FINANCIAL

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INDEX

PCG Communique

From the Desk of the PCG Head

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The market valuation of BSE-listed companies crossed a record $4 trillion for the first time on November 29, on the back of positive market sentiment in Indian equities. In the past it has climbed over $600 billion since the beginning of the year. BSE-listed firms hit the $1-trillion market cap milestone in May 2007 and it took over 10 years to double. The market cap surpassed $2 trillion in July 2017. Meanwhile, BSE m-cap had hit the $3 trillion mark in May 2021.

The Nifty's recent crossing of the psychological level of 20,000 and the BSE market cap's ascent to the $4 trillion mark signal the start of a fresh momentum. Domestic liquidity has provided support, but the lack of foreign inflows due to high US bond yields has been a hindrance. Fortunately, interest rates in the US have peaked, and the dollar index is declining, which is expected to attract foreign institutional investor (FII) inflows into the Indian equity market. Strong fundamentals, good festive season & green shoots in the rural economy set the momentum for the next course of action in the market. However, any weakness caused could present a compelling buying opportunity.

Foreign institutional investors, who were on a selling spree in the last three months of August, September and October, have also begun buying Indian equities Nov. In November month, net FII buying stands at INR 5795 crore while DII has been net buyer to a tune of INR 12,762crore. This has also added to the positive market sentiment. Overall in FY24, FIIs have bought Indian stocks worth around ₹ 1.18 lakh crore while domestic institutional investors (DIIs) has invested ₹ 85k crore.

But with earnings season over, the local triggers will ease. Fortunately, we have seen a downside in oil prices as Brent dropped from over $90 to under $80. This is certainly a relief and inflation prints, both locally and particularly, in the U.S., raised the expectations that the rate hike monster may be behind us for now. That fuelled the rally afresh in most of the markets. A look at the yield chart of the U.S. 10-year seem to indicate that the decline may continue some more, so there should be continued fall out in other world markets, including ours.

Actually, going into the New Year, we believe India will continue to be a shining star among its global peers. There are lot of estimates that India will be the third-largest economy by 2030. And if all stars align in place then we genuinely believe that India is the destination for lot of FII flow coming in. From a shorter-term perspective for this year, we believe, and I think this is up to some extent contrary to the street that mid and small caps will continue to extend their gains. We continue to see fantastic returns from there and we don't believe that we are anywhere in a bubble zone, which is what we are hearing from some of the other market participants. So, we believe that this is the year, in fact the next five-year period is the time to make supernormal gains from equity as an asset class.

Talking about Global Economy, US inflation broadly slowed in October, which markets cheered as a strong indication that the Federal Reserve is done hiking interest rates. Economists favour the core gauge as a better indicator of underlying inflation than the overall CPI. Despite some bumps in recent months, inflation has settled substantially from a 40-year high reached last year. That's led several Fed policymakers to signal that they may be done raising interest rates, but Chair Jerome Powell has repeatedly stressed the central bank could hike again if needed.

A strong political mandate supporting reform measures alongside improvement in external demand would drive faster growth. The only caveat for the downside scenario would be the delay in the Capex cycle and surprise political outcome or a drag from the external environment. The private consumption growth to gather pace in the coming quarters, as the gap narrows between rural and urban demand and between goods and services. It also expects the private Capex to pick up in a sustained manner creating a virtuous cycle of growth, and exports trends to stabilise without being a drag on growth.

The recent S&P Global India Services Purchasing Managers' Index (PMI) dropped to 56.9 in November, down from October's 58.4. This was below the expectations of analysts polled, who had predicted a slight dip to 58.0. Despite the dip, the index remained above the 50-mark that separates growth from contraction, maintaining a firm position. The gross domestic product grew 7.6% in the

July–September quarter, lower than 7.8% in April–June, according to the latest estimates released by the government's statistical office. Gross value added, which strips out indirect tax and subsidies, is estimated to have grown 7.4% as compared with 7.8% in the previous quarter.

Coming to markets, in our view, an important support for growth expansion to be sustained is a well-calibrated policy response, which helps to maintain a sort of 'goldilocks' environment with a healthy trend in growth, moderating inflation, and a manageable current account deficit.

As inflation has remained largely within the comfort range of the central bank, the RBI has kept rates steady since Mar-23. Indeed, the rising uncertainty from external factors and tighter global financial conditions have kept the RBI on vigil with a focus on liquidity management.

Overall, the quarterly results were largely as expected. IT services companies reported a weak performance (although in line) in Q2 FY24 with a median revenue growth of 1.0% QoQ, in an otherwise seasonally strong quarter. Stocks in the automobile sector reported positive results, largely driven by lower commodity costs, better product mix favourable foreign exchange, and operating leverage. Four out of the total six companies operating in the automotive sector beat their estimates for the quarter, while three out of the total four which operated in the oil, gas and consumable fuel sector surpassed expectations.

FY24 we should be ending be ending with a Nifty earning of 950-980 which is a 23% over FY23 EPS of 775 and for FY25 we estimate a EPS of 1100. We are trading at a trailing P/E of 21 for FY24 & 18x times FY25 earnings. The last 10 years, the 1-year forwards average mean PE multiple is 19.1 so we are not expensive at the current market and we firmly believe that there is lot to catch up. Market will start catching FY25 earning and we are relatively at the lower end of the valuation taking FY25 earnings estimates. Most of the Large caps are trading below their mean average multiple. Taking the 21x PE multiple we understand that market will be reaching to the new high of 22500.

We believe there is lot of scope in large cap companies to move from here. If we see the Nifty constituents, approximately 32% in financials, 8% Reliance, 8% is Auto & 13% is IT. IT & Reliance hasn't participated in the rally from 19000- 20000. Even the major large cap banks, the like of HDFC Bank, ICICI & Axis & SBI hasn't participated to this Nifty rally. So all of these start and touches their life time high we can anticipate where Nifty will be. And especially large caps weren't trading at those high multiples vs what the mid-caps were trading at. Hence at these times, investors should start building their portfolio towards Large cap where valuation support the most.

We see most of the large Cap Pvt banks are trading P/BV of 2-2.5x Vs the historical P/BV of 2.5-4x. IT companies are trading nearing to their 10 year mean P/E. Most of the auto companies has seen margin expansion due to cooling of raw materials prices. We believe there is there is lot of potential in some of Pvt Banks, Auto & IT names where investor should look for an opportunity.

India is 5 months to go for the election years we have witnessed that in the last 5 elections since 1999 till 2019, in all the five election year except for 2004, Nifty has given a positive return. I opine to the view that markets will anticipate the existing govt to come for the next term and mkt will give a pre-election rally.

Elections and Markets

ELECTIONS AND MARKETS

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

Election Result

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

6 Months Before Result

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

6 Months After Result

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

1 Year Before Result

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

1 Year After Result

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

Market Commentary

The Nifty index ended the November month on a higher note as it closed at '20,133' as compared to October end '19,709', an increase of 2.15%. Similarly, Sensex ended the November month at 66,988 with a return of 4.8%.

Indian equity benchmarks extended gaining streak for fourth straight week and eke out marginal gain during the passing week. Gains remained capped as traders remained on sidelines ahead of outcomes of Assembly election to be announced in first week of December. Markets started the week on quiet note as traders remained cautious with S&P Global Ratings' statement that the hike in risk weights for consumer loans like personal loan and credit cards may shave-off tier I capital of banks by 60 basis points, hit loan growth, and squeeze the nonbank sector in particular. Sentiments also remained down-beat with the Reserve Bank's statement that India's forex kitty decreased by $462 million to $590.321 billion for the week ended November 10. In the previous reporting week, the overall reserves had increased by $4.672 billion to $590.783 billion. On the very next day, traders turned optimistic taking support with Moody's Investors Service's statement that the RBI's decision to tighten norms for unsecured personal loans is credit positive because lenders will need to allocate higher capital for such loans, thus improving their loss-absorbing buffers. Sentiments remained positive with a private report stating that India Inc's net profit as a percentage of the country's gross domestic product (GDP) is just shy of reaching 5 per cent, bolstered by strong earnings growth in the second quarter of 2023-24. Markets added gains after Retirement fund body, Employees' Provident Fund Organisation (EPFO) in its latest 'Provisional Estimate of Net Payroll' data report showed that India created 1720615 new jobs in the month of September 2023 as against revised figure of 1497410 in August 2023. Traders overlooked data showing that retail inflation for agricultural labourers and rural workers rose marginally to 7.08 per cent and 6.92 per cent in October, respectively, from 6.70 per cent and 6.55 per cent respectively in September 2023 due to higher prices of certain food items. Market participants took support with report that the Ministry of Finance (FinMin) is expecting to conclude the full financial year as projected with a strong growth performance and macroeconomic stability even as it flagged risks of demand taking a hit on fuller transmission of monetary policy, high inflation, uncertain external financial flows. India has projected a gross domestic product (GDP) growth of 6.5 per cent for FY24. However, traders opted to take some profit of the table amid a private report stating that investments by Private Equity and Venture Capital (PE/VC) funds have declined to $3.4 billion for October. By value, the bets were 3 per cent lower than $3.5 billion in the year-ago period, and 19 per cent lower than $4.2 billion in September. Investors ignored PHDCCI's report stated that measures like comprehensive trade pacts, reduction in cost of capital, power, and land reforms will help boost India's exports of goods and services to $2 trillion by 2030. Traders also shrugged off private report stating that the Indian economy is likely to post better than anticipated growth in the second quarter (July-September) owing to robust urban consumption and expansion in services.

The S&P Global India Manufacturing PMI rose to 56.0 in November 2023 from October's 8-month low of 55.5, in line with market consensus. It was the 29th straight month of increase in factory activity, as output expanded at an above-trend pace. Also, new order growth improved from October's one-year low and outpaced the series average; while foreign sales gained for the 20th month, albeit at the slowest rate since June. Further, employment increased for the eighth month, amid a slight rise in outstanding business. Buying activity and stocks of inputs rose, in many cases owing to buoyant demand conditions. The vast majority of panelists reported no change in delivery times since October, amid modest deterioration in vendor performance. On prices, purchase costs went up the least in 40 months. Meanwhile, charges rose modestly as most firms opted to leave their fees unchanged since October. Lastly, confidence dipped to a 7-month low, due to rising inflation expectations.

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

India's retail price inflation fell to 4.87% in October 2023, the lowest in four months, compared to 5.02% in September and forecasts of 4.8%. Prices rose less for pan, tobacco, and intoxicants (3.87% vs. 3.88%), clothing and footwear (4.31% vs. 4.61%), housing (3.8% vs. 3.95%), and miscellaneous (4.4% vs. 4.77%). Additionally, fuel and light costs fell by 0.39% after a 0.11% drop in September. Meanwhile, food inflation was little changed at 6.61% from 6.62% in the previous month. Cost of spices (22.76%), pulses (18.79%), cereals (10.65%), eggs (9.3%) and sugar (5.5%) remain elevated, as El Nino affected the production of kharif crops this season, including pulses, cereals and sugar.

The country's merchandise exports increased in October 2023. India's merchandise exports in September increased to $33.57 billion as compared to $31.60 billion in the year-ago period. India's overall exports (Merchandise and Services combined) in October 2023* is estimated to be USD 62.26 Billion, exhibiting a positive growth of 9.43 per cent over October 2022. Overall imports in October 2023* is estimated to be USD 79.35 Billion, exhibiting a positive growth of 11.10 per cent over October 2022. The country's merchandise imports grew 12.3% to $65.03 billion as compared to $57.91 billion a year before. The merchandise trade deficit for April-October 2023 was estimated at USD 147.07 Billion as against USD 167.14 Billion during April-October 2022.

The Goods and Services Tax (GST) collections for the month of November 2023 stood at ₹1,67,929 crore which is 15% higher than the GST revenue in the same month last year, which itself was ₹1,45,867 crore. During the month, revenue from domestic transactions (including import of services) is also 20% higher than the revenues from these sources during the same month last year.

India's foreign exchange reserves have showed positive signs as it increased by US$5.07 billion to $376.01 billion in the week through November 24. Foreign currency assets decreased by $4.38 billion to $324.05 billion for the week ending November 24.

The U.S. markets ended higher during the passing week as treasuries yields pulled back following the release of the results of the Treasury Department's auction of $16 billion worth of twenty-year bonds. Recent economic data showing signs of easing inflation has reinforced investor expectations that the Federal Reserve will leave rates unchanged at upcoming meetings. Markets also benefitted from easing concerns about the conflict in the Middle East after Hamas and Israel agreed to a Qatar-mediated pause in fighting. Meanwhile, the minutes of the central bank's latest monetary policy meeting said Federal Reserve officials expect to keep interest rates at a restrictive level for some time. The minutes of the October 31-November 1 meeting said participants agreed policy should remain restrictive until inflation is clearly moving down sustainably toward the Fed's 2 percent objective. Following the recent series of interest rate hikes, participants also agreed to proceed carefully and take a data-dependent approach to future policy decisions. The Fed said 'participants noted that further tightening of monetary policy would be appropriate if incoming information indicated that progress toward the Committee's inflation objective was insufficient.' The Fed also said participants expect data arriving in coming months to help clarify the extent to which the disinflation process was continuing. The minutes revealed participants generally judged risks to the achievement of the Fed's goals had become more two sided, although most continued to see upside risks to inflation. On the economic data front, the Labor Department revealed that first-time claims for U.S. unemployment benefits fell by much more than expected in the week ended November 18th. The Labor Department said initial jobless claims slid to 209,000, a decrease of 24,000 from the previous week's revised level of 233,000. Street had expected jobless claims to dip to 225,000 from the 231,000 originally reported for the previous week. Further, consumer sentiment in the U.S. deteriorated by less than previously estimated in the month of November, according to revised data released by the University of Michigan. The University of Michigan said its consumer sentiment index for November was upwardly revised to 61.3 from a preliminary reading of 60.4. The upwardly revised reading is well above participants estimates for 60.5 but is still down from 63.8 in October. Besides, the Commerce Department released a report showing durable goods orders pulled back by much more than expected in the month of October. The Commerce Department said durable goods orders plunged by 5.4 percent in October after jumping by a downwardly revised 4.0 percent in September. Street had expected durable goods orders to tumble by 3.1 percent compared to the 4.6 percent surge that had been reported for the previous month. The sharp pullback in durable goods orders came as orders for transportation equipment plummeted by 14.8 percent in October after spiking by 11.6 percent in September.

European markets ended passing week with gains. The start of the week was muted, as the euro area current account surplus remained stable in September. The European Central Bank said that the current account surplus totaled EUR 31 billion, unchanged from August. The surplus on goods trade decreased to EUR 31 billion from EUR 36 billion a month ago, while the surplus on services trade held steady at EUR 8 billion. Further, Switzerland's trade surplus decreased in October as exports fell faster than imports. The data from the Federal Customs Administration showed that the trade surplus dropped to CHF 3.4 billion in October from CHF 5.0 billion in September. In real terms, exports fell 7.2 percent monthly in October, reversing a 3.8 percent rise in the previous month. The decline in imports deepened to 3.1 percent from 0.7 percent.

However, markets added gains towards end of the week, as the UK private sector activity almost stabilised in November after contracting in the previous three months. The purchasing managers' survey results from S&P Global and the Chartered Institute of Procurement & Supply showed that the flash composite output index rose to a four-month high of 50.1 in November from 48.7 in the previous month. Any score above 50 indicates expansion in the sector. The expected score was 48.7. This slight expansion came for the first time since July. Besides, Italy's construction output expanded for the second straight month in September, though slightly. According to the provisional data released by the statistical office Istat, construction production advanced a seasonally adjusted 0.2 percent month-on-month in September, much slower than the 2.1 percent rebound in the previous month. On a yearly basis, construction output remained flat in September after a 0.3 percent drop in August. On the inflation front, Spain's producer prices declined for the eighth successive month in October amid cheaper energy costs. The statistical office INE said that the producer price index fell 7.8 percent year-over-year in October, following an 8.5 percent decline in September. Prices have been falling since March. Excluding energy, producer price inflation moderated to 1.3 percent from 1.8 percent. Further, Germany's producer prices declined for the fourth straight month in October due to the decrease in energy prices. The Destatis reported that producer prices dropped 11.0 percent from a year ago in October, in line with expectations. The annual decline in September was 14.7 percent, which was the biggest fall since records began in 1949. However, Destatis said the decline was largely attributed to the base effect as the war in Ukraine pushed up producer prices in August and September 2022.

Asian markets ended mixed during the passing week, as the investors remained on sidelines amidst global economic slowdown worries. Sluggish economic signals from Japan and the euro zone saddled market investment volume. Uncertainty over the path of US interest rates in the coming year also dulled risk appetite. Trading volumes were muted due to a holiday in the U.S. for Thanksgiving.

Japanese shares fell by around half percent as government data showed Japan's core consumer price growth picked up slightly in October, after easing the previous month, reinforcing investors' views that stubborn inflation may push the Bank of Japan (BoJ) to roll back monetary stimulus before long. The nationwide core consumer price index (CPI), which excludes volatile fresh food costs, rose 2.9 per cent year-on-year in October. Core inflation had slowed to 2.8 per cent in September from 3.1 per cent in August, the first time it was below 3 per cent since August 2022. However, Chinese Shanghai ended marginally higher, boosted by Beijing's latest measures to boost the country's struggling property market. Some support also came after the country's central bank kept its loan prime rate near record lows, as widely expected, and added liquidity into markets via reverse repos. However, gains remained capped as investors were cautious ahead of Chinese PMI data for October next week after readings in September indicated a dip in manufacturing while services activity moderated.

The S&P Global US Manufacturing PMI was confirmed at 49.4 in November 2023, the lowest in three months, pointing to a renewed deterioration in operating conditions in the manufacturing sector as lower new orders weighed. The return to contraction in new sales led to a slower expansion in production and a further cut to headcounts, while inventories continued to be run down and input buying stagnated. Meanwhile, input costs rose at a notably slower pace. A lower impact from energy and material price pressures dampened inflation, with firms also moderating the extent to which greater costs were passed through to customers as selling prices rose at a slower rate. Looking ahead, business expectations lifted from October’s recent low, but signaled subdued growth expectations for the year ahead

The HCOB Eurozone Manufacturing PMI was revised slightly higher to 44.2 in November 2023, up from 43.1 in October and the highest since May. However, the most recent reading still indicated a seventeenth consecutive month of contraction in the bloc's manufacturing sector, with Austria leading the decline, closely followed by Germany and France. Output continued to decrease at a solid rate, albeit at a slower pace, along with both new orders and export sales. Backlogs of work declined in November, extending the ongoing period of depletion in outstanding business to a year-and-a-half, while the rate of job shedding was the fastest since August 2020. Additionally, suppliers’ delivery times shortened for the tenth consecutive month in November. Regarding prices, both input costs and output charges remained in deflationary territory. Lastly, business confidence improved, reaching a three-month high.

The au Jibun Bank Japan Manufacturing PMI was revised higher to 48.3 in November 2023 from 48.1 in the preliminary estimates and after 48.7 in the previous month, pointing to the sixth straight month of contraction in factory activity. Still, the latest reading was the steepest contraction in the manufacturing sector since February, as output and new orders shrank faster, with new export orders falling to the fastest since June. Employment fell for the 2nd consecutive month, while backlogs of work dropped the most in eight months, indicating they had enough capacity to work through the outstanding business. Purchasing activity fell the most in nine months, while delivery times lengthened. On prices, input cost eased to a three-month low while output cost inflation slowed for the first time in three months to reach the lowest since July 2021. Finally, business sentiment improved amid hopes of a sustained improvement in demand amid new product launches and a global economic recovery.

Going Ahead

Apart from the festive joys, the month of November also provided us with some pleasant surprises. Inflation in the United States has been lower than expected. This appears to signal that any additional policy rate hikes in the country are now unlikely. The combined effect of falling bond yields and an expected early US economic recovery has been beneficial to global equity markets. While the Israeli-Palestinian conflict is still ongoing, there has been some de-escalation. Global crude oil prices have also dropped significantly. All these factors are favorable to the global equities market in general, and the Indian equity market in particular.

We began the year 2023 with low expectations. There were widespread fears of a global recession. However, from April 2023, both the global economy and equity markets performed better than projected. The faster-than-expected slowing of inflation, particularly in the United States, has fueled expectations of an early start to monetary easing in that nation. It is also believed that a lower interest rate environment may hasten the recovery of the US economy

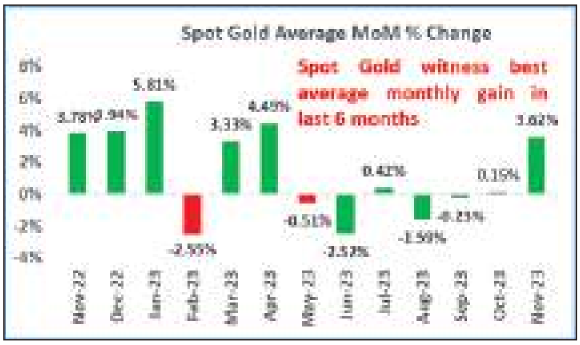
The Indian economy continues to outperform the peers. Domestic demand, particularly for discretionary items, remains high. Most firms reported high sales. Despite weak global demand affecting India's goods exports, services exports are performing well. The results released by publicly traded firms for the quarter ended September 2023 reveal that, on average, corporations delivered earnings in accordance with market expectations. Banks, NBFCs, industrials, and the oil and gas sectors performed better than projected, while information technology, telecommunications, and metals performed poorly. Earnings of Nifty 50 firms increased by 26% compared to the same quarter in 2022, while earnings of Nifty 500 companies increased by an impressive 36%. In the future, we predict mid- and small-cap companies to continue outperforming the large-cap companies.

Certain states in India are now holding elections. The next general election is also set to take place in the following six months. With the rise of populist initiatives by various political parties and the attendant uncertainty regarding election outcomes, domestic investors may become risk averse. However, it is vital to remember that most financial markets are inherently volatile in the near term. With strong macroeconomic fundamentals, buoyant performance by listed firms, increased equity allocation by domestic investors, and near to fair valuation of the Indian equities market, the medium to longer term prospects remain sturdy, regardless of short-term swings.

Commodities Outlook

Precious Metals: Gold breached all time high levels on growing expectations for US rate cuts by early next year.

Gold witnessed one of the best returns in last 6 months as it traded in a range of more than 130 $ rising from a low of $ 1936 per ounce hit in Mid-November in spot to above $ 2070 per ounce. Upside was primarily due to traders starting to increasingly position for a hard economic landing and aggressive Fed policy easing next year. Recent monthly macro data, including reports showing slower job growth and cooling consumer prices in October led to augmented safe haven appeal of Gold with MCX prices rising to all-time highs in February futures to above Rs. 63000 per 10 gm levels.



Gold has outperformed most commodities since the start of the year, with most of the speculative money from hedge funds and money managers entering into the commodity as the same is taken as a hedge against economic uncertainty. Spot commodity prices nearing the end of 2023 are on a down leg after reaching the most extended in 2022 vs. Gold since 2008. Market participants now expect US recession that didn't happen in 2023 may be more severe on the back of the Federal Reserve hiking another 100 bps this year and the effects of most central banks still tightening in last quarter which had enhanced safe haven appeal of the yellow metal.

Fundamental Outlook: : (Spot CMP $ 2065 per ounce). Gold to remains highly volatile in Spot towards the end of the year but to end up being the most favoured commodity of the year amid global slowdown prospects.

Gold looks vulnerable to heavy volatility in the current months as a breach of all time high levels around $ 2080 on COMEX could fuel uncertain moves amid speculative positioning in the said metal given the cumulative effects of Federal Reserve interest rate increases and reduced credit availability to show signs of finally biting. Also peak wedding season in India from November onwards could keep sentiments firm supporting prices at lower levels.

On the global front, effects of higher interest rates are starting to show as US Credit card borrowing costs continue to reach the highest since records began, Car loan and personal loan rates soar in US, while mortgage rates continue to stay up at around 8%. Consumer spending is expected to grow at a weaker pace in the fourth quarter with this decelerating trend continuing in 2024. Home builder sentiment in US have also remained lack luster which weakens the outlook for residential construction towards 2024. On the demand front, Central banks have continued to buy gold this year with its net purchases higher than the 5 year average while 8 % ahead as compared to three quarters of 2022. As one of the leading stockpilers in the past year, China remains a bright spot for gold demand in 2023. It topped up holdings for the 12th consecutive month, adding 23 tons in October, the World Gold Council said as it predicted robust investment demand through the year-end. Overall we anticipate gold to end up with an yearly average of $ 1940 – 1945 per ounce levels as compared to an average of $ 1802 per ounce in 2022 in spot. On a monthly basis Gold could well trade in a wider range of $ 2035 – 2175 per ounce in Spot.

Crude oil extended losses in November on shaky demand outlook and easing supplies

Crude had another turbulent month as economic activities started showing signs of slowdown while Non-OPEC supplies remained elevated. WTI oil broadly traded in the range of $72.30-80.50 level in November and closed the month 6% lower at $75.96/bbl while MCX Crude oil ended 5.5% lower m-o-m to close at Rs 6,407/bbl.

Oil markets remained mostly under pressure in

November after IEA warned oil balances to turn into surplus in Q1 2024. Meanwhile, manufacturing in China fell back into contraction, US Inventories rose for 6 straight sessions, US production sustained at record levels. Key indicators including WTI prompt spread remained in contango indicating sufficient supplies.

Markets turned cautious in the last week of November and did climbed toward $79 on hopes of deeper cuts by OPEC+, but were unable to sustain gains after the cartel failed to coordinate further large-scale supply reductions across the wider OPEC+ group and announced additional voluntary cuts of 9 lakh bpd for Q1 2024 by few OPEC member along with the existing 1.3 mn bpd supply cuts by Saudi and Russia. Thus, lack of concrete cuts, left market remain in gloom and exerted pressure on the prices.

Outlook for December

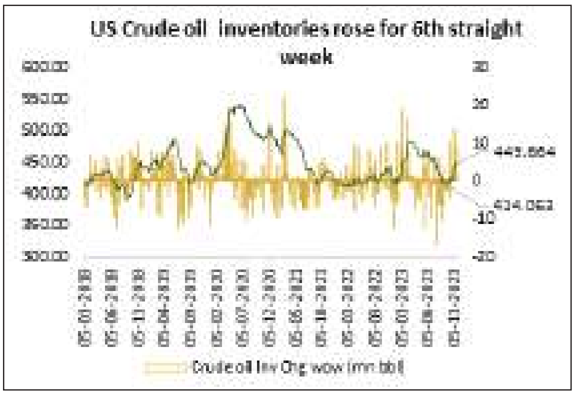
Finally, we are in the last month of the calendar year 2023 with crude oil prices back in their mid-70s after soaring towards $95 levels in September. Oil market no doubt is surrounded by lot of negativity with respect to global economic conditions in 2024 and its impact on oil consumption world-wide, but one thing is sure, that we are re-entering a supply driven market.

Leading Recession-indicators are foretelling economic slowdown which is generally associated with demand downturn in oil and its prices. In such a scenario, OPEC along with kingpin Saudi is struggling to balance the oil market fundamentals by reducing supplies amidst the bleak global growth outlook. Their initial decision in mid-2023 had borne fruits, but an increase in Non-OPEC production failed to keep tight supplies in place for a long time and trapped oil market bulls.

The latest bid by OPEC+ with additional oil-output cuts for Q1 2024 has left market skeptical about the effectiveness of the move. That's partly because of the voluntary nature of the curbs, and partly because of their opacity. Updated forecasts now point to a 300,000 barrel a day deficit in the first quarter of next year, compared with an earlier outlook for a surplus of 300,000 barrels a day. However, a small surplus is expected to return in the second and third quarters.

Besides supply outlook for the next year, let's see what near term indicators signal for the month of December. US production is sustaining at record levels since the start of October near 13.2 mn bpd, offsetting Saudi output cuts and is unlikely to taper anytime soon. US crude oil inventories are rising consistently since last 6 weeks. At 449.7 million barrels, U.S. crude oil inventories are slightly above the five year average for this time of year. Crude oil inventories at Cushing, Oklahoma, the delivery point for US crude futures and a key storage hub, are rapidly refilling after sinking to their lowest level in a decade in October. Stockpiles surged by 1.9 million barrels last week. The quick rebuild has helped flip WTI futures into contango for the first time since July.

On demand front, China crude throughput is set to continue the downtrend in December from the record high in September, due to weak domestic demand and a slump in oil product exports. Both state-run and independent refineries have cut throughputs in November, from 15.12 mn bpd in October and the historical high of 15.54 mn bpd in September.



To conclude, except OPEC+ additional voluntary cuts and geopolitical tensions (if arise), all other fundamental factors signals negative price pressure in crude oil. As we approach the end of the calendar year, markets will start responding to supply cuts for Q1 2024. Broader fundamental price picture though remain bearish on expected demand slowdown in 2024, but, with OPEC's deeper cuts, oil supplies will remain in deficit in Q1, 2024 (provided OPEC member adhere to cuts). This should provide floor to prices around $70-72 level. For December, WTI crude oil is likely to trade in the range of $70-$80 level. But if OPEC fail to provide clarity on the cuts and that supplies from members increase, oil prices might dip below $70 levels also.

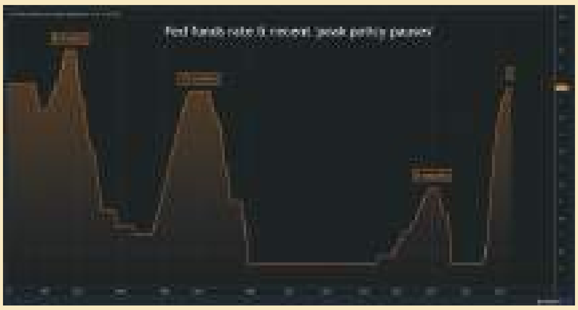
Currency Outlook

December on an Average the weakest month of the year for Dollar index

The dollar is heading for its weakest monthly performance for a year, with a loss so far of 2.7%. The prospect of a rapid flip to rate cuts by the Federal Reserve next year has driven investors into beaten-down Treasuries, pushing yields down by the most in a month in four years and boosting stocks at the expense of the dollar. Seasonally, December is the worst month for dollar performance. Since 1973, the dollar has lost an average of 0.9% in December. But it does tend to recover those losses in January, with an average gain of 0.98%. There have been 16 years in which the dollar has fallen in November and December, but only four when it's fallen in November, December and the January of the following year.

Dollar outlook

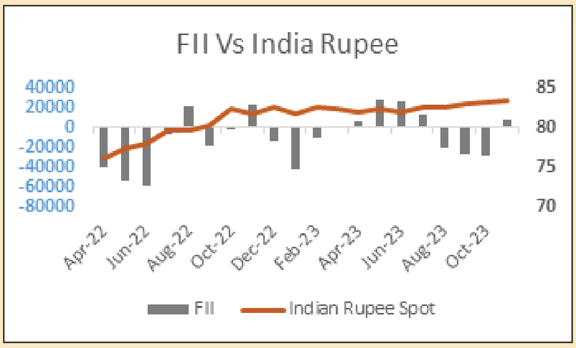
There are two key dilemma: What is the magnitude and extent of the slowdown in the US economy and when will the Federal Reserve respond? The US economy grew by 5.2% in Q3 but appears to be slowing markedly in Q4. Economists look activity to be at least halved in Q4 and slow further in Q1 24 to 0.4%. The FOMC's last meeting of the year concludes on December 13. It is widely expected to hold with the upper band of its target at 5.50%, where it has been since July. The futures market has fully discounted two cuts by the end of H1 24 for the early May meeting and



about 3.5 cuts by the end Q3 24. In September, the median projection anticipated two rate cuts in 2024, even though its PCE deflator forecast is for above target 2.5%. The uncertain policy outlook will likely limit scope for new international agreements and may dampen investment. The Dollar Index's rally from mid-July through early October ended and meeting an important technical retracement objective of its rally since mid-July. While we think the cyclical high was recorded in September 2023 (~114.75), we suspect November's 3% decline was a bit too much. A bounce could lift it back to the 104.70-105.00 before it falls out of a favor again.

FIIs inflows got stable in November (buyers) after consecutive 3 months of Selling

After turning net sellers in the past two months, FPIs again made a comeback in the Indian stock markets in November and pumped in Rs 9,000 crore amid fall in US Treasury bond yields and the resilience of the domestic market. The latest inflow can be attributed to fluctuations in the US Treasury yields and crude oil prices. Last month, the market witnessed the remarkable listing of two IPOs - IREDA and Tata Tech - potentially indicating a positive trend for foreign investors. However, low chances of further rate hikes could have also boosted market sentiments leading foreign investors to take on some risk, Also, a fall in crude prices also provided positive support. Overall, the cumulative trend for 2023 remains healthy, with FPIs pouring in Rs 1.15 lakh crore so far this calendar year.



RBI likely to deliver a dovish hold

We expect the monetary policy committee to vote unanimously to keep the repo rate at 6.5% for a 5th straight meeting. Inflationary pressures that look set to persist in the near term argue against easing. Growth that's been beating expectations also takes a rate cut off the table, for now. Reserve Bank of India's Monetary Policy Committee is likely to keep interest rates unchanged this week while signalling tight liquidity conditions and vigilance on inflation, as rising food prices are seen exerting upward pressure on upcoming CPI readings. We expect the RBI to signal a delay in its plans to sell bonds in a bid to guide yields back down with a recent drop in global yields. Any bond sale will be in March at the earliest — when banking-sector liquidity is likely to return to a surplus. With the rate gap with the US the narrowest on record, we doubt the RBI will pivot to easing until after the Federal Reserve starts to lower rates. That will avoid spurring capital outflows and hurting the rupee.

Indian economy to become $5 trillion driven by strong rupee

The USD 5 trillion milestone will be crossed with the help of a strong rupee which will result from macroeconomic stability. At the end of 2022-23, the Indian GDP stood at USD 3.7 trillion, Gross domestic product rose 7.6% in the three months to September from a year ago on boost in manufacturing and government spending before elections. The International Monetary Fund (IMF) projects India to reach this milestone in 2027-28, with a strong rupee contributing to the achievement through macroeconomic stability. High frequency indicators suggest the positive momentum sustained in Oct-Nov23, including core sector output, motor vehicle registrations, loan growth, government spending, power demand etc.

Rupee Outlook

The relative weak performance of Rupee seems perplexing given a favourable global as well as domestic backdrop. A softer dollar, lower oil prices, reversal in FPI outflows, easing domestic inflation amidst strong domestic growth momentum, all favour a stronger rupee. While a record trade deficit in Oct'23 can at the margin be detrimental for the rupee, the increase in trade deficit is likely to be a one-off. The rupee's underperformance can be explained by a strong demand of dollars by importers in the last few weeks. This has put pressure on USDINR. Timely and efficient intervention by the RBI in the forex market has ensured orderly movement in the exchange rate, preventing it from falling further. We expect Rupee to be in range of 83 – 83.50 levels of this current month.

Technical Analysis

NIFTY: DEC 2023

LEVELS TO WATCHOUT FOR: 20400 - 20600 / 19800 – 19400

It was a NO SELL NOVEMBER for the D – Street since the domestic markets remained optimistic throughout the month to end with magnificent gains. The benchmark index NIFTY kept on inching higher from 19000 level and surged more than 5% throughout the month. Eventually, the index surpassed 20K mark during the month and the month of Dec 2023 started with a new life high. This was exactly in line with our expectations and the long - short ratio of index futures by the FIIs already hinted for the same.

Finally, after a struggle of a couple of months, NIFTY managed to clear the previous life high of 20222. It was a perfect picture since initially the index found support exactly at the placement of 200 EMA. This was coinciding with the 10% LS ratio of index futures by FIIs and then we saw a relentless move on the upside which surprised everyone. We already stated that markets can make a strong bottom and it did and now there is a breakout in the index. As of now, the index seems to be heading towards 20400 – 20600 zone which is the placement of a rising trend line resistance. Earlier in Sep 2023, NIFTY found resistance near this trend line and then corrected over 1000 points from the top. This time too we expect some cool off from that zone as the markets are likely to face the impact of State election results. However, for a broader time frame we continue to remain buy on dips. As of now, 20000 – 19700 might act as a strong demand zone in case of any corrective move. One thing traders should note is that there is a breakout in NIFTY BANK index and that might take the baton from here on.

Once again, the NIFTY BANK index underperformed during the month on NOV 2023 by gaining around 4%. However, now we are witnessing a fresh breakout in the index and the pattern resembles an inverse bullish head and shoulder breakout. The overall theoretical target for the pattern comes around 46500 and hence we remain buy on dips for the index till the time 43200 is not broken. We expect outperformance from BANKNIFTY in the coming weeks.

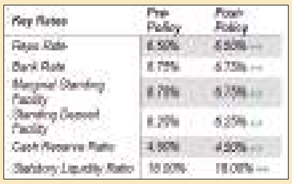
Technical Pick – BUY ICICIBANK
POTENTIAL UPSIDE 6.54%- 8.72%

- We are bullish on NIFTY BANK index for the coming few weeks and ICICIBANK is a major art of the index.
- The peers if ICICIBANK like AXIS and INDUSIND underwent a decent rally in the past few sessions, and we expect the same in ICICIBANK.
- As of now, the stock has confirmed a falling trend line breakout just above the placement of 200 DEMA.
- Thus, traders are advised to **buy ICICIBANK in the range of 945 - 935** with a stop loss of 899 on closing basis for an upside target of 1001 and 1022 in coming 1 – 3 months.

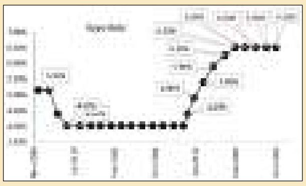
Fixed Income Services

Monetary Policy Update

On 6th October 2023, the Monetary Policy Committee (MPC) held its meeting to assess the macroeconomic situation and its outlook. The committee unanimously decided to maintain the Repo Rate at 6.50%, remaining focused on withdrawal of accommodation while controlling inflation to ensure long-term macroeconomic stability and sustainable growth.



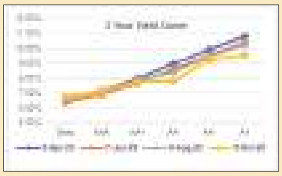
Key Rates	Pre Policy	Post Policy
Repo Rate	6.50%	6.50%
Bank Rate	6.75%	6.75%
Marginal Standing Facility	6.75%	6.75%
Standing Deposit Facility	6.25%	6.25%
Cash Reserve Ratio	4.50%	4.50%
Statutory Liquidity Ratio	18.00%	18.00%

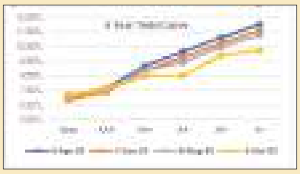


Source: CCIL, RBI, SEBI, Domestic Fixed Income Numbers - CRISIL Fixed Income Database

The RBI maintained its policy rate at 6.5% in line with expectations. Despite inflationary pressures, economic activity continues to show resilience, and hence the inflation and growth forecasts for FY24 were retained at 5.40% and 6.50%, respectively. While the policy appeared to maintain the status quo, the governor reiterated the importance of managing liquidity in the financial system, shifting focus to liquidity management through OMO-sales. Notably, the market reacted strongly, with the new 10-year G-sec yield opening at around 7.21% and later surging to approximately 7.36%. The Governor emphasized on plans to "active liquidity management" to address inflation risks and ensure financial stability, aligning with the central bank's 4% inflation target.

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





Source: CRISIL Fixed Income Database

- The 3 year & 5 year Gsec curve saw a hardening of ~14bps and ~10bps respectively, while the 3 year & 5 year AAA curve remained flat.
- In the 3 year space, the rest of the credit curve saw an easing in the range of ~3bps to ~68bps & in the 5 year saw an easing in the range of ~37bps to ~103bps.
- The AAA spread over G-sec, in the 3 year & 5 year space saw compression of ~9 to 14bps, from ~48bps to ~34bps in the 3 year space and from ~46bps to ~37bps in the 5 year space.

Outlook: At the backdrop of elevated global yields and risks related to rising global food and energy prices, RBI's policy decision reflects a cautious approach, with a preference for tighter liquidity conditions and concerns about global factors. The policy stance is geared towards aligning inflation to the 4% target while promoting sustainable growth. We believe anticipation of OMO sales may keep domestic bond yields elevated, with the possibility of some retracement over time.

Secondary Market Bond Offers

Tax Free Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
8.58% HUDCO Tax Free 2029	13-Jan-29	Annual on 13-Jan	AAA	5.07%
7.35% IRFC Tax Free 2031	22-Mar-31	Annual on 15-Oct	AAA	5.10%
PSB Perpetual Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.75% SBI Perp 2027	Call: 09-Sept-27	Annual on 09-Sept	AA+ by CRISIL & ICRA	7.89%
8.69% Union Perp 2027	Call: 23-Jul-27	Annual on 25-July	AA by CARE & IND	8.45%
PSU Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
6.97% NABARD 2031	17-Mar-31	17-Sept & 17-Mar	AAA by ICRA & IND	7.56%
8.95% PFC 2028	10-Oct-28	10-Oct	AAA CRISIL, CARE & ICRA	7.55%

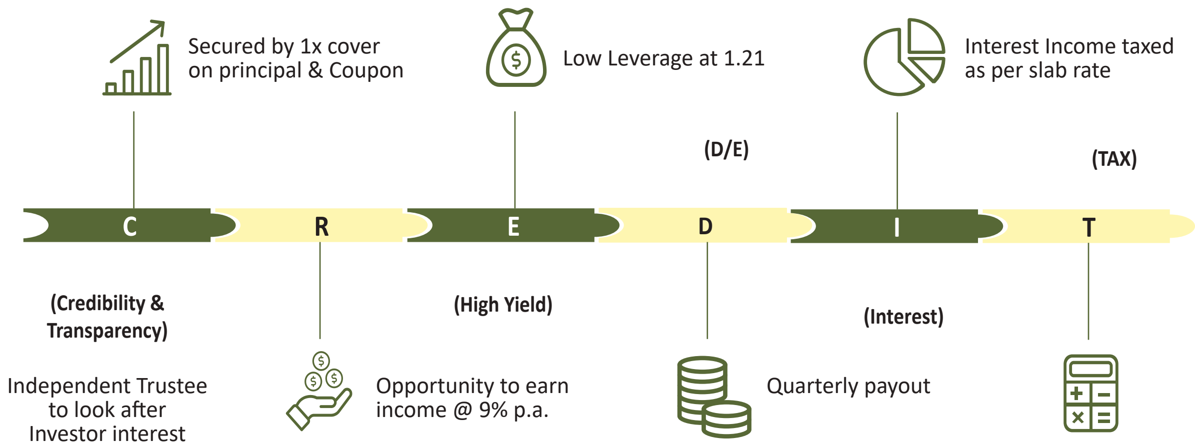
Corporate Bonds				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (28-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.60%
8.05% M&M Fin Serv Ltd 2032	Call: 23-Jul-27 Maturity:24-Jul-32	Annual on 01-Apr	AAA by IND & BWR	7.95%
7.10% HDFC Ltd 2031	12-Nov-31	Annual on 12-Nov	AAA CRISIL & ICRA	7.75%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.10%
7.70% LIC Housing Fin Ltd 2031	19-Mar-31	Annual on 19-Mar	AAA by CARE & CRISIL	7.70%
8.65% Tata Capital Fin Ser Ltd 2027	26-Aug-27	Annual on 26-Aug	AAA by CRISIL & CARE	7.95%
8.25% HDFC Credila Fin Ser 2028	29-Mar-28	Annual on 29-Mar	AAA by CRISIL & ICRA	8.15%
7.59% MTNL 2033	20-Jul-33	20-Jan & 20-Jul	AAA(CE) by CARE & IND	7.75%
9.95% UP Power 2029	Staggered Maturity (30-Mar-29)	31 Mar, 30 Jun, 30 Sept, 31 Dec	A+ (CE) BY CRISIL & IND	8.85%

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

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

ANCHOR (Market Linked Debentures)

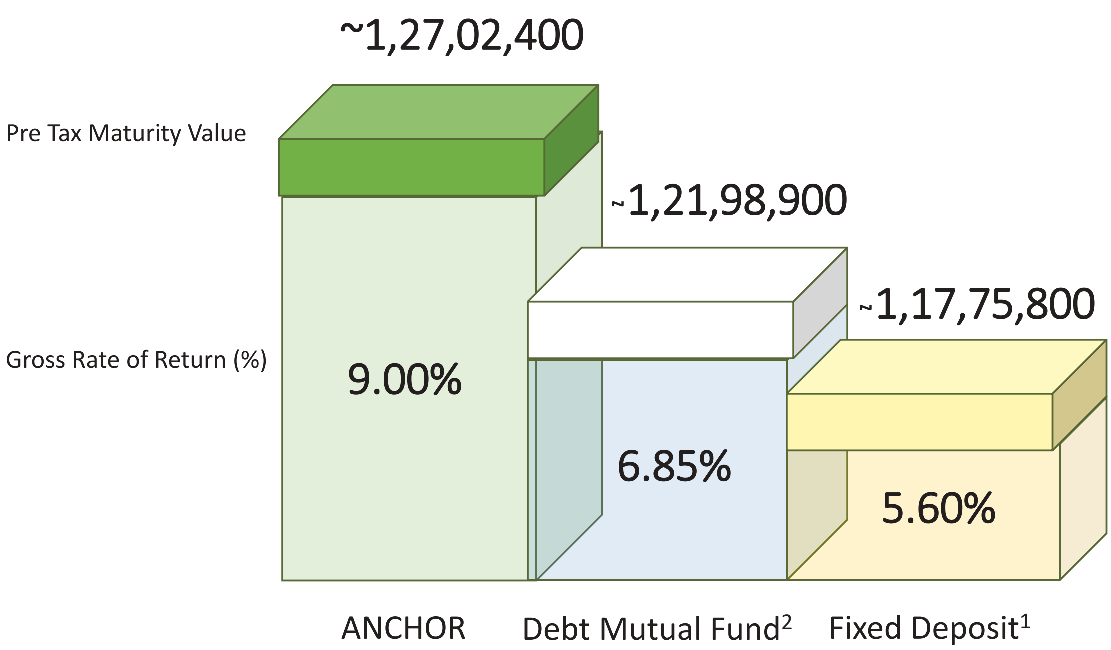
What is ANCHOR?



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

What is the Opportunity?

For an investment of 1 Crore for 36 months



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

Key Terms of the Issue

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

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

Cash-flow Illustration

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

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

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

Anand Rathi PMS

PMS Portfolio

Objective & Investment Philosophy

Objective

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

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

Growth 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

Allocation

Business Model either in
- Improving Market Share
- Leadership
- Niche Business Model

Rising Enterprises
- Stable and Improving Margins
- Improving ROE and ROCE

Sustainability
- Visibility of Earnings over next 2-3 years
- Predictable business model

Sound Corporate Track Record
- Management back ground
- Accounting & Corporate policies

Stock Selection

Sector opportunity
- Sector potential to grow
- Cyclical / Non Cyclical
- Favoring Policies

Diversification
- Sectorally well diversified portfolio of 15-20 stocks across Market Capitalization

Exposure
- Single Stock exposure < 10%
- Single Sector exposure < 30%

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.

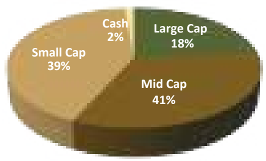
W — Weightage Check of the Holdings

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	Ratnamani Metals & Tubes Ltd.	9.9%
2	Bharat Electronics Ltd.	7.3%
3	ITD Cementation IndiaLtd.	7.2%
4	Varun Beverages Ltd.	6.6%
5	KEI Industries Ltd.	6.4%
6	Radico Khaitan Ltd.	5.8%
7	Coforge Ltd.	5.1%
8	Titagarh Railsystems Ltd.	5.0%
9	KEC International Ltd.	4.9%
10	K.P.R. Mill Ltd.	4.9%

Market Cap Allocation

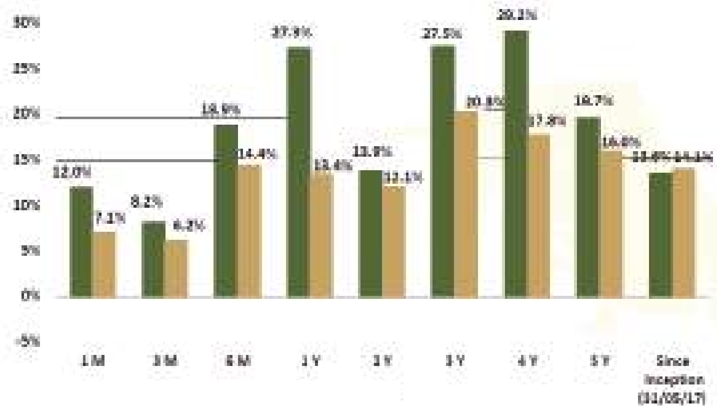


Avg Mkt Cap (cr)	
Large Cap	230186
Midcap	29923
Small Cap	9178
Overall Portfolio	51832

Data as on 30th November, 2023

Portfolio Performance

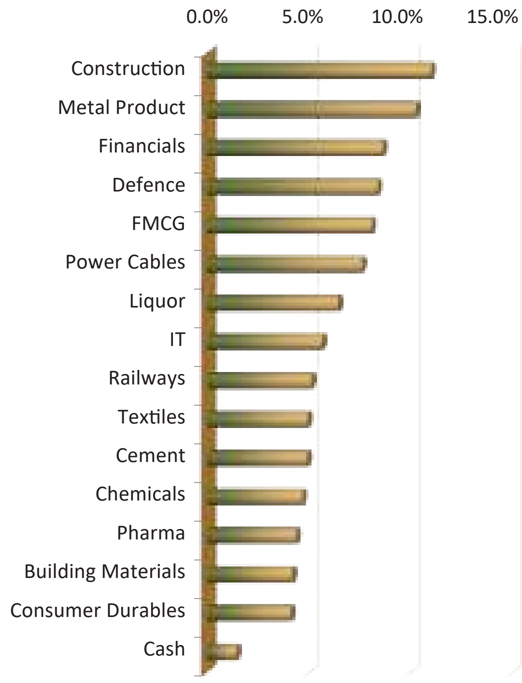
Performance as on 30th November 2023



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

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

Sector Allocation



Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

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

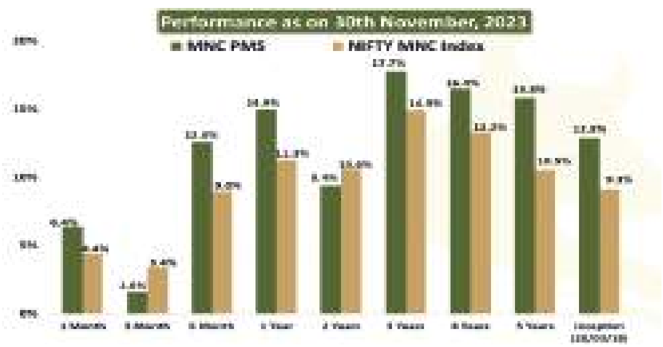
Investments into listed companies in India in which the foreign shareholding is over 50% and/or the management control is bestowed in foreign company and/or the technological and managerial know-how brought in by foreign partner/investor.

Successful Business Model

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

Strong Corporate Governance

- MNC's are generally rated high for their corporate governance standard.
- MNC's depict high transparency and accountability with well laid out policies and regulatory framework, internal control and risk management.
- This provide good comfort for an investor who would not fall prey to any negative impact on investment due to corporate mis-management and fraud.

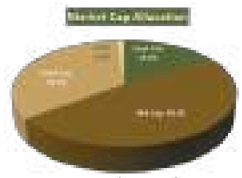


Source: *Anand Rathi Internal Research.*

Healthy Balance Sheet

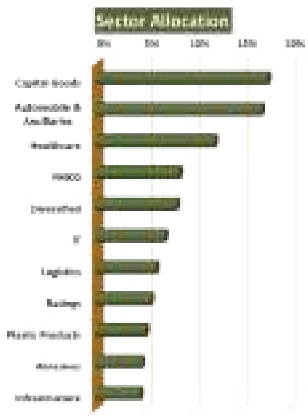
Top Holdings and Allocation

Sr No	Top 10 Holdings	% Holdings
1	Maruti Suzuki India Limited	8.1%
2	Siemens Ltd	7.6%
3	ITD Cementation India Limited	6.5%
4	Schaeffler India Limited	6.0%
5	CRISIL Ltd	5.8%
6	3M India Ltd	5.6%
7	Blue Dart Express Ltd	5.3%
8	Nestle India Ltd	4.9%
9	Abbott India Ltd	4.8%
10	EPL Limited	4.8%



Avg Mkt Cap (cr)	
Large Cap	312462
Midcap	31796
Small Cap	8516
Overall Portfolio	72741

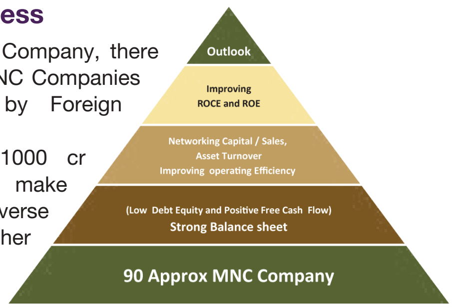
Data as on 30th November, 2023



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

Selection Process

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



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

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

Anand Rathi PMS

Decennium Opportunity

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

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

Opportunities at every level of emerging business

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

Emerging business of ongoing Industrial Revolution

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

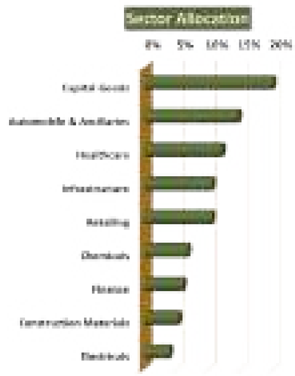
Stock Selection Process

Opportunity - Accelerated Growth from Business Upcycle

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

Portfolio Synopsis

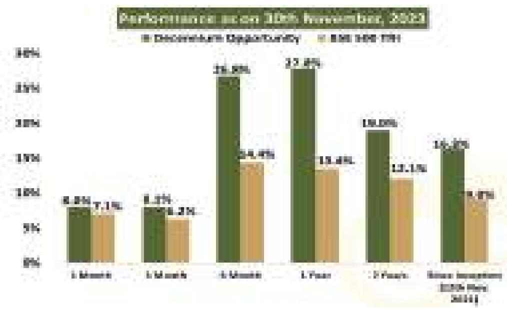
Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.1%
2	Craftsman Automation Limited	8.2%
3	Global Health Limited	6.8%
4	Poonawalla Fincorp Ltd.	6.4%
5	Praj Industries Ltd	6.0%
6	Ethos Limited	5.9%
7	Caplin Point Laboratories Ltd	5.8%
8	KEC International Limited	5.3%
9	Cera Sanitaryware Ltd.	5.3%
10	MTAR Technologies Ltd.	5.3%



	Avg Market Cap (cr)
Large Cap	69359
Midcap	26545
Small Cap	9135
Overall Portfolio	**23849**

Data as on 30th November, 2023

The current model client portfolio comprise of 19 stocks. Portfolio is well diversified across market capitalization and sector. Most of the stocks are given more or less equal and sizable weightage in portfolio.



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

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

Structure Product Idea

Nifty Accelerator

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

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

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
40600	**100.0%**	**100.0%**	**14.2%**	**14.2%**
30450	50.0%	100.0%	8.1%	14.2%
26999	**33.0%**	**100.0%**	**5.6%**	**14.2%**
26796	32.0%	22.0%	5.5%	3.9%
26593	31.0%	21.0%	5.3%	3.7%
22533	11.0%	1.0%	2.0%	0.2%
22330	**10.0%**	**0.0%**	**1.8%**	**0.0%**
21924	8.0%	0.0%	1.5%	0.0%
20300	**0.0%**	**0.0%**	**0.0%**	**0.0%**
20022	-1.4%	0.0%	-0.3%	0.0%
19285	-5.0%	0.0%	-1.0%	0.0%
18270	**-10.0%**	**0.0%**	**-2.0%**	**0.0%**
18268	-10.01%	-14.01%	-2.01%	-2.86%
16240	-20.0%	-28.0%	-4.2%	-6.1%
14210	**-30.0%**	**-42.00%**	**-6.6%**	**-9.9%**
13195	-35.0%	-44.00%	-7.9%	-10.5%
2030	**-90.0%**	**-66.00%**	**-35.7%**	**-18.7%**
2028	-90.01%	-90.01%	-35.8%	-35.8%
0	-100.0%	-100.0%	-100.0%	-100.0%

Product IRR*
14.24%

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

**Standard Deviation
4.46%

Target Nifty Perf.
33%

Product Explanation

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

*Product IRR assume to be Pre-Tax IRR
NP: Nifty Performance
^ Initial Fixing Level is taken as 20133, adding 150 points contingent: 20283, rounded off to next 100: 20300.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 30th November 2023.
Investment Value per debenture: 1,25,000/-(Issued at a premium)

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

Overview of ICICI Venture

ICICI Venture

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

ICICI Venture at a Glance

$5bn AUM/A
since inception

600+ Investments
since 1988

100+ Investments
since 2002

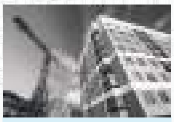
81+ Exits
since 2002

ICICI Venture's Business Verticals

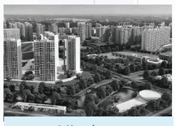
		Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A[1]		$1.9bn[2]	$700mn[2]	$453mn[3]	$1.25bn[4]
Strategies		Growth Equity	Debt	Energy	Debt, Mezzanine
		Joint Control	Equity	Utilities	Distress Buyouts
		Buyouts	Mezzanine	Buyouts	Equity Recaps

Real Estate Foot Print


Affordable housing


Mid-high end housing


Office development


Mixed use

iREIF 2

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

Evolution of our RE Vertical

ICICI Venture

Private Debt has been our core strategy since the last decade

		IAF RE S1 2005-06	IAF RE S2 2011-12	iREIF 2018-19	iREIF 2
Size		*INR 22.00 Bn[1]*	*INR 3.76 Bn[2]*	*INR 5.83 Bn*	*INR 10.00 Bn[3]*
India focused		✓	✓	✓	✓
Debt focused		×	✓	✓	✓
Equity focused		✓	×	×	×
Strategy	*Affordable Housing*	×	✓	✓	✓
	Pan Residential	✓	✓	✓	✓
	Commercial/ Retail	✓	✓	×	×
	Mixed use	✓	×	×	×
	Pan India	✓	×	×	×
	Top 7 cities	✓	✓	✓	✓
Number of deals		*13*	*8*	*11*	*10-12[4]*
Exited		*13*	*8*	*2*	*-*

iREIF 2

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

ICICI Venture's Footprint of Financing for Housing

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

Mumbai Metropolitan Region (MMR)

Total Area 3.2 Mn sft	Arihant Superstructure 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

Type	Investment	Exit	Gross IRR
Type: Affordable Housing	Investment : Oct 2018	Exit : April 2021	Gross IRR: 22.5%
Type: Affordable Housing	Investment : Oct 2019	Exit : Oct 2021 (Largely)	Gross IRR: 22%
Type: Housing	Investment : Oct 2013	Exit : Sept 2015	Gross IRR: 25.2%
Type: Affordable Housing	Investment : August 2013	Exit : Jan 2016	Gross IRR: 23.4%
Type: Affordable Housing	Investment : Oct 2012	Exit : Jul 2014	Gross IRR: 22.7%
Type: Housing	Investment : Dec 2012	Exit : Jul 2015	Gross IRR: 22.2%
Type: Affordable Housing	Investment : Dec 2014	Exit : Oct 2016	Gross IRR: 21.2%
Type: Commercial	Investment : Dec 2014	Exit : Aug 2016	Gross IRR: 21.8%
Type: Affordable Housing	Investment : Oct 2014	Exit : Nov 2016	Gross IRR: 20.8%

iREIF

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

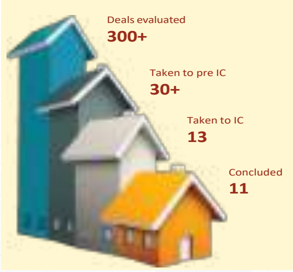
iREIF Portfolio Overview

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
	2018	550	Taloja & Karjat, MMR	Affordable Housing	18-60	22.5%[2]	Exited
	2022	450	Taloja, MMR	Affordable Housing	27-40	18.0%[3]	On schedule
	2019	355	Bhukum, Pune	Affordable Housing	30-45	22.2%[2]	Largely Exited
	2021	500	Kirkitwadi, Pune	Affordable Housing	35-45	19.8%[3]	On schedule
	2019	650	Virar, MMR	Affordable Housing	35-45	18.8%[3]	Partly exited
	2021	550	Andheri, MMR	Affordable Housing	95-195	24.5%[3]	On schedule
	2022	150	Khar,MMR	Housing	270-470	30%[3]	To be disbursed
	2021	400	Mahim, MMR	Affordable Housing	150-250	21%[3]	On schedule
	2022	300	Dadar, MMR	Affordable Housing	150-250	20.1%[3]	On schedule
	2018	387	Hennur Road, Bengaluru	Affordable Housing	55-60	7.2%-13.8%[4]	Behind schedule
	2022	500	Hyderabad	Residential plots	75-235	19.5%[3]	To be disbursed

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

iREIF deal log



iREIF

Leveraging ICICI Group RE strengths

MOU with ICICI Bank

ICICI Group

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

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

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

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

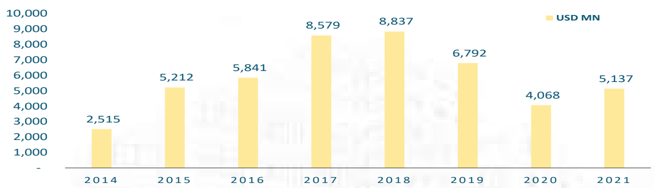
02 Benefits of MoU
- Enabling broader financing options for potential iREIF2 developers
- Co-lending with ICICI Bank / ICICI HFC will ensure financial closure
- Enhanced ability to negotiate better terms with the developer

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

iREIF2

Private capital flows to Indian RE sector

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.

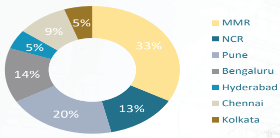
Source – Knight Frank Research, Venture Intelligence

iREIF2

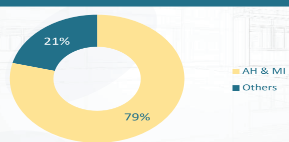
iREIF2 target market snapshot

MMR and Pune account for 53% of Sales

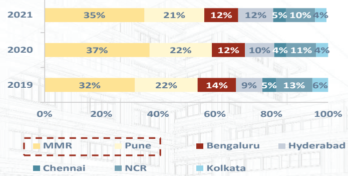
% of Overall Sales from 2015-2021



% 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

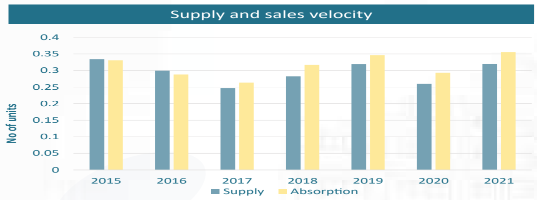
Source: PropEquity. CY 2020. Data for number of units sold

iREIF2

Covid impact

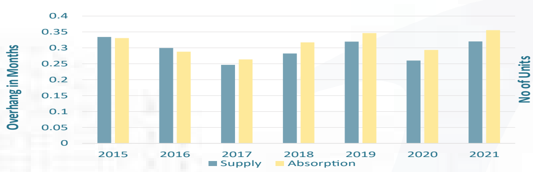
Despite Covid, healthy supply and absorption of residential units

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

iREIF2 Strategy

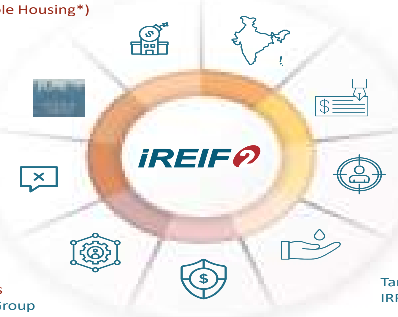
Key pillars

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

*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

Preferred Stage of Investments

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

Locations
MMR, Pune, Bangalore, Chennai, Hyderabad;
NCR, Kolkata, Select Tier II cities on opportunistic basis

Portfolio
Deal sizes of INR 400-600 Mn (about 10-12 deals)

Maturity
Typical maturity period of 36-42 months

Investment Structures

Debt Investments

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

Differential Coupon Investments

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

Coupon + upside Investments

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

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 leverages its well-established process for implementing iREIF2 investment strategy

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

iREIF2 key terms*

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

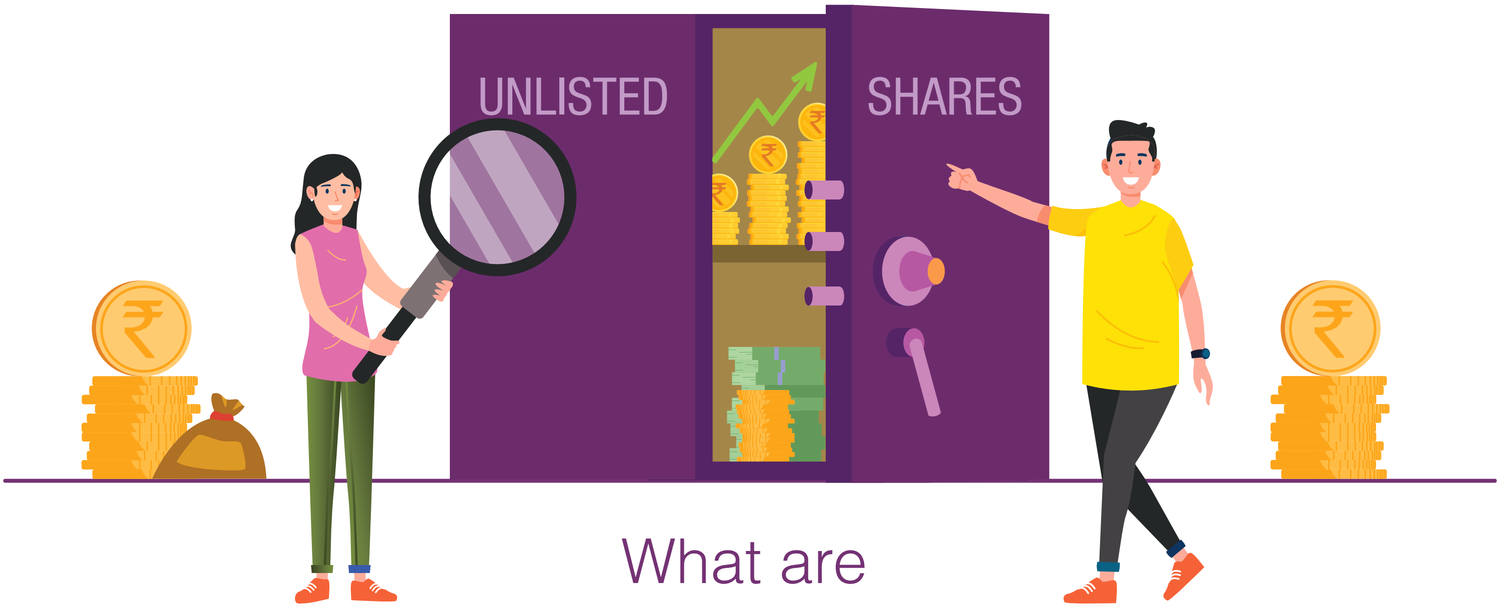
* Subject to legal and tax advice, SEBI AIF Regulations and approvals ; please refer to the Private Placement Memorandum for further details

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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

EQUITY UNICORN

Investment in Unlisted Shares*



What are
Unlisted Shares*?

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

- **Reliance Retail** – Retail
- **HDB Financial Services Ltd.** – Financial Services
- **Chennai Super Kings** – IPL Team
- **TATA Technologies Ltd.** – Engineering
- **(API holdings Ltd.)** – Healthcare Product
- **Studds Accessories Ltd.** – Helmet Accessories
- **Care Health Insurance** – Insurance
- **Sterlite Power Transmission Ltd.** – Power & Transmission
- **Phillips India Ltd.** – Electronics
- **Mohan Meakin Ltd.** – Beverages
- **Kurlon Ltd.** – Mattresses
- **Hero Fincorp Limited** – Financial Services

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

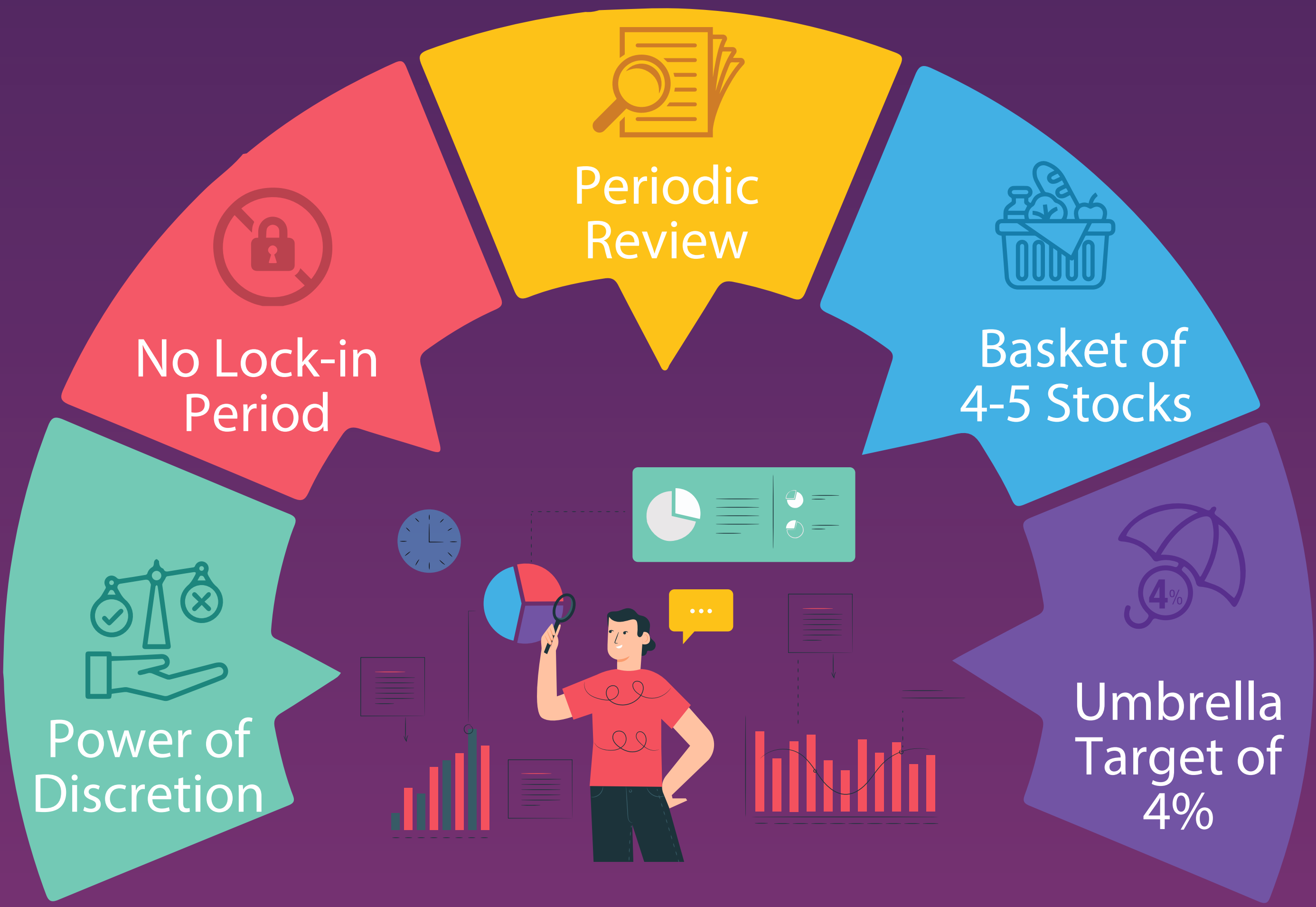
Note

Note

FINKART
Quality Investing - Simplified!

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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



Dynamic Research Basket Stock Allocation

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ANAND RATHI

INVESTMENT SERVICES

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

Anand Rathi Share and Stock Brokers Ltd.,

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Registration No.: INZ000170832 (BSE-949 | NSE-06769 | MSEI-1014 | MCX-56185 | NCDEX-1252), Research Analyst - INH000000834, CDSL & NSDL-(IN-DP-437-2019) | AMFI: ARN-4478 is Registered under "Anand Rathi Share & Stock Brokers Ltd." | ARN-100284 is Registered under "AR Wealth Management Pvt. Ltd." | ARN-111569 is Registered under "Anand Rathi Wealth Services Limited."PMS: INP000000282 is Registered under "Anand Rathi Advisors Limited" | SEBI INV. ADV. - INA000000268 is Registered under "Anand Rathi Advisors Limited." LAS is Registered under "Anand Rathi Global Finance Limited" Regn. No.: B-13.01682. Insurance is Registered under "Anand Rathi Insurance Brokers Ltd." License No. 175. The information is only for consumption by the client and such material should not be redistributed.

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