%	10.53%	55.42%



Market Commentary

The Nifty index ended the July month on a higher note as it closed at'24,951' as compared to 2nd day of the month i.e '24,141', an uptick of 3.4%. Similarly, Sensex ended the July month at 81,741 grew by 2.8%.

Buying which emerged in last session of the week helped markets to end at all-time high levels, with frontline gauges surpassing their crucial 81,300 (Sensex) and 24,800 (Nifty) marks. Key gauges made a pessimistic start to the week as disappointing earnings from Reliance Industries and Wipro weighed down sentiments. Traders also remained cautious after the Economic Survey indicated that the rising Geopolitical uncertainties will likely exert a bigger influence on capital flows. Market participants shrugged off report that India's forex reserves jumped by $9.69 billion to hit an all-time high of $666.85 billion as of July 12. Traders got cautious with the Global Trade Research Initiative (GTRI) stating that increasing foreign direct investment (FDI) from China in the domestic market may benefit in the short-term but it risks undermining India's long-term economic security and strategic autonomy. Markets extended losses as traders jeered Finance Minister's budget proposal where government raised taxes on derivatives trades and on capital gains from equity investments. FM Nirmala Sitharaman announced the Long Term Capital Gains taxes will be hiked from 10 to 12.5% and Short Term Capital Gains taxes on some assets from 15 to 20%. Moreover, the securities transaction tax (STT) on futures and options will be increased to 0.02% and 0.1% respectively. Selloff continued post budget day with an analyst at Moody's Ratings stating that India's fiscal deficit glide path set out for 2025-26 is reasonable, but a coalition government at the Centre may pose challenges to pass bigger reforms that the economy needs. Adding to the worries, Central Board of Indirect Taxes and Customs (CBIC) Chairman Sanjay Kumar Agarwal said that though the Union Budget proposed to review the customs levies over the next six months for inverted duty correction, it will be a difficult task in many cases because of nil rate on some items under free trade agreements (FTAs). Selling continued on Dalal Street amid a private report stating that foreign investors sold nearly $1 billion worth of Indian equities in the two days since the government raised taxes on derivatives trades and on capital gains from equity investments in its annual budget. Afterwards markets witnessed consolidation as some solace came with Revenue Secretary Sanjay Malhotra's statement that the direct tax slabs rejig announced in the Union Budget amounting to savings of Rs 17,500 for the middle class along with an increase in the rebate limit to Rs 7 lakh in the new tax regime last year is 'sufficient' relief over a period of two years. Some support also came with report that global credit rating agencies have given thumbs up to the FY25 Budget, lauding the government's firm commitment to deficit reduction, with Moody's Ratings noting that the Budget is credit positive. But rally on final day of trade not only helped markets to wipe out all the weekly losses but to take markets to their all-time high levels as traders went for value buying. Sentiments also turned upbeat as signs of cooling inflation in the world's largest economy, US, boosted hopes for Fed rate cuts.

The S&P India Manufacturing PMI edged down to 58.1 in July 2024 from 58.3 in June, revised from the initial estimate of 58.5 and below the market forecast of 59. Nevertheless, the latest reading remained above the long-term average for the series and was among the highest in recent years. Strong demand supported the manufacturing industry, primarily through a significant rise in new orders. While growth slowed since June, sales continued to be sharp by historical standards. Production volumes also remained strong, leading manufacturers to increase their purchasing activity and hire additional staff in July. Robust input demand caused input cost inflation to accelerate, reaching one of the fastest rates in nearly two years, which pushed output charges to their steepest growth in eleven years. Finally, positive sentiment towards the year-ahead production outlook remained steady since June, with growth expected to be driven by marketing efforts and new client inquiries

The S&P Global India Services PMI increased to 61.1 in July 2024 from 60.5 in June, preliminary estimates showed. It marked the 36th consecutive month of expansion in services activity and the fastest growth since March, as output grew faster and remained well above its long-run average. New export order growth accelerated while employment continued to increase. On the price front, input cost inflation accelerated, mainly boosted by higher prices of eggs, meat, and vegetables. As a result, output costs continued to rise. Finally, sentiment remained positive, supported by strong demand

The annual retail inflation rate in India rose to 5.08% in June of 2024 from 4.75% in the previous month, well above market expectations of 4.80% to reflect the fastest pace of price growth since February. While marking the tenth consecutive month that Indian inflation remained within the RBI's relatively wide tolerance band of 2 percentage points from 4%, the halt in India's disinflation process strengthened expectations that the RBI will wait longer before starting its cutting cycle. Prices accelerated for food (9.36% vs 8.69% in May), responsible for nearly half of the weight of the Indian consumer basket, as higher energy prices and uncertain weather conditions lifted costs for keeping crops. Inflation also rose for housing (2.69% vs 2.56%) and fell at a slower pace for fuel and light (-3.66% vs -3.83%). From the previous month, Indian consumer prices jumped by 1.33%, the largest increase in 11 months.

India's total exports (Merchandise and Services combined) for June 2024* is estimated at USD 65.47 Billion, registering a positive growth of 5.40 percent vis-à-vis June 2023. Total imports (Merchandise and Services combined) for June 2024* is estimated at USD 73.47 Billion, registering a positive growth of 6.29 percent vis-à-vis June 2023. India's total exports during April-June 2024* is estimated at USD 200.33 Billion registering a positive growth of 8.60 percent. Total imports during April-June 2024* is estimated at USD 222.89 Billion registering a growth of 8.47 percent.

The Goods and Services Tax (GST) collections in July 2024 stood at ₹1.82 lakh crore, growing at a rate of 10% on YoY basis from Rs1.65 lakh crore in July 2023.Compared to June 2024, which recorded a total gross GST revenue of Rs 1.74 lakh.

India's foreign exchange reserves increased by US$4 billion to $670.85 billion in the week through July 24. Foreign currency assets fell by $2.5 billion to $588 billion for the week ending July 24.

The U.S. markets ended lower during the passing week on disappointing earnings reports. The sell-off on markets came amid a negative reaction to corporate earnings news from companies like Tesla (TSLA) and Alphabet (GOOGL). Tesla reported weaker than expected second quarter earnings. Google parent Alphabet reported second quarter earnings that beat street estimates but missing expectations for YouTube advertising revenue. Further, sentiments were weak as the Commerce Department released a report unexpectedly showing a continued decrease by new home sales in the U.S. in the month of June. The report said new home sales fell by 0.6 percent to an annual rate of 617,000 in June after plummeting by 14.9 percent to a revised rate of 621,000 in May. Street had expected new home sales to surge by 3.4 percent to a rate of 640,000 from the 619,000 originally reported for the previous month.

With the unexpected decline, new home sales slumped to their lowest level since hitting an annual rate of 611,000 in November 2023. The unexpected decrease by new home sales reflected weakness in the Northeast and Midwest, where new home sales plunged by 7.7 percent and 6.9 percent, respectively. Meanwhile, with prices reaching a new record high, the National Association of Realtors (NAR) released a report showing existing home sales in the U.S. plunged by more than expected in the month of June. NAR said existing home sales dove by 5.4 percent to an annual rate of 3.89 million in June after falling by 0.7 percent to a rate of 4.11 million in May. Street had expected existing home sales to slump by 2.9 percent to a rate of 3.99 million. The bigger than expected decrease pulled existing home sales down to their lowest level since hitting a rate of 3.88 million last December.

Traders overlooked report that economic growth in the U.S. accelerated by more than expected in the second quarter of 2024, according to a report released by the Commerce Department. The report said real gross domestic product surged by 2.8 percent in the second quarter after jumping by 1.4 percent in the first quarter. Street had expected GDP to increase by 2.0 percent. The Commerce Department said the GDP growth primarily reflected increases in consumer spending, private inventory investment, and nonresidential fixed investment. Compared to the first quarter, the acceleration in real GDP in the second quarter primarily reflected an upturn in private inventory investment and an acceleration in consumer spending. On the inflation front, the report said the personal consumption expenditures price index increased 2.6 percent in the second quarter compared with an increase of 3.4 percent in the first quarter.

European markets staged recovery towards end of the passing week. After a positive start of the week, markets remained dull, as Germany's private sector slipped into contraction in July due to the deeper decline in manufacturing and slower growth of services activity. The flash survey results from S&P Global showed that the HCOB composite output index dropped unexpectedly to 48.7 in July from 50.4 in

June. The reading was seen at 50.7. Further, consumers in Belgium remained more pessimistic in July. The National Bank of Belgium said that the consumer sentiment index dropped to -5 in July from -1 in the previous month. The survey said households were less confident about their own future financial situation and less optimistic about their savings intentions over the coming twelve months. The index measuring the financial situation of households dropped to -2 from +1. The index for savings among households fell to 16 from 20.

However, recovery witnessed towards end of the week, after the UK private sector activity expanded at a faster pace in July, underpinned by robust demand and strengthening business confidence. The flash survey results published by S&P Global revealed that the flash composite output index rose to a 2-month high of 52.7 in July from 52.3 in June. The score was forecast to rise to 52.6. A reading above 50.0 suggests expansion in the private sector. Besides, France's private sector output moved closer to stabilization in July as the Olympic Games fueled economic activity. The flash survey data compiled by S&P Global showed that the HCOB composite output index posted 49.5 in July, up from 48.2 in June. The score was expected to climb moderately to 48.9. A score above the threshold 50.0 indicates expansion, while a below 50 reading suggests contraction.

On the inflation front, Sweden's producer prices increased for the third straight month in June, though at a slower pace than in May. The figures from Statistics Sweden showed that the producer price index climbed 0.8 percent year-on-year in June, following a 2.6 percent gain in April, which was the quickest increase since March 2023. The annual rate of the producer price index, excluding energy-related products, showed an increase of 2.8 percent versus 3.8 percent in May. However, Finland's producer prices continued their declining trend in June, though at the slowest pace in more than a year. The data from Statistics Finland showed that the producer price index fell 0.3 percent year-over-year in June, following a 0.4 percent decline in the previous month. Further, this was the weakest decline since the current sequence fall began in April 2023.

Asian equity benchmarks ended in red terrain during the passing week, even as strong U.S. GDP data boosted hopes of a soft landing for the world's largest economy and paved the way for the Federal Reserve to cut interest rates soon. Seoul stocks lost ground due to selling in the tech sector and concerns over economic recovery after data showed South Korea's economy unexpectedly shrank in the second quarter, logging the sharpest contraction since the fourth quarter of 2022. Gross domestic product (GDP) for the April-June period fell 0.2% from a quarter earlier on a seasonally adjusted basis.

Japanese Nikkei tumbled by around five and half percent, as the yen strengthened due to rising expectations of a rate hike at next week's Bank of Japan policy meeting. Some concern also came with the latest reading from Jibun Bank revealed that the manufacturing sector in Japan slipped into contraction territory in July, with a manufacturing PMI score of 49.2. That's down from 50.0, and it falls beneath that mark that separates expansion from contraction. However, the survey also showed that the services PMI improved to 53.9 from 49.4 in June, and the composite index likewise improved to 52.6 from 49.7 a month earlier. Meanwhile, the Bank of Japan said services producer prices in Japan were up 3.0 percent on year in June - accelerating from the upwardly revised 2.7 percent increase in May (originally 2.5 percent).

Chinese Shanghai edged lower by over three percent on concerns about a weakening economy and growing Sino-U.S. tensions. Market sentiments dulled following by an off-schedule interest rate cut by the People’s Bank of China to its one-year medium-term lending facility rate, lowering it by 20 basis points to 2.3%. Moreover, markets participants remained on sideline ahead to China’s latest manufacturing and services activity data.

The S&P Global US Manufacturing PMI was revised slightly higher to 49.6 in July 2024 from a preliminary of 49.5, but remaining the lowest reading so far this year, pointing to a deterioration in business conditions at US manufacturers. New orders declined for the first time in three months while work on outstanding business and a near-record replenishment of stocks of finished goods helped to keep output rising, although the pace of expansion was only marginal. Employment also softened. Meanwhile, output prices increased only marginally and at the slowest pace for a year but input costs increased markedly amid reports of higher prices for energy, freight, labor and raw materials. Still, the rate of inflation eased to a four-month low. Finally, business optimism regained some ground amid hopes that the current soft patch in demand will prove temporary, with new business improving following the Presidential Election

The HCOB Eurozone Manufacturing PMI was at 45.8 in July of 2024, unchanged from the year-to-date-low in the prior month, and revised slightly higher from the preliminary estimate of 45.6. Despite the upward revision, the result consolidated the poor momentum for manufacturing in the European currency bloc, with major economies in the Eurozone that recorded a faster downturn in activity offsetting the slower contractions for others. New orders at the aggregate level contracted faster to record 14 consecutive declines, driving factories to depend on backlogs to prevent a steeper decline in output. In the meantime, the lower demand for capacity drove firms to decrease their net employment at the start of the third quarter, recording the sharpest decline of the year, while also trimming their purchasing levels. On the price front, input cost inflation rose to a one-year high but remained below the long-run trend, and factories refrained from passing the greater cost burdens to clients.

The au Jibun Bank Japan Manufacturing PMI was revised lower to 49.1 in July 2024 from 49.2 in preliminary estimates, falling from 50.0 in the previous month while pointing to the first decline in factory activity since April, due to renewed contraction in output. The latest figures also marked the fifth contraction in the manufacturing sector so far this year, amid a solid reduction in new orders and was the sharpest for four months. Meanwhile, employment increased for the fifth straight month, with backlogs of work declining for the fourth straight month and the fastest since March, reflecting spare capacity in manufacturing. On the price front, input cost inflation accelerated to the highest level since April 2023 due to higher labor, logistics, oil, and raw material prices. Meanwhile, output cost inflation eased to a four-month low as firms attempted to remain competitive. Lastly, business confidence remained elevated amid hopes of a broad domestic and global demand recovery.

Going Ahead

The final budget for the financial year 2024-25 remains focused on enhancing the investment climate in the country, marking a 17% increase in public capital expenditure alongside provisions for extra-budgetary resources to sustain a high investment rate. Various incentives were provided to accelerate private investment, reflecting the government's commitment to sustain economic growth.

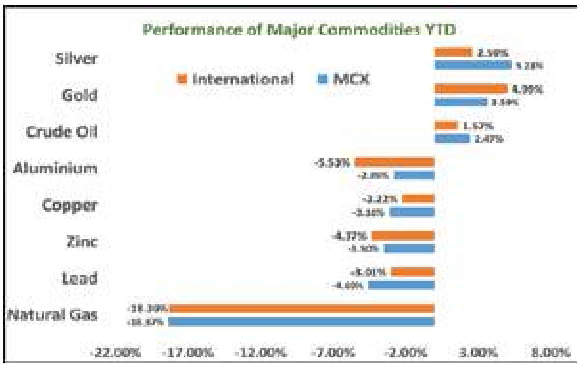
The budget also aims to boost private consumption through comprehensive measures designed to create employment opportunities for the youth. These include incentives for new employees and employers providing additional jobs and restructuring the education and skilling system to align the workforce's skills with industry requirements. Income tax reliefs provided to the middle class are expected to further simulate consumption. This twin boost to investment and private consumption underscores the budget's pro-growth stance.

Anti-inflationary measures are also a key feature of the budget. Despite a relatively favourable fiscal situation due to better-than-expected growth in both tax and non-tax revenues, the budget eschewed large-scale populist measures. Instead, it focused on fiscal consolidation, reducing the fiscal deficit to 4.9% of GDP from a pandemic high of 9.3% during FY 20-21. However rationalisation and increase in capital gains taxation on equity and real estate assets did impact market sentiment on budget day. These changes were not warranted but hopefully may be reviewed before passing the budget. The fundamental factors underpinning the Indian equity market remain robust. India's macroeconomic performance continues to outshine major economies. The ongoing corporate earnings season reveals that, except for a few commodity sectors, corporate earnings are growing in line with expectations. Over the past 12 months, there has been a significant rally in the Indian equity market, reflecting the actual and expected profit growth of the Indian corporate sector. There is a small overvaluation in some mid-cap and small-cap stocks. Therefore, we maintain a positive outlook on the Indian equity market, especially from a medium- to long-term perspective.

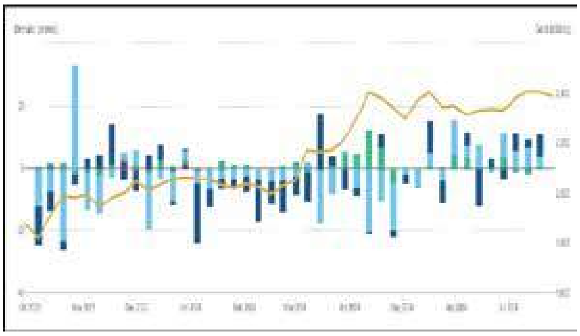
Commodities Outlook

What happened in July: Augmented rate cut bets, Global ETF Inflows keeps sentiments positive; Import duty cuts in precious metals leads to sharp correction in domestic futures on MCX.

Global ETF Witness healthy inflows since June; unwinding of currency carry trades with expectations of declining interest rate differential with US could lead to volatility in prices in short term; Mounting US Job fears to push the Fed into action mode keeping long term sentiments positive for Gold.



Month of July witnessed new all-time highs in Gold in international and domestic futures market amid market participants starting to discount augmented rate cut bets starting September onwards which kept sentiments positive. Also Global ETF inflows were seen improving since June which was an early indication of impact of slowdown in global economies could occur in the latter half of the year. Meanwhile as gold touched consecutive all-time highs in the month of April & May, Net Gold demand (excluding OTC) in Q2 was down 6% YoY to 929t amid sharp decline seen in jewellery consumption which outweighed mild gains seen in all sectors. Adding in OTC investment to total gold demand yielded a 4% y/y increase to 1,258t, the highest since 2000.



Gold ETF flows remained positive, posting 16 tonnes of net inflows last week, taking net creations in July to 47t, reducing the year-to-date losses to 76t for holdings of 3,150t. The series of inflows which started in June persisted in July which indicated net investment demand picking up in Gold amid market participants anticipating slowdown in economic activities in the coming quarters. Meanwhile Global ETF inflows along with persistent Central bank demand is expected to bolster safe haven appeal for the yellow metal in coming months leading to supportive sentiments for the metal.

OUTLOOK: Physical demand may see a revival in India while China demand revival could take time to offset fall in jewellery sales seen in first half of the year. US set to lower rates in coming months while focus to remain on state of Jobs market for further direction.

Indian markets saw signs of a revival in physical interest after the Government reduced import tariffs on gold and silver from 15% to 6% on 22nd May. Initially it saw some selling pressure being develop as holders adjusted to the new lower landed price (platinum and palladium tariffs were also reduced, from 15.5% to 6.4%). The selling did not last long, however, and after periods when domestic prices have been at a discount to international prices a premium was rapidly established. Near term pickup in Chinese physical markets were also seen with shanghai prices now trading at a premium to London prices. However rate cut concerns in US could bring in lot of volatility in global currency pairs amid unwinding in carry trades in global currencies such as Yen could bring in further corrective moves in yellow metal. Meanwhile expectations for the current month includes continued volatility & consolidation in the range of $ 2380 – 2520 per ounce in Spot markets. On MCX October futures contract this could translate to a range of Rs. 68,700 – 71,400 per 10 gm.

Base Metals Struggle in July: Insights from China and Global Markets

In July, base metal prices declined due to persistent weakening demand in China and the absence of substantial stimulus measures from the Third Plenum Committee, which needed to support the Chinese market. The growing uncertainty over China's economic recovery has become a critical issue for the metal market. Copper prices fell below $9,000 despite the Chinese central bank cutting a one-year policy loan rate, just days after reducing another rate, in an attempt to revive the economy. The instability in US domestic demand further pressured prices. On the London Metal Exchange (LME), copper prices dropped by 4%, lead by 6%, and aluminum and zinc by 9%.

However, in mid-July, prices saw a rebound due to increased demand linked to a tighter supply of scrap, an alternative raw material for plants manufacturing copper wires and tubes. The anticipated withdrawal of tax rebates on scrap processors by the government is likely to reduce availability and subsequently boost metal demand. Nonetheless, other factors continued to exert downward pressure on prices. China's refined copper exports reached a record high of 157,751 tons in June. The International Copper Study Group (ICSG) reported a 65,000 metric ton surplus in the global refined copper market in May, up from an 11,000 metric ton surplus in April. Additionally, copper inventories in LME warehouses have reached their highest level since September 2021, and inventories in China's bonded warehouses are at their highest since May 2023.

Will LME Prices Follow Historical Trends?

Price Outlook: At the start of the month, copper prices are expected to be supportive due to a decrease in scrap supply in Q3 and the withdrawal of tax rebates on scrap processors, which will likely boost demand. The Federal Reserve's potential interest rate cut in September could also support prices. However, overall sentiment remains bearish due to weak global manufacturing, rising inventories, disappointing stimulus measures, China's prolonged property crisis, a US equity market sell-off, and election uncertainty. Key focus areas this month include China's import/export data and the Consumer Price Index. Prices are expected to remain range-bound or see a modest rally of 2-3% in the next 2-3 weeks, but any rallies are viewed as selling opportunities. MCX copper prices are anticipated to trade within a range of ₹774/750 to ₹827/843 in August.

Crude Oil sinks to 8-month low as demand headwinds mount: Crude oil lost its steam last month despite persisting geopolitical tensions, as demand headwinds took centre stage. WTI oil prices, which hovered above $82 per barrel at the start of July due to supply threats from geopolitics and Hurricane Beryl, started to sink gradually as markets grappled with weak data from China. Slowing economic growth in the world's top crude oil importing nation, followed by weak apparent demand numbers and declining oil import numbers, exerted pressure on oil prices. A consistent decline in US stockpile data failed to provide support.

On the Multi Commodity Exchange (MCX), crude oil prices retreated from above the ₹7,000 level and closed 4.5% lower at ₹6,524 per barrel. On a monthly basis, the benchmark WTI crude oil fell by approximately 4.5%, settling at $77.91 per barrel. Spreads for both Brent and WTI saw backwardation narrowing last month, signalling easing supply tightness.

Let's see what August has in store.

Crude Oil's Next Big Move: Economic Headwind or Geopolitics

Crude Oil saw a weak start to August with prices sinking to 8 months low as demand fears mounted further with the US weak Job numbers. After a weak July US jobs report, the outlook for the Fed is getting clearer. It's likely to cut by 25 basis points in September and the risk of a 50-bp move has increased.

Behaviour of oil prices with the start of US rate cuts

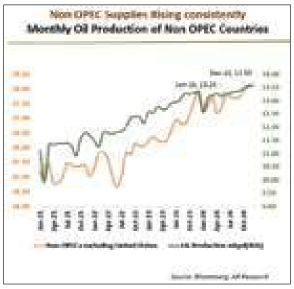
Oil prices usually drop during economic downturns because of excess supply and reduced demand. Even if central banks cut rates to boost the economy, it may take time for energy demand to pick up. Investors often look for safer investments during these times. Historically, WTI oil prices have fallen by around 30% during rate-cut cycles in 1984-86, 1989-92, 2000-03, 2007-09, and 2019-20. Prices typically started to rise about 180 days after interest rates hit their lowest point in those periods.

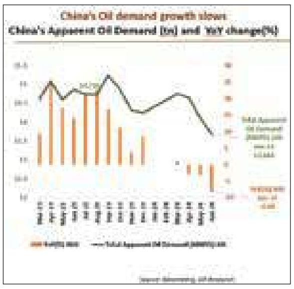
Higher Non-OPEC supplies, China demand woes and unwinding of cuts- Key bearish catalyst

In 2024, oil output growth is largely driven by non-OPEC countries like the US, Brazil, and Guyana. Recent reports show that some major US shale producers plan to pump more oil than initially expected, which could boost the nation's supply beyond earlier predictions.

Meanwhile, OPEC and its allies plan to increase oil output starting in October. They aim to gradually restore production that was cut in late 2022 to boost prices. OPEC+ will add about 540,000 barrels a day in the fourth quarter.

The combination of more oil from the US and OPEC+ could lead to an oversupplied market and lower prices if global consumption does not increase as well. In the US, oil prices tend to receive more attention in presidential election years when gasoline pump prices are a simple economic gauge for voters. And the OPEC output revival could begin around the time US voters cast their ballots.





Outlook

The current price level of WTI oil, hovering around $73 per barrel, is driven by mounting demand headwinds and the potential rise in Non-OPEC supplies. Although sentiments have turned negative amid slowdown fears and rising rate cut hopes, oil prices are likely to find a floor near $68–$70 per barrel as OPEC+ maintains its output cuts for the current quarter, keeping oil balances in deficit. Geopolitical tensions and potential supply threat from Hurricane also remain a factor. However, from a longer-term perspective, if US shale oil producers continue to ramp up output or if China's economic weakness leads to a faster-than-expected drop in demand, the supply-demand dynamics could shift, and prices may sustainably fall back below $70 a barrel in the last quarter of 2024.

WTI oil (currently priced at $73.52 per barrel) may find support around the $68–$70 level, with the upside likely capped around $77–$79 per barrel. For MCX crude oil (currently priced at ₹6,146 per barrel), support is anticipated at ₹5,850/₹ 5775, while resistance is expected at ₹6,450/₹6600.

Currency Outlook

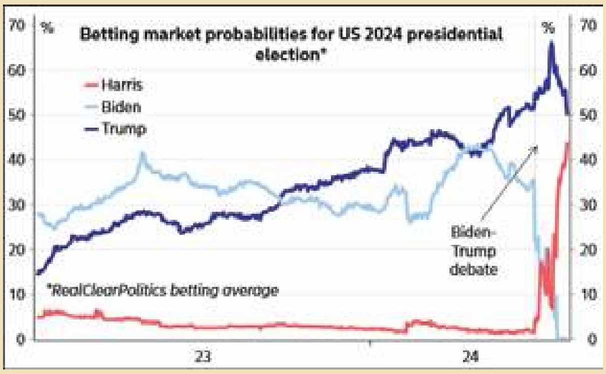
Major Global Currencies Performance for July'24

In July 2024, major global currencies appreciated against the dollar, driven by a weaker dollar, which fell by 1.7%, reversing the 1.1% gain from the previous month. The decline was most pronounced in the first half of July, with a 1.6% drop, compared to a 0.2% decrease in the second half. The dollar's weakness intensified towards the end of the month due to the Federal Reserve's policy statement and other macroeconomic data. Fed Chair Powell indicated a possible rate cut in September 2024, citing "moderation in job gains" and progress towards the 2% inflation target. The PCE price index eased to 2.5% in June from 2.6% in May. The JOLTS report showed job openings decreased slightly to 8.18 million in June from 8.23 million in May. Retail sales data indicated flat consumer spending in June after a 0.3% increase in May. With signs of a slowing US economy, the CME Fed Watch Tool showed most investors expecting three rate cuts this year (25bps each). Among major economies, the Japanese yen made significant gains, especially after the Bank of Japan unexpectedly raised the overnight call rate by 15bps to 0.25%, lifting pressure off the yen.

Federal Reserve: Paving the way for a September cut.

Inflation is looking better behaved, the jobs market is softening and consumer spending is cooling, and with the policy rate well above neutral, Fed kept monetary policy unchanged, but offered enough for the market to keep faith with the 18 September FOMC meeting rate-cut call. This has pushed government bond yields on the front end of the curve lower with the two-year yield now having fallen for three consecutive months, with July seeing the largest fall this year. Markets are preparing for three rate cuts by the Fed this year with the easing cycle expected to start in September

US election still far but reaction uncertainty just starting



The US election saga will no doubt see many more turns ahead. Donald Trump has been the favorite to win the November election, at least according to betting markets, for most of the past year, but he started to really build momentum in late spring and his odds jumped further after Joe Biden's weak debate performance in late June. The Democrats have since found a new candidate, Kamala Harris, whose betting market probabilities have risen to above 40%, around the highs Biden saw earlier this year, with one market actually already putting Harris ahead of Trump this week. At around 50%, Trump remains the favorite for now, but the recent trends point to an ever closer race and there are still more than three months until Election Day. Trump's victory is often associated with higher interest rates due to his inflationary policy initiatives and a stronger dollar, even if he himself seems to favor a weaker dollar

Dollar Outlook

After a month in which FX markets were dominated by unwind of carry trade strategies and the stronger yen, Fed's meeting squarely puts the timing of the Fed easing cycle back on the agenda. It looks like the prospect of Fed rate cut in September will keep the dollar on the soft side over coming months. There is still a sense that the Fed is winding up slowly to cut, and the follow-through reaction should eventually see yields resume their falls, but likely at a more subdued rate. Employment reports will take on extra focus now that the Fed has squarely switched back to focusing on its dual mandate. Markets have been stuck between the favourable move in yields and political uncertainty. One reason for the rise in volatility and equity sell-off in July has also been the driver of these lower yields, namely the expectation of weaker economic growth ahead. The NASDAQ index is now down 8% from its peak, the largest drawdown this year with the Japanese yen having its best month in 2024 against the dollar and euro.

In US, prospects of a softening labor market and weaker spending led Treasury yields lower in July. This trend would have to continue for the dollar to remain on its back foot within range of 103-104.90. If we see an acceleration of economic momentum, some of the recently priced in rate cuts might have to be pared again.

Rupee

Rupee gave on its stable strength this Time!

In contrast to most global currencies which rose against the dollar, Rupee declined. It was down by -0.4% in Jul'24 hovering at 83.73, close to its lifetime low of 83.74/$. This is also in contrast to the performance of MSCI EM index, which gained (0.3%) due to dip in Dollar index. One of the factor which impacted domestic currency's performance was slight increase in average Brent price in Jul'24 ($ 83.9/bbl) compared with Jun'24 ($83/bbl). Apart from this, dollar demand from importers also pressured the currency. Post the announcements made in the Union Budget, gold importers increased the purchase of dollar. Also, equity inflows were impacted as capital gain taxes were increased/rationalised. Incremental debt inflows outpaced equity inflows (following the inclusion into JP Morgan EM Bonds Index) in Jul'24 when compared with Jun'24. Overall (debt + equity), FPI inflows stood at $5.8bn in Jul'24 versus $5bn in Jun'24. As a result, the decline in rupee has been only marginal.

Rupee Outlook

Given the fact that rupee has touched its record low levels in Jul'24, at a time when Dollar was still weak, we believe, pressure on Rupee is likely to remain in the coming as well. The factors that impacted Rupee include: rise in average international oil prices in Jul'24 compared with Jun'24, and increased dollar demand by gold importers after the budget announcement. However, the decline was not as steep as it was in case of other currencies, mainly due to steady FPI inflows. While inflows into equity were impacted by increase/rationalisation of capital gain taxes, debt inflows held ground. Higher dollar demand from gold importers and revived volatility in oil prices due to ongoing geo-political tensions in the Middle East, will add to strains on the domestic currency. However, as we inch closer towards Fed rate cut in Sep'24. We expect pressure on INR to remain, in the wake of increased dollar demand, and renewed volatility in international oil prices. However, weakness in dollar and softer global yields may help cushion the downward bias. We expect Rupee spot to trade in the range of 83.70-83.85.

Technical Analysis

NIFTY: AUG 2024

LEVELS TO WATCHOUT FOR: 25000 - 25300 / 24600 – 24400

July 2024 was a landmark month for Indian markets, highlighted by the Union Budget presented in the latter half of the month. In the first half, the NIFTY 50 steadily advanced towards the 24,800 mark. However, initial reactions to the budget led to disappointment, causing the NIFTY 50 to plunge nearly 800 points, revisiting the 24,000 level. Despite this setback, a robust recovery followed, with the index reaching a new all-time high of approximately 25,000 by the end of the month. Overall, the NIFTY closed July with significant gains. Yet, a subsequent global selloff triggered a corrective move in the domestic markets in the last session.

As highlighted in our weekly newsletters, a move above the 25,000 mark could result in a negative divergence in the daily RSI, potentially signalling a temporary market peak. Additionally, the FII long-to-short ratio in index futures raised concerns. In line with our expectations, the NIFTY has already fallen over 400 points from its peak, and this downward trend may continue in the coming week. Technically, we are observing signs of a market top. We anticipate the NIFTY will test the 24,600 – 24,400 zone in the near term. A breach of this zone could lead to further profit-taking. On the upside, momentum would only be restored with a closing above the 25,000 mark, which could signal another potential high. Given the current conditions, traders are advised to remain cautious and avoid aggressive long positions.

The NIFTY BANK index, as usual, underperformed the benchmarks. It initially climbed above the 52,500 mark but then corrected sharply to the 50,400 level, aligning with the extension of the rising trend line. A close below 50,400 would confirm a potential top in the banking index, possibly triggering renewed concerns in banking stocks. Upside momentum for the banking index would resume only above the 52,000 mark.

Technical Pick – BUY BOROSIL RENEWABLES LTD

Potential Upside 16.67%- 22.22%

- The stock **BORORENEW** was consolidating above its 200 DEMA placed near 480 mark since many months.
- Finally, we are witnessing a range breakout of this sideways move and this is accompanied with positive crossover of moving averages.
- In addition, there is a pattern which resembles an inverse head and shoulder.
- Thus, traders are advised to **buy BORORENEW in the range of 544 - 536** with a stop loss of 480 on closing basis for an upside target of 630 and 660 in coming 1 – 3 months.

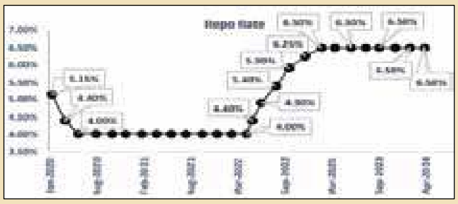
Fixed Income Services

Monetary Policy Update

The Monetary Policy Committee (MPC) met on June 5th, 6th, and 7th, 2024, to review the evolving macroeconomic and financial conditions. The committee by majority of 4 to 2, decided to:

1. Maintain the policy repo rate at 6.50%
2. Retain the standing deposit facility (SDF) rate at 6.25%
3. Keep the marginal standing facility (MSF) rate and the Bank Rate at 6.75%.

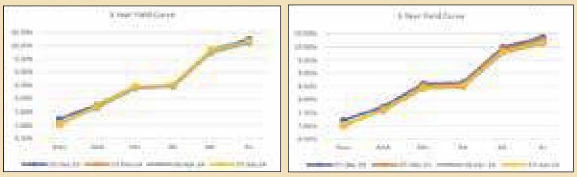
The MPC maintained the repo rate at 6.50% for the eighth consecutive time to bolster growth. This decision was in line with market expectations. Furthermore, reaffirming its commitment, the MPC prioritized withdrawing accommodation progressively to align inflation with the target while fostering economic growth.



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

- Global growth is resilient in 2024, supported by a rebound in trade, easing inflation, and stable financial markets. India's GDP growth for 2023-24 was 8.2 %, with domestic economic activity maintaining resilience. Manufacturing and services sectors are strong, with robust private consumption and investment activity.
- The projected GDP growth for 2024-25, is at 7.2 % marking it the fourth consecutive year of growth above 7%. This growth is driven by a favourable monsoon, strong services activity, and healthy investment prospects. Core inflation continues to moderate, while headline CPI inflation softened in March-April amid persistent food inflation pressures and an uncertain outlook for crude oil prices. Additionally, the exceptionally hot summer season and low reservoir levels may exert stress on the summer crop. The CPI inflation projection for 2024-25 remains at 4.5%.
- India remains an attractive destination for foreign investment. India's foreign exchange reserves reached a historical high, indicating resilience in the external sector.
- The Reserve Bank maintained stable money market interest rates through liquidity operations. Despite external pressures, the Indian rupee stayed stable, showing strong economic fundamentals. The RBI aims to ensure financial stability with flexible liquidity management and vigilance.
- The ECB has cut rates for the first time since 2019, signaling a shift in monetary policy. While there's a perception that the Reserve Bank follows the Fed, its decisions are primarily rooted in domestic economic factors such as growth, inflation, and outlook, while keeping international trends. The MPC will always remain focused on price stability to support sustainable growth.

The 3 Year & 5 Year Yield Curve below shows how yields have moved since the last review in Apr 2024:



Source: CRISIL Fixed Income Database

- The 3 year and 5 year Gsec curve saw easing of ~3 bps and ~3 bps respectively, while the 3 year and 5 year AAA curve experienced a hardening of 8 bps & 5 bps respectively.
- In 3 year space, the rest of the credit curve saw a easing in the range of ~8 bps to ~10 bps & in the 5 year saw a easing in the range of ~6 bps to ~6 bps.
- The AAA spread over G-sec, in the 3 year & 5 year space saw expansion of ~8 bps to 11 bps, from ~58 bps to ~69 bps in the 3 year space and from ~50 bps to ~58 bps in the 5 year space

Outlook: The Reserve Bank is poised for India's economic transformation, with a focus on price stability to support sustainable growth. A greater emphasizes is need for continued vigilance and adaptability in policymaking to navigate the dynamic global environment. With a focus on aligning inflation with the 4% target while supporting robust economic growth.

Secondary Market Bond Offers

PSB Perpetual Quotes

Security	Maturity/Call	IP	Rating	Yield
8.34% SBI Perp 2034	Call: 19-Jan-34	Annual on 19-Jan	AA+ by CRISIL & ICRA	7.92%
7.72% SBI Perp 2026	Call: 03-Sep-26	Annual on 03-Sep	AA+ by CRISIL & IND	8.06%
9.50% Union Bank of India Perp	Call: 15-Sep-26	Annual on 15-Sep	AA(Stable) by IND Ratings & CARE	8.13%

PSU Quotes

Security	Maturity/Call	IP	Rating	Yield
7.79% PFC 2030	22-Jul-30	Annual on 22-May	AAA by CRISIL, ICRA & CARE	7.40%
7.49% NABARD 2026	15-Oct-26	Annual on 15-Oct	AAA by CRISIL & ICRA	7.47%
8.30% REC 2029	25-Jun-29	Annual on 25-Jun	AAA CRISIL, CARE & ICRA & India Ratings	7.38%
7.60% FCI 2030	09-Jan-30	Annual on 09-Jan	AAA(CE) By CRISIL & CARE	7.36%

Corporate Bonds

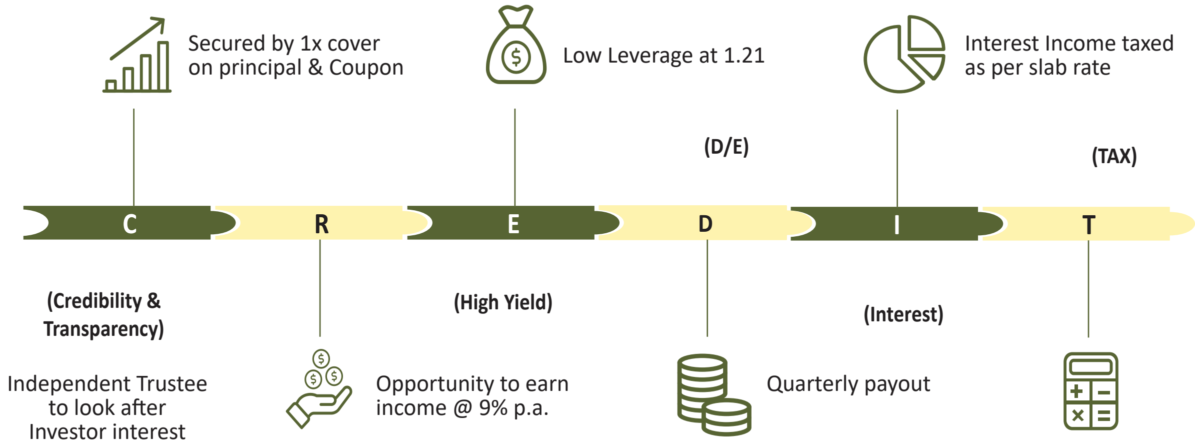
Security	Maturity/Call	IP	Rating	Yield
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (28-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.95%
7.05% LIC housing Finance Ltd. 2030	21-Dec-30	Annual on 21-Dec	AAA by CRISIL & CARE	7.79%
8.40% HDB Financial Services Ltd 2033	22-Dec-33	Annual on 22-Dec	AAA CRISIL & CARE	8.26%
8.75% Shriram Finance Ltd. 2026	04-May-26	Annual on 4-May	AA+ Stable by CRISIL	8.85%
8.12% Bajaj Finance Ltd. 2027	10-May-27	Annual on 6-June	AAA by CRISIL	7.90%
8.29% Axis Finance Limited 2027	19-Aug-27	Annual on 28-Nov	AAA by CRISIL & IND	7.92%
9.50% HINDUJA LEYLAND FINANCE LIMITED 2029	29-Nov-29	Annual on 29-May	AA by CRISIL & CARE	9.65%
8.16% Aditya Birla Finance Ltd. 2029	14-Feb-29	Annual on 14-Feb	AAA by ICRA & IND RATINGS	7.96%
9.95% UP Power 2032	(30-Mar-32) Staggered Maturity	31-Mar, 30-Jun, 30-Sep & 31-Dec	A+ (CE) BY CRISIL & IND	8.75%

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)

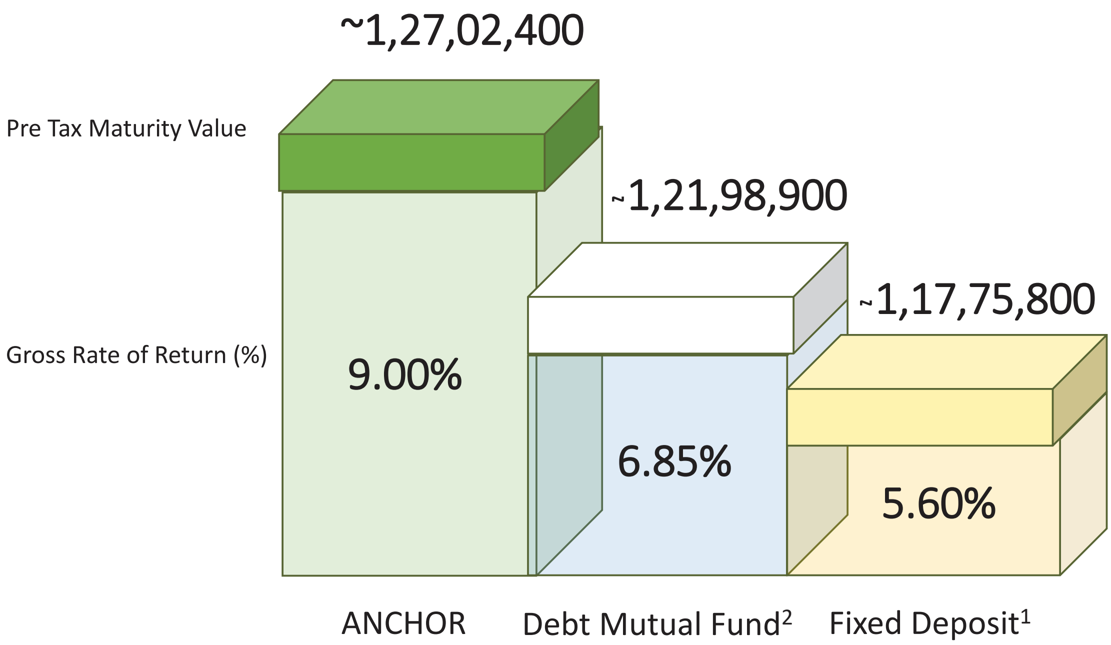
What is ANCHOR?



*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	29 th September 2025
Face Value	Rs . 1,00,000 per bond
Minimum Subscription	Rs . 25 lakhs Multiple (25 bonds)
Taxation	Interest Income taxed as per Slab Rate
Issuance Mode	Demat Only

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

Cash-flow Illustration

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

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

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

Anand Rathi PMS

PMS Portfolio

Objective & Investment Philosophy

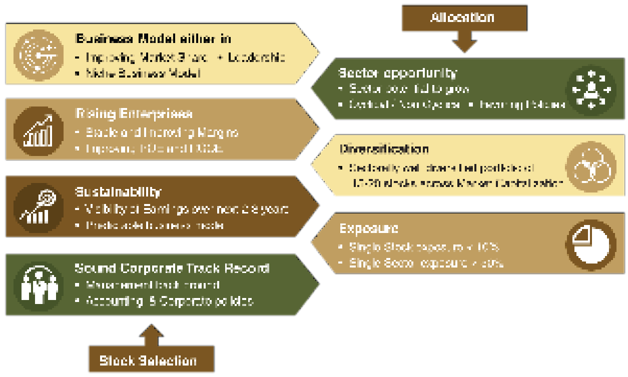
Objective — Focus on Return Optimization by investing in multicap portfolio of rising enterprises with sound corporate track record and sustainable business model keeping balance between value and growth strategy.

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

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

Value | **Growth**

Investment Process



Re-VIEW Strategy

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

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

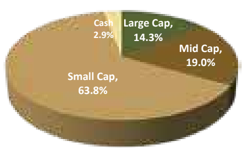
E — Earnings Visibility Changes
Our fundamental research team scrutinizes the quarterly results of the companies to understand the current & future estimated growth. If we are not satisfied with 2 or 3 quarterly results of the company & don't see growth, we take an exit to move to another stock.

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

Top Holdings & Market Cap Allocation

Sr No	Top 10 Holdings	% Holdings
1	ITD Cementation India Ltd.	8.7%
2	Bharat Electronics Ltd.	7.5%
3	Ratnamani Metals & Tubes Ltd.	7.0%
4	Titagarh Railsystems Ltd.	7.0%
5	PG Electroplast Ltd.	7.0%
6	Varun Beverages Ltd.	6.9%
7	KEI Industries Ltd.	6.4%
8	KEC International Ltd.	5.8%
9	Schneider Electric Infrastructure Ltd.	5.1%
10	Radico Khaitan Ltd.	4.9%

Market Cap Allocation

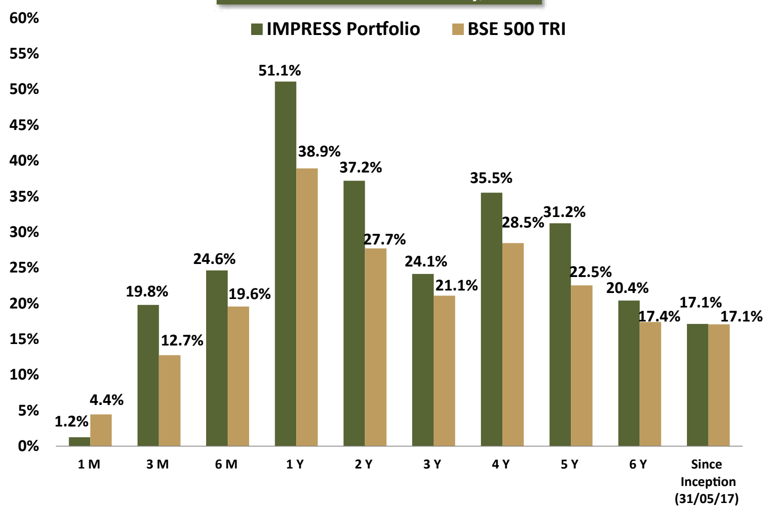


	Avg Mkt Cap (cr)
Large Cap	218001
Midcap	35885
Small Cap	15228
Overall Portfolio	48323

Data as on 31st July 2024

Portfolio Performance

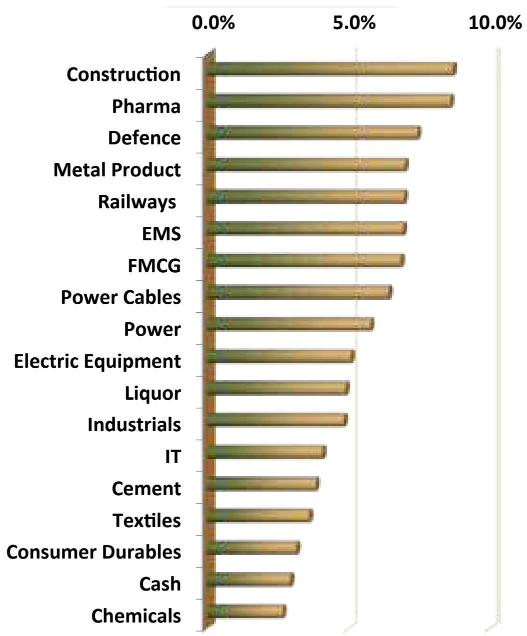
Performance as on 31st July, 2024



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

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

Sector Allocation



Anand Rathi PMS

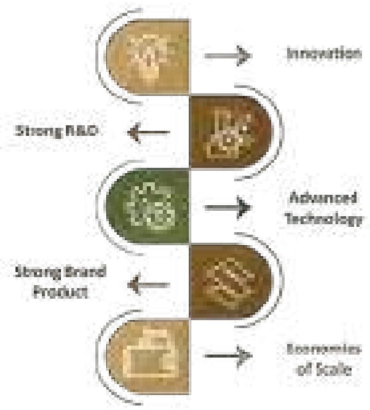
MNC Portfolio

Objective & Investment Philosophy

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

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

Successful Business Model



- MNC's benefit from the economy of scales by spreading R&D expenditures and advertising costs over their global sales, pooling global purchasing power over suppliers, and utilizing their technological and managerial know-how globally with minimal additional costs.
- MNC's can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries

Healthy Balance Sheet

Top Holdings and Allocation

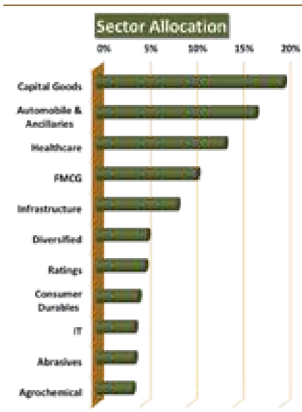
Sr No	Top 10 Holdings	% Holdings
1	Siemens Ltd	8.8%
2	ITD Cementation India Ltd.	8.6%
3	Maruti Suzuki India Limited	7.7%
4	Schaeffler India Limited	6.0%
5	3M India Ltd	5.4%
6	CRISIL Ltd	5.2%
7	Suven Pharmaceuticals Limited	5.1%
8	KSB Limited	4.7%
9	Whirlpool of India Limited	4.5%
10	Ingersoll-Rand (India) Ltd	4.4%

Avg Mkt Cap (cr)	
Large Cap	385131
Midcap	44494
Small Cap	15046
Overall Portfolio	110763

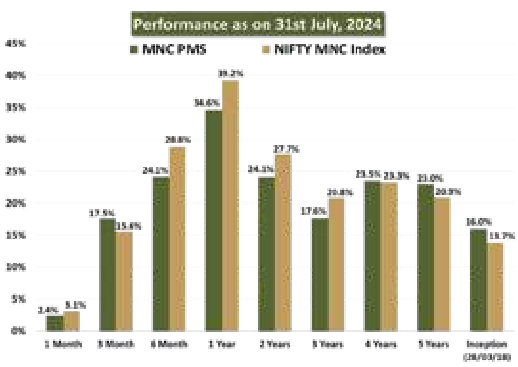
Data as on 31st July, 2024

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.



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



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.
Performance mentioned above are not verified by SEBI.
We have shown the performance as Aggregate performance of all clients on TWRR basis.

Anand Rathi PMS

Decennium Opportunity

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

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

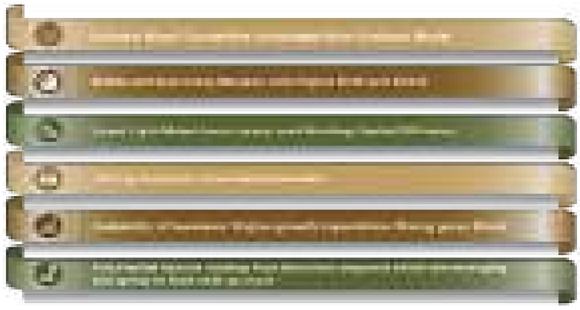
Opportunities at every level of emerging business

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

Emerging business of ongoing Industrial Revolution

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

Stock Selection Process



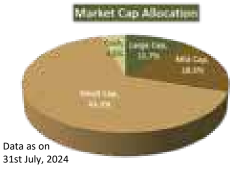
Opportunity - Accelerated Growth from Business Upcycle

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

Portfolio Synopsis

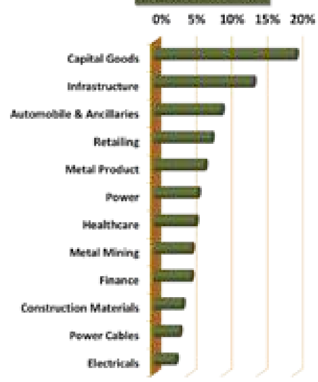
Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.1%
2	Ethos Limited	8.1%
3	KEC International Limited	7.2%
4	Venus Pipes and Tubes Limited	7.1%
5	Craftsman Automation Limited	6.8%
6	Techno Electric & Engineering Company Limited	6.7%
7	Global Health Limited	6.1%
8	Praj Industries Ltd	6.1%
9	Caplin Point Laboratories Limited	5.8%
10	Concord Biotech Limited	5.3%

Market Cap Allocation



Data as on 31st July, 2024

Sector Allocation



	Avg Mkt Cap (cr)
Large Cap	231026
Midcap	47354
Small Cap	13582
Overall Portfolio	36442

The current model client portfolio comprise of 17 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.

Performance as on 31st July, 2024

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

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

Structure Product Idea

Nifty Accelerator

Product Name	Nifty Accelerator– 100%	
Issuer	Anand Rathi Global Finance Limited	
Underlying	Nifty 50 Index	
Principal Protected	Principal is not protected	
Tenor(days)	1900 Days	
Initial Fixing Level	150 points contingent from closing nifty then rounded to next 100	
Final Fixing Level	Average of Closing NIFTY on last Thursday of 44th, 47th, 50th, 53rd & 56th Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100% (IRR – ~14.24%)	
Participation Rate1 (PR1)	100% (From 110% to 133% of Initial Fixing Level)	
Participation Rate2 (PR2)	8200%(From 132% to 133% of Initial Fixing Level)	
Decay Multiple (DM1)® Knock-In Put @ 84.99%	1.4x (below -15% 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 115% & below 133% of Initial Fixing Level	(NP-10%)* PR1+ Max(0%,(NP-32%)*PR2
	If Final Fixing Level is at or above 85% & at or below 115% of Initial Fixing Level	Principal Protection
	If Final Fixing Level is below 85% of Initial Fixing Level	MAX(-100%,MAX ((-30%* DM1), NP*DM1)+MIN (0%,(NP+30%)*DM2))
	If Final Fixing Level is below 10% of Initial Fixing Level	NP

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

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
48400	**100.0%**	**100.0%**	**14.2%**	**14.2%**
36300	50.0%	100.0%	8.1%	14.2%
32186	**33.0%**	**100.0%**	**5.6%**	**14.2%**
31944	32.0%	17.0%	5.5%	3.1%
30250	25.0%	10.0%	4.4%	1.8%
28072	16.0%	1.0%	2.9%	0.2%
27830	**15.0%**	**0.0%**	**2.7%**	**0.0%**
26136	8.0%	0.0%	1.5%	0.0%
24200	**0.0%**	**0.0%**	**0.0%**	**0.0%**
23868	-1.4%	0.0%	-0.3%	0.0%
21780	-10.0%	0.0%	-2.0%	0.0%
20570	**-15.0%**	**0.0%**	**-3.1%**	**0.0%**
20568	-15.01%	-21.01%	-3.1%	-4.4%
19360	-20.0%	-28.0%	-4.2%	-6.1%
16940	**-30.0%**	**-42.0%**	**-6.6%**	**-9.9%**
13310	-45.0%	-48.0%	-10.8%	-11.8%
2420	**-90.0%**	**-66.0%**	**-35.7%**	**-18.7%**
2418	-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
4.52%

Target Nifty Perf.
33%

Product Explanation

NP >= 33%	100% (Contingent Coupon)
32% < NP < 33%	Max(0%,(NP-32%)*PR2
15% < NP < 33%	(NP-10%)* PR1
-15% <= NP <= 15%	Principal Protection
-30% <= NP < 15%	1.4x Decay with Catch-up
-90% <= NP < -30%	Decay decreases to 0.4x
Nifty Falls Beyond -90%	Nifty performance

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

***Product IRR assume to be Pre-Tax IRR**

NP: Nifty Performance
^ Initial Fixing Level is taken as 24011, adding 150 points contingent: 24161, rounded off to next 100: 24200.
****Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 30th June 2024.**

Investment Value per debenture: 1,25,000/-(Issued at a premium)

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

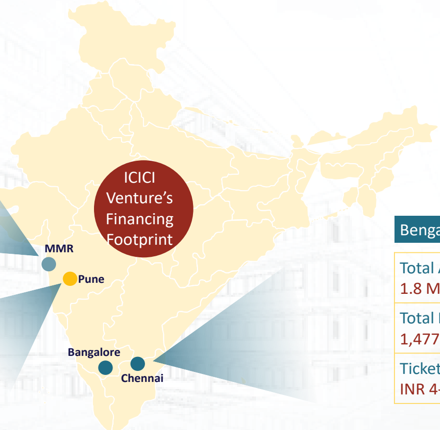
Financed over 15,000 units / 14.2 million square feet of Affordable Housing & Mid-Income projects in India

Mumbai Metropolitan Region (MMR)

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

Pune

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



Bengaluru & Chennai

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

iREIF

Our RE debt exit track record

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

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

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

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

Type: Affordable Housing
Investment : August 2013
Exit : Jan 2016
Gross IRR: 23.4%

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

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

Type: Affordable Housing
Investment : Dec 2014
Exit : Oct 2016
Gross IRR: 21.2%

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

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

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
	2021	550	Andheri, MMR	Affordable Housing	95-195	24.5%[3]	On schedule
	2022	150	Khar,MMR	Housing	270-470	30%[3]	To be disbursed
	2021	400	Mahim, MMR	Affordable Housing	150-250	21%[3]	On schedule
	2022	300	Dadar, MMR	Affordable Housing	150-250	20.1%[3]	On schedule
	2018	387	Hennur Road, Bengaluru	Affordable Housing	55-60	7.2%-13.8%[4]	Behind schedule
	2022	500	Hyderabad	Residential plots	75-235	19.5%[3]	To be disbursed

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

iREIF deal log

iREIF

Disclaimer: All projections, forecasts or "forward-looking statements" relating to expectations regarding future events or the possible future performance of funds contained herein are those of ICICI Venture and represent ICICI Venture's own assessment and interpretation of information available to it as at the date of this presentation and are subject to change without notice. In particular, no representation or warranty is made that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved. There is a substantial likelihood that at least some, if not all, of the forward-looking statements included in this presentation will prove to be inaccurate, possibly to a significant degree.

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]

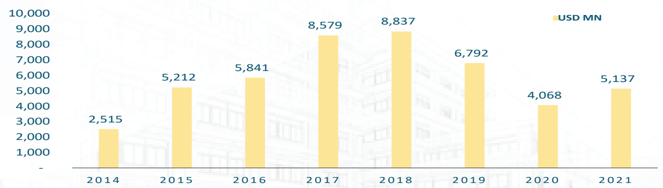
01 Key features of MoU
- Access to proprietary deal flow
- Priority partner for potential co-lending transactions
- Access to diligence materials and market insights
- Ability to leverage CRFG & HFC presence across markets in India

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



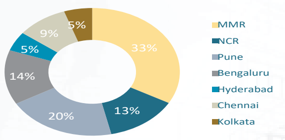
- The Indian real estate industry comprises of 4 sub-sectors -housing, retail, hospitality and commercial.
- The growth in this sector is complemented with the growth in economy driven by manufacturing, the corporate environment and the demand for office space as well as urban and semi-urban housing.
- 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

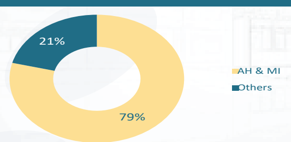
iREIF2 target market snapshot

MMR and Pune account for 53% of Sales

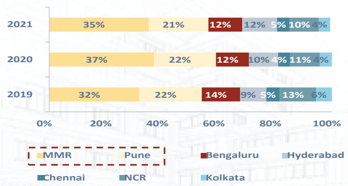
% of Overall Sales from 2015-2021



% 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

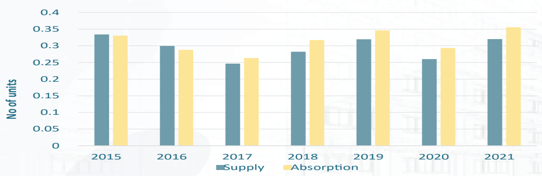
- ~67 % of residential units sold in CY2021 have been in below INR 7.5 mn unit price

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

Covid impact

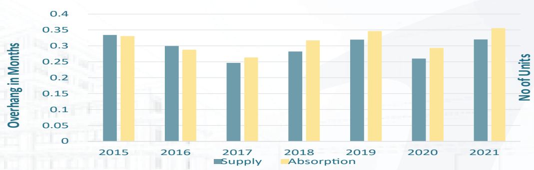
Despite Covid, healthy supply and absorption of residential units

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



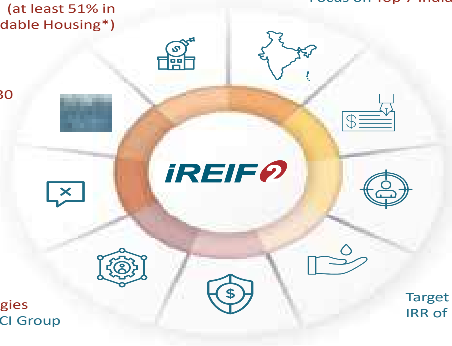
- Inventory overhang has reduced
- Ready inventory of only ~ 50,000 units across top 7 cities

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

India focused;
View on India 2030

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

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

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

Tap synergies across ICICI Group

Target Gross INR IRR of 17%-22%

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

iREIF2

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

iREIF2 Strategy

ICICI Venture

Preferred Stage of Investments

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

Investment Structures

Debt Investments

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

Differential Coupon Investments

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

Coupon + upside Investments

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

iREIF2

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

iREIF2 Process

ICICI Venture

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

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

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

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

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

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

iREIF2

iREIF2 key terms*

ICICI Venture

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

[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

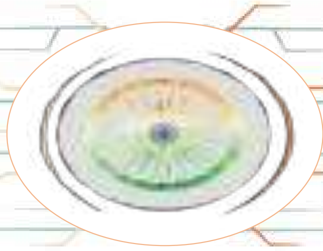
Evolution of ICICI Venture platform

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

INDIA 2030 Summary

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

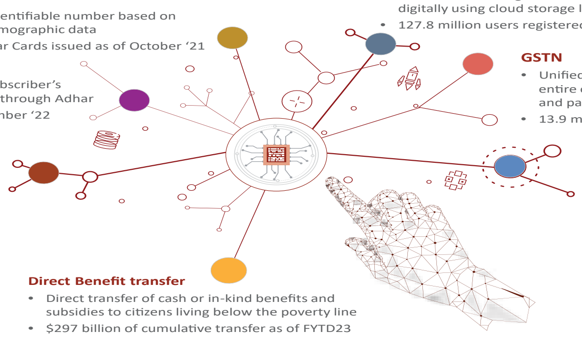
700 million online hoppers

$226 billion E-commerce market

Source: Industry reports, IVEN estimates

Components of Digital India

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

Fund strategy

Tech-focused venture fund

01. Rs. 15 Bn India focused fund; View on Digital India 2030
02. Tap synergies across ICICI Group
03. Sector agnostic; digital focus on Fintech, ConsumerTech and Enterprise
04. 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
05. 10-15 investments; focus on portfolio diversification and risk management
06. Best in-class Deal Sourcing capabilities; Early Identification of key trends
07. Target Gross INR MoIC of 3.5x-4x at a Gross INR IRR of 30%-35%
08. "No Go": Seed stage
09. Provide strategic support to portfolio companies especially areas of corporate governance

IVen Amplifi's positioning

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

Investment themes

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

Illustrative ICICI Group Partnerships with Startups

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

Illustrative Deal Pipeline

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

Key investment framework

The process to repeatedly 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

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
	PURPLE QUARTER	scoreruit

Services		
MyCFO	Aparajitha	protiviti

Products		
knowlarity	exotel	darwinbox
EnKash	freshworks	

Digital Services		
Google	Microsoft	aws
Meta	Digital Ocean	Infosys

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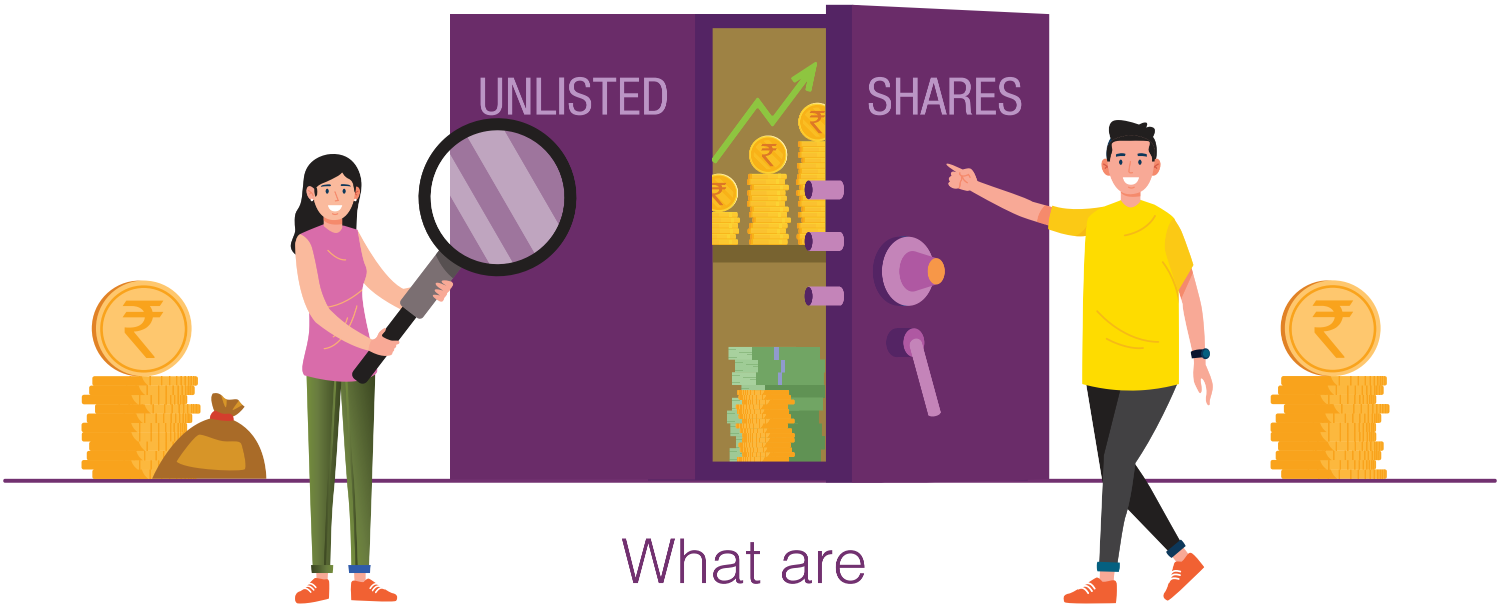
Explore the
Hidden Treasure of **Unlisted Shares***
With

EQUITY UNICORN

Investment in Unlisted Shares*



What are
Unlisted Shares*?

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

Reliance Retail	Retail
HDB Financial Services Ltd.	Financial Services
Chennai Super Kings	IPL Team
Mohan Meakin Ltd.	Beverages
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
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

FINKART
Quality Investing - Simplified!

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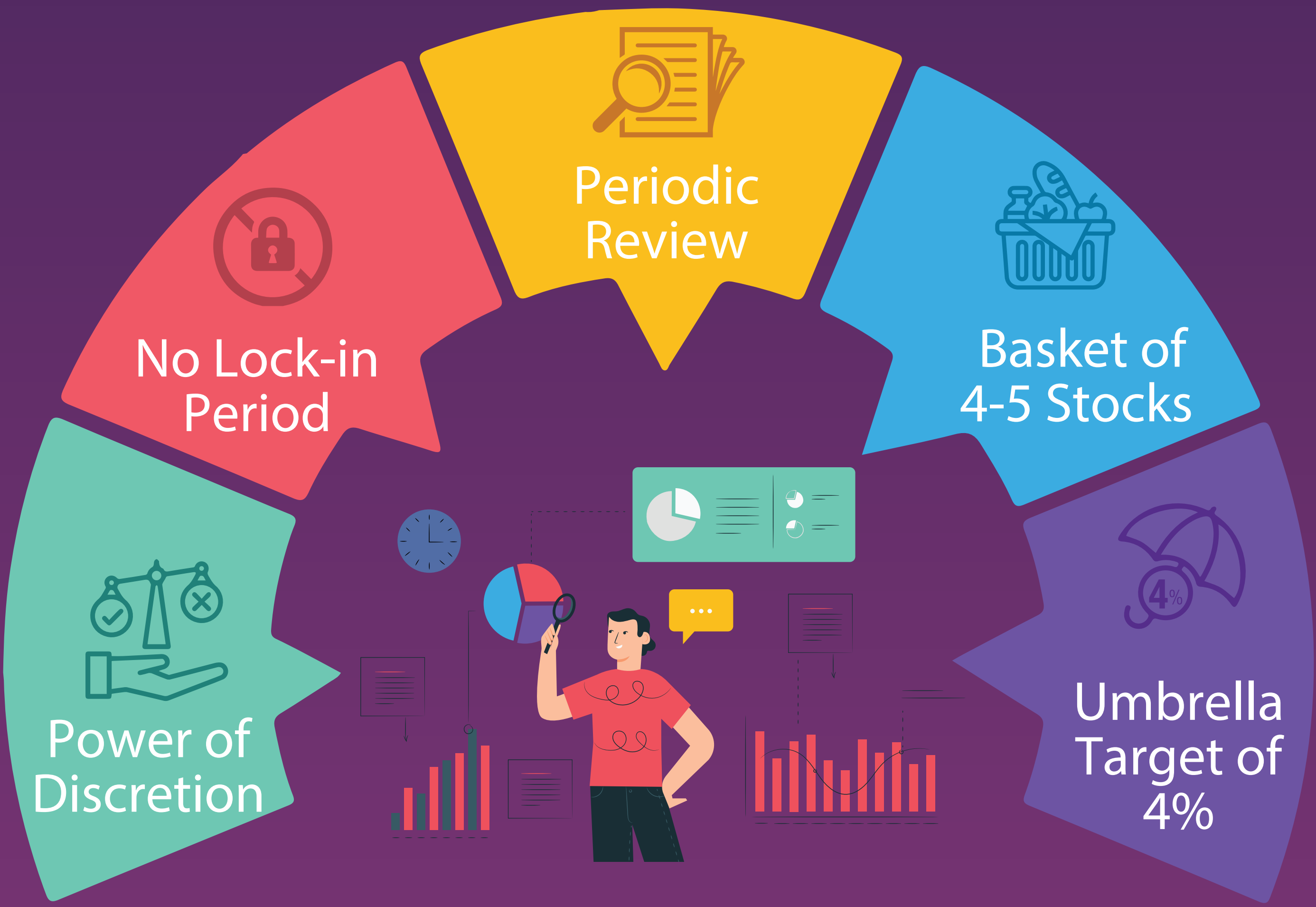
Finkart offers benchmark-relative strategies across the market-cap spectrum of India. We believe the stock market is tremendously efficient to provide opportunities for the disciplined investor.



Dynamic Research Basket Stock Allocation

Feat Award Function 2023-24

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

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