AnandRathi
Private Client Group
Equity

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INDEX

PCG Communique

From the Desk of the PCG Head

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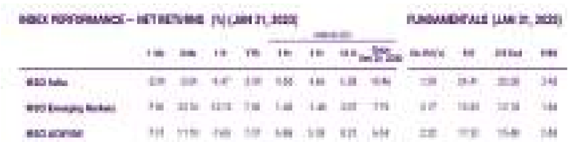
India Vs Emerging Markets!!!

2023 started with FII's inflows in emerging markets Vs outflow from Indian Market. The Adani Group saga, Budget, Fed Rate hike and FII outflow has created lot of uncertainty in the Indian market. Equity markets are averse to these uncertainties and has reacted negatively, wherein most of the emerging market has given a positive return. If we look at the Jan 2023 performance of India Vs rest of emerging market. Nifty has been down (-2,45%), Hang Seng (10.42%), Taiwan (7.98%), Kospi (8.96%), Nikkei (4.72%), Shanghai (5.39%), FTSE (4.29%) to name a few. If we see MSCI India in 2022, it has been a relative outperformer Vs the emerging the market, wherein Indian Market has been up by 2.96% while the MSCI Emerging market has been negative by (-10.67%). While if we look at MSCI YTD performance India has been negative by (-2.99%) Vs Emerging market up 7.90%. This clearly shows India which was trading @ 108% premium to the Emerging Markets has started cool off substantially. On a long term basis India trade at a 50% premium Vs emerging market which is currently at around 73% premium to EM's.



We expect the volatility in foreign institutional investors flows is likely to continue in 2023. It noted that FIIs chase lower valuations in underperforming markets/asset classes, like China, EM's and Europe, before India. "With China reopening and India's elevated valuation premium, we see a risk of FII outflows in 2023. If we see the inflow of FII India Vs the other Asian countries, we can see there has been some tactical reallocation to other EM's which were trading relatively cheaper to India where bulk of the FII's inflow has gone.

IMF has come with the World Economic Outlook update, which projects that global growth will fall to 2.9 percent in 2023 but rise to 3.1 percent in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook but below the historical average of 3.8 percent. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

The IMF report, which is expected to help insulate India's economy from global headwinds and geopolitical uncertainty while sticking to the path of fiscal consolidation.

Growth in India is set to decline from 6.8% in 2022-23 to 6.1% in 2023-24, before picking up to 6.8% in 2024, with resilient domestic demand despite external headwinds, according to the IMF World Economic Outlook update. The forecast is in line with the Reserve Bank of India's projection of 6.8% GDP growth for 2022-23.

It highlighted that monetary policy tightening to fight inflation and geopolitical uncertainty due to Russia's war in Ukraine would continue to weigh on global economic activity in 2023.

However, while the rapid spread of covid-19 in China dampened growth in 2022, the recent reopening has paved the way for a "faster-than-expected recovery, as per the report.

FII has been net seller to a tune of 41,464CR whereas DII has been net buyer to a tune of 33,411CR. What we are seeing is the Retail investment in Equity has started going down for the last one qtr although the SIP inflow is intact > 13k CR for the 3rd consecutive month.

While India's FY23's fiscal position looks intact with more than budgeted nominal gross domestic product growth and buoyant direct tax and GST collections and the worst of the pressure on current account deficit and INR depreciation pressure seems likely behind with the moderation in energy prices, China's reopening and rising fixed deposit rates could weigh on equity flows.

In CY22, foreign portfolio investment selling was offset by domestic inflows in CY22 amid low term deposit rates. Retail investors continued preferring SIPs to invest in mutual funds. However, retail inflows in Indian equities have moderated since June 2022 (barring September 2022), coinciding with the rise in term deposit rates. This is in line with their global expectation that a higher fixed-income rate will move money away from equities.

By the end of Jan more than 240 companies have declared the 3rd qtr results, which depicts IT companies has able maintained margins, Banking & Financials has given the stellar performance with high NIM, lower NPA and high CASA deposits. Cements has a lack lustre results season and FMCG has seen a low rural growth where the volumes contracted 7%. The subtle shifts in how rural households are shopping might be flashing warnings that the relief isn't enough to ease the strain on their finances anytime soon. Shopping habits have not changed even a bit but the rural consumption is happening more towards regional brand which is still within the budget Vs the large brands.

Going Forward

Two of the major events impacting the equity markets went on as scripted. Nonetheless, what will keep the market on its toes is how the Adani Group saga unfolds and how the remaining part of the earnings season pans out. We believe the current event will test India's position as a better investment destination from the foreign investors' perspective. Various regulators, including SEBI and RBI, have already started seeking information from the Adani Group companies and other parties involved. Therefore, we are confident that though Adani Group shares may come under more pressure, it will not impact the long-term attractiveness of the Indian equity market. Also, we would advise not to do any bottom fishing on Adani stocks until and unless some clarity emerges.

We would investors to be with large Cap at these time of uncertainties. We believe in the structural growth stories like IT, Telecom, Financials, Auto (ex -two wheeler) and consider consumer durables

Market Commentary

The Nifty index ended the January month on a slighter weaker note as it closed at '17,662' as compared to December end '18105', a decline of 2.45%. Similarly, Sensex ended the January month at 59,549 with a negative return of 2.12%.

Market's witnessed bloodbath ahead of budget where frontline gauges shaved off over two percentage points as traders remained cautious ahead of Federal Open Market Committee (FOMC) meeting and Union budget 2023-24 to be held in next week. India's forex reserves zoomed by $10.417 billion to $572 billion as on January 13, making it one of the biggest weekly jumps in the kitty in recent times. Sentiments remained positive with a labour ministry stating that retail inflation for farm and rural workers sequentially eased to 6.38 per cent and 6.6 per cent, respectively, in December 2022, mainly due to lower prices of certain food items. Traders took note of a private report stating that the Centre is likely to cut its 2023-24 (FY24) fiscal deficit in the range of 5.8-5.9 per cent of the GDP from 6.4 per cent in FY23. Markets continued their gloomy trade on last day of the week as a United Nations' report said that global economic growth is projected to slow to 1.9% this year from an estimated 3% in 2022.

The S&P Global India Manufacturing PMI fell to a three-month low of 55.4 in January of 2023 from 57.8 in December while pointing to the 19th straight month of expansion. Both output and new orders grew at softer paces, with foreign sales increasing the least in ten months, while input buying also eased despite the level of growth remaining strong. Meanwhile, employment was broadly unchanged, as outstanding business volumes rose at a slight pace that was weaker than in December and historically muted. Firms pointed to a lack of pressure on the capacity of their suppliers, with delivery times shortening. On the price front, input cost inflation was at a 3-month high, linked to higher prices for items like energy, metal, and electronic components, but was well below its long-run average. Selling prices, meantime, rose further despite slowing from December. Finally, sentiment slipped to a six-month low, though remained above its long-run trend.

The S&P Global India Services PMI declined to 57.2 in January 2023 from December's six-month high of 58.5, below market forecasts of 58.1, due to softer rises in output and new orders. Despite falling from December, the latest figure remained above its long-run average (53.5) and indicated a sharp rate of growth, amid favorable economic conditions, accommodative demand and marketing efforts supported sales. However, the rise in new orders was centered on the domestic market, as international orders declined. Meanwhile, the pace of job creation was little-changed, and the joint-weakest in the current eight-month sequence of expansion, with backlogs of work increasing further. On the pricing front, input cost inflation eased to a two-year low, while output cost inflation slowed to a ten-month low and below average seen since the survey started in December 2005. Looking ahead, business sentiment deteriorated to a six-month low amid forecasts no change in activity from current levels.

Annual consumer price inflation in India unexpectedly eased to 5.72% in December of 2022 from 5.88% in November, beating market forecasts of 5.9%. It is the lowest reading since December of 2021, also marking the second straight month the inflation stays below the Reserve Bank of India target of 2-6%. Prices slowed for food (4.19% vs 4.67%), pushed down by a 15.1% fall in vegetables; clothing and footwear (9.58% vs 9.83%); and housing (4.47% vs 4.57%). On the other hand, prices rose faster for fuel and light (10.97% vs 10.62%), pan, tobacco, and intoxicants (2.55% vs 2.02%), and miscellaneous (6.17% vs 6.07%). Compared to the previous month, the CPI went down 0.45%, the biggest decline since January of 2021.

The country's merchandise exports fell in December 2022. India's merchandise exports in December fell to $34.48 billion as compared to $39.27 billion in the year-ago period. India's overall export (Merchandise and Services combined) of USD 61.82 Billion in December 2022. The exports exhibited a negative growth of (-) 5.26 per cent over the same period last year. Overall import in December 2022 is estimated to be USD 73.80 Billion, exhibiting a negative growth of (-) 1.95 per cent over the same period last year. The country's merchandise imports dropped 3.5% to $58.24 billion as compared to $60.33 billion a year before. The merchandise trade deficit for the April-December 2022 stood at $218.94 billion against $136.45 billion in the same period last year.

The Goods and Services Tax (GST) collections for the month of January 2023 stood at ₹1,55,902 crore which is 24% higher than the GST revenue in the same month last year, which itself was ₹1,38,394 crore. This is the ninth straight month when collections from GST has remained above ₹1.40 lakh crore. In January, revenue from import of goods was 29% higher and the revenue from domestic transactions (including import of services) 22% higher than in the corresponding period a year ago.

India's foreign exchange reserves have again shown positive signs as it increased by US$3.03 billion to $576.76 billion in the week through January 27. Foreign currency assets increased by $2.66 billion to $509.02 billion for the week ending January 27.

The U.S. markets ended higher during the passing week as investors contemplated a potential slowdown in interest rate hikes from the Federal Reserve. Some support also came in as traders combed through the latest batch of corporate earnings and fourth-quarter gross domestic product that came in above expectations. Traders were also getting encouragement as the Labor Department in its report has said that first-time claims for U.S. unemployment benefits unexpectedly showed another modest decrease in the week ended January 21st. The report said initial jobless claims edged down to 186,000, a decrease of 6,000 from the previous week's revised level of 192,000. The dip surprised participants, who had expected jobless claims to rise to 205,000 from the 190,000 originally reported for the previous week. With the unexpected decrease, jobless claims fell to their lowest level since hitting 181,000 in the week ended April 23, 2022. The Labor Department said the less volatile four-week moving average also slipped to 197,500, a decrease of 9,250 from the previous week's revised average of 206,750.

European markets ended passing week with gains. The start of the week was on a higher note, as Consumer confidence in the eurozone continued to recover at the start of the year, reaching its highest level in nearly a year. According to preliminary figures released by the European Commission, the flash consumer confidence index rose 1.1 points to -20.9 in January. This was the highest reading since February 2022, when the score was -9.7. The corresponding reading for the EU rose 1.4 points to -22.4. Besides, Denmark's business confidence signalled a slight recovery at the start of the year, as entrepreneurs were less negative about production expectations and order backlog along with an improvement in the finished goods stocks on the backdrop of easing trends in global challenges. The figures from Statistics Denmark showed that the industrial confidence index rose to -16 in January from -17 in December. Asian equity benchmarks ended mostly in green during the passing week as some upbeat U.S. economic data, including stronger than expected GDP growth and a more than expected surge in economic activity in the fourth quarter, helped to allay fears of an economic slowdown. However, it raised concerns about the outlook for interest rates ahead of next week's US Fed policy meeting. Better-than-expected earnings releases also supported the rally. Trading volumes were thin, as markets in Taiwan and China remained closed for the Lunar New Year holidays. Japanese Nikkei edged higher by over three percent as the yen retreated and minutes of the Bank of Japan's (BOJ) December policy meeting showed board members wanted to modify their yield control curve in order to improve market functionality. It also revealed that the country's economy has continued to pick up steam. Traders overlooked the Bank of Japan stating that producer prices in Japan were up 1.5 percent on year in December- shy of expectations for an increase of 1.6 percent and slowing from 1.7 percent in November.

The S&P Global US Manufacturing PMI was revised slightly higher to 46.9 in January of 2023 from a preliminary estimate of 46.8. The reading continued to point to a third consecutive month of falling factory activity, albeit the contraction eased compared to December (46.2). The downturn was driven by a sharp contraction in new orders, a further drop in output and ongoing efforts to reduce inventories. Weak demand conditions stemmed from subdued sales across both domestic and export markets. Meanwhile, input costs and output charges rose at increased rates as price pressures strengthened again, despite suppliers' delivery times broadly stabilising and a marked contraction in input buying. Also, a lower new order inflows and a strong decline in backlogs of work caused the rate of job creation to slow further. Nonetheless, business confidence ticked higher amid hopes of stronger demand in the months ahead, greater supply chain stability and investment in new products.

The S&P Global Eurozone Manufacturing PMI was confirmed at 48.8 in January 2023, up from 47.8 in the previous month and pointing to the weakest pace of contraction in the sector since last August. New orders continued to fall, but at a rate that was the softest since May 2022, with new export business dropping for an eleventh month in a row. Backlogs of work declined sharply and employment growth picked up slightly to a three-month high. The survey also pointed to another month of broadly stable supply-chain conditions. On the price front, input cost inflation eased to a 26-month low, while selling prices increased at a slightly faster pace. Lastly, there was a notable improvement in business confidence during January, with growth expectations strengthening to their strongest since February 2022.

The au Jibun Bank Japan Manufacturing PMI held at 48.9 in January 2023, coming at its lowest in 26 months for the second time and matching a flash figure. It was also the third month of falling factory activity. However, both output and export orders decreased the least in three months, while new orders dropped slightly less than in December. On the other hand, cautious buying and inventory strategies persisted due to subdued demand. Net job creation was steady for the 22nd straight month, amid the fourth month of reduction in backlogs of work. Delays among suppliers were the least since February 2021, linked to fewer transportation issues and improved materials availability. On prices, input cost inflation eased for the fourth consecutive period, leading to the slowest rise in output charges since September 2021 as manufacturers sought to stimulate sales. Finally, confidence was the second highest in ten months, lifted by a positive outlook for the global supply chain.

Going Ahead

The last three years have been one of the most difficult years in our collective lives due to Covid globally. The last year started with a series of unfavourable developments including sharp rise in inflation, rapid tightening of monetary policy and the first major war in Europe after the Second World War. The aggressive policy tightening last year, it is being feared by many, would take the global economy into a recession this year. In addition, recently there has been relapse of the pandemic in China and there are apprehensions that the same might spread again like in 2020 across other countries. We just entered into a new year with lot of trepidation and apprehensions.

There are uncertainties as to how things are going to pan out over the next 12 months. Signs of softening of inflation and less aggressive monetary policy tightening are already visible in many countries including India and the US. Also, the recent upward revision of India's growth rate for 2022 by the IMF seems to suggest that the growth pessimism is overdone. I expect that in 2023 global inflation would soften faster than expected, monetary policy tightening to be less than projected and the global economy to grow faster than what is being currently anticipated.

Despite these, 2023 is unlikely to be an easy year either for the global economy or the financial markets. There are signs that many of the major economies are trying to create near self-sufficiency of domestic supply chain. While this creates some level of supply assurance, by inhibiting specialization and economies of scale, the process would result in production inefficiencies and thereby higher costs. At the same time, increase protectionism can reduce the potential growth for the global economy. The rising geopolitical tensions and the start of the new Cold War era also can negatively impact the global economy and markets.

India has made tremendous all-round progress in the last 20 years and currently is being seen as one of the brightest pots of the global economy. On a consistent basis, the Indian economy and Indian equity market have performed better than most other countries. Along with economic progress, India has improved global standing in other areas as well. With well-articulated neutrality on the ongoing war in Europe, India is sometimes playing the role of an arbitrator between the two sparring fractions.

Despite being relatively better off, the Indian economy is also facing challenges. Industry in particular, is not doing too well and in the recent past there are some signs that investment activities are decelerating. Weak rural demand continues to be a concern. In a slowing world, India's export growth has already turned negative while with a stronger domestic demand, the deceleration in imports has been far slower resulting in large increase in trade deficit. With significant difference between bank deposit and credit growth, the sustainability of current strong credit growth remains questionable. Slowing down of demand and lagged effect of input cost pressures are impacting both corporate sales and profitability.

With strong domestic flows towards the equity market and revival of foreign institutional investment, Indian equities rallied during the month of November and parts of December 2022. The turnaround in global sentiments, however, reversed the process during the latter half of December 2022. With foreign investors holding more than 50% of the free float market capitalization of the Indian equity market, subdued global investor sentiments would also adversely impact the Indian market. At the same time due to better fundamentals and also strong domestic flows towards equities, the vulnerability of Indian equities seems to be lower than the same in most of the countries.

Fixed Income Services

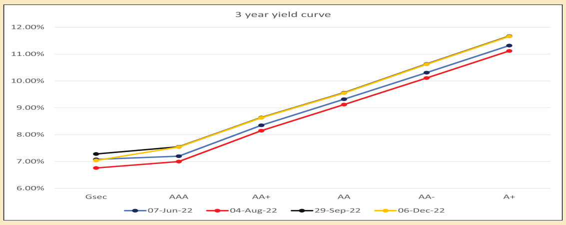
Monetary Policy Update

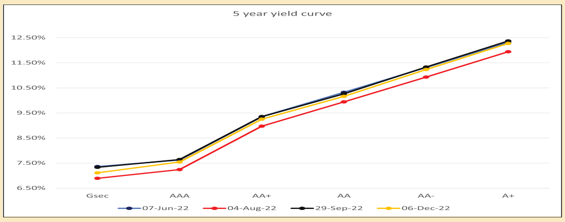
On 7th December, 2022, the Monetary Policy Committee (MPC), based on the prevailing hostile global environment increased the Repo Rate by 35bps to 6.25%, continuing the focus on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth. Key Rates:

- Repo Rate: 6.25%
- Bank Rate: 6.50%
- Marginal Standing Facility (MSF) Rate: 6.50%
- Standing Deposit Facility (SDF) Rate: 6.00%
- Cash Reserve Ratio (CRR): 4.50%
- Statutory Liquidity Ratio (SLR): 18%

- The quantum of the rate hike was in line with the market expectation in the background of continued inflationary risks, protracted geo-political tensions and bleak global economic outlook. This has been RBI's fifth consecutive rate hike in the past eight months amounting to a raise of 225bps so far, still keeping the stance at withdrawal of accommodation. RBI continues to see adverse spill overs from global slowdown, tightening global financial conditions, rising incidence of weather-related disruptions and the upsurge in global financial market volatility as key risks to growth and hence has again revised its growth projection downwards by 20 bps to 6.8% from 7.00%. The inflation forecast has remained unchanged at 6.7% since the August MPC meet. Since the tone of the policy was more hawkish than market expectation, the 10 Year G-sec rose by ~5bps from previous close of ~7.25% and traded ~7.30% levels post the expected policy announcement but settled at 7.27% at closing.

The 3 Year & 5 Year Yield Curve below shows how yields have moved since the last review in September 2022:





Source: RBI Press Release, Fixed Income Databases

- As seen above, the 3 year and 5 year yield curve saw easing across credits over the September review, with the 3 year and 5 year curve easing by ~01bps and ~10bps respectively.
- The AAA spread over G-sec has expanded by ~23bps in the 3 year space, from ~27bps to ~50bps, and the 5 year spread expanded by ~12bps, from ~31bps to ~43bps.
- The 3 year G-sec eased by ~24bps whereas the rest of the 3 year curve eased by 01bps leading to the expansion in the 3 year AAA spread over G-sec

Outlook: While further calibrated monetary policy action is warranted to keep inflation expectations anchored, the governor continues to show faith in India's performance parameters. We believe that we are closer to the end of the rate hike cycle, yet the financial markets will continue to remain volatile to a limited extent.

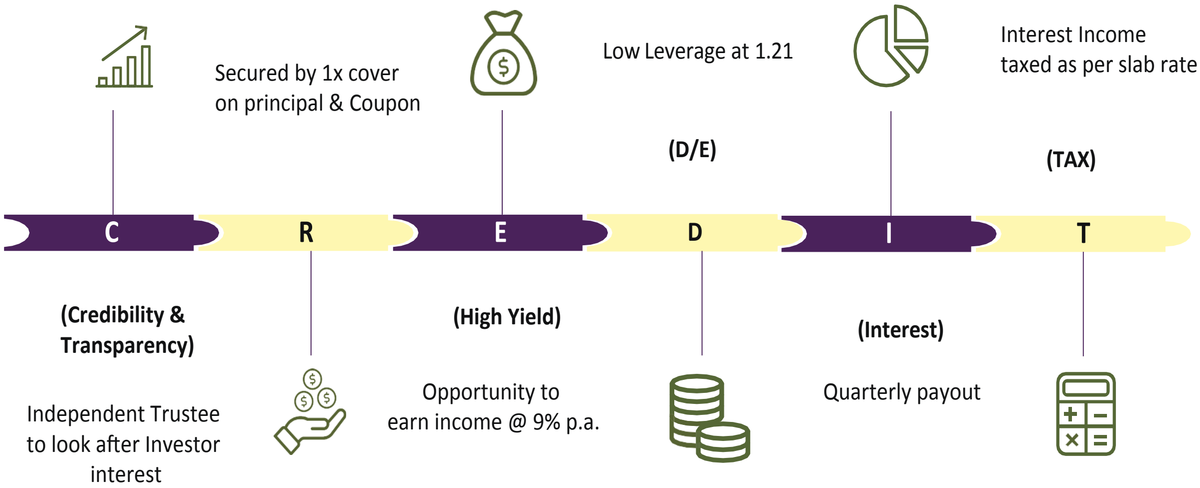
Secondary Market Bond Offers

Tax Free Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
8.51% HUDCO Tax Free 2028	25-Oct-28	Annual on 25-Oct	IND AAA/Stable	5.04%
7.35% NABARD Tax Free 2031	23-Mar-31	Annual on 23-Mar	IND AAA/Stable	5.06%
PSB Perpetual Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.74% SBI Perp 2025	09-Sep-25	Annual on 09-Sept	AA+ by CRISIL & IND	7.76%
8.99% BOB Perp 2024	18-Dec-24	Annual on 18- Dec	AA+ by CRISIL & IND	7.70%
PSU Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.54% NABARD 2033	15-Apr-33	Annual on 15-Apr	AAA by CRISIL & IND	7.45%
7.58% PFC 2033	15-Apr-33	Annual on 14-Dec	AAA CRISIL, ICRA & CARE	7.47%
Corporate Bonds				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (31-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.30%
8.05% Mahindra &Mahindra Financial Services Ltd 2032	24-Jul-32	Annual on 01-Apr	AAA by IND Ratings & CARE	7.91%
7.80% HDFC Ltd 2032	06-Sep-32	Annual on 06-Sept	AAA CRISIL & ICRA	7.71%
10.25% Shriram Transport Finance Corporation 2024	26-Apr-24	Monthly on 28th	AA+ CRISIL & IND	8.45%
8.94% Bajaj Fin 2025	07-Nov-25	Annual on 09-Nov	AAA by CARE	7.46%
9.40% Hinduja Leyland Ltd 2024	28-Aug-24	Annual on 28-Aug	AA- by CARE	8.75%
7.9873% Tata Capital Fin Ser 2026	17-Apr-26	Annual on 17-Apr	AAA by ICRA & CRISIL	7.77%
7.87% MTNL 2032	01-Dec-32	Semi Annual	AAA by CARE & IND Rating	7.81%
9.95% UP Power 2030	Staggered Maturity (29-Mar-30)	31 Mar, 30 Jun, 30 Sept, 31 Dec	(CE) BY CRISIL & INDIA RATIN	9.45%

He above mentioned offer(s) are indicative Tand subject to changes in market conditions.

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

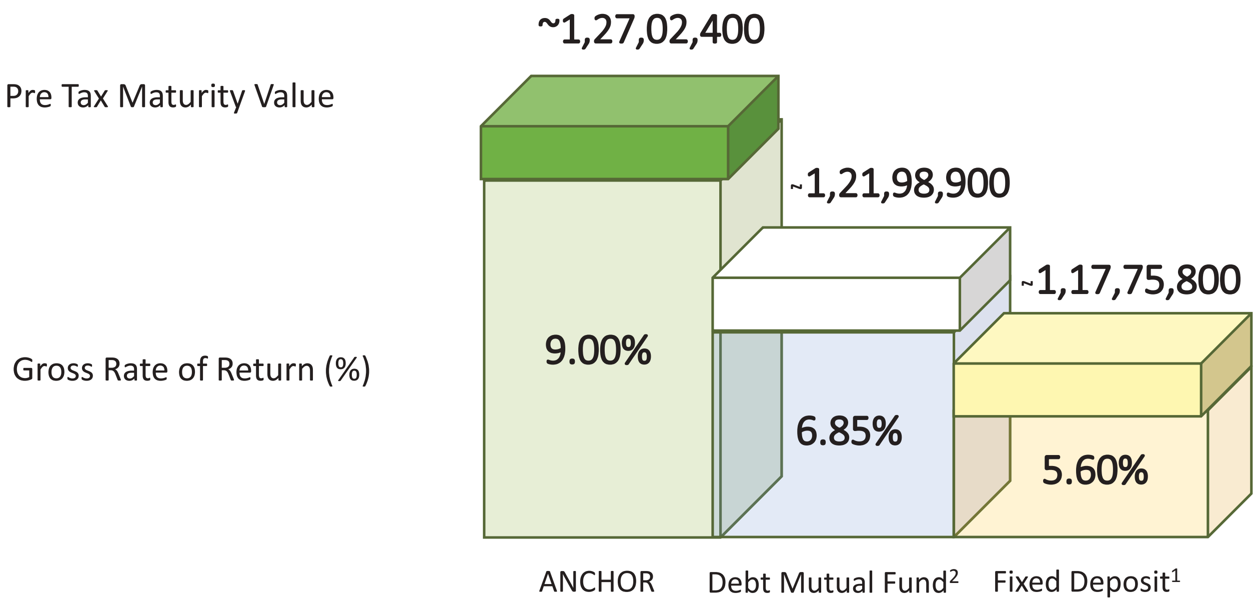
ANCHOR (Market Linked Debentures)



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

What is ANCHOR?

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

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Cash-flow Illustration

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

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

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

Commodities Outlook

Precious metals continued to rally in January amid weaker dollar & softening Inflation

Spot Gold after declining for six consecutive Months since May'22 witnessed a positive momentum shift in last Quarter of the year, which also continued in start of the year. The sharp up-move was underpinned by the lower-than-expected US inflation numbers. Meanwhile Rollercoaster ride of International gold during the volatile year of 2022 ended with a marginal annual loss, while domestic prices still benefiting from

2023 started with recessionary concerns which benefitted Gold while easing inflation & weaker dollar supported the sentiments as Gold pared almost all its losses towards the end of the month.

Overall downward trajectory for inflation in 2023 and central bank intervention will be key in determining the outlook for H1 2023 and Gold's performance. With Non-farm payrolls witnessing a unexpected rise for January 2023, Gold might witness a corrective move towards $ 1820 per tonne in Spot.

On ratio front Gold could outperform Copper in the long run as Gold, Comex Gold / CME Copper Ratio (Monthly Avg.) along with US 10 Yr. - 2 Yr. Yield differentials (Monthly Avg.) plotted above shows ratio rising whenever the Yield curve has inverted below Zero levels ahead of US Recession.

Currently the yield curve is inverted at around -0.70 which seems to be nearing the bottom with limited downside expected in coming months, while moving ahead for medium term perspective of 3 – 6 months we may see rise in Gold Copper ratio as yield differentials starts to move upwards. This indicates Gold might outperform Copper this year.

Finally on MCX front Gold which touched a high above Rs. 58750 per 10 gm levels in MCX April contract corrected by more than 3 % yesterday, turning volatile. On the downside the counter could correct further and find supports in the range of Rs. 54500 – 54100 per 10 gm levels while the market may look ahead to further cues on Inflation for direction ahead.

Year 2023 started with bullish momentum in Copper, Zinc & other base metals despite slowing macro conditions. China recovery theme was dominant as Covid restrictions were scrapped almost entirely with bullish forecast from banks like Goldman Sachs & unnecessary withdrawal request from LME warehouses by Trafigura made investors believe the story. Moving ahead as markets enter seasonally slower China consumption season in February with most of industrial units remaining on maintenance during the same period could lead to gradual buildup of physical inventories in the months ahead. Also China on its return to holidays has shown no intent buy metals aggressively so far. Important macro event in near term remains US Inflation due mid-month while Service sector inflation still remains sticky on tight job market despite job losses in the technology sector. We may see further dollar bounce in short term as US Fed chair expected to stick to another 25 bps rate hike in March.

Outlook

Copper during January was supported by supply disruptions and low inventories amid sentiments boosted by China demand optimism over the start of the year. On the supply side, MMG Ltd. had recently warned that it will halt its Las Bambas copper mine in Peru in current week because of a "shortage of critical supplies" triggered by transport disruptions linked to nationwide political protests. Such disruptions along with exchange inventories of the red metal remaining at multi year lows during the start of the year could keep the markets in deficit in H1 2023 aiding sentiments.

Overall we expect LME Copper (CMP $9000 per tonne) to fall below $ 8800 per tonne in near term in 3M futures contract owing to temporary spike in dollar index as US Non farm payrolls released yesterday showed unexpected resilience in labor markets. On MCX Copper might test Rs. 758 – 750/Kg levels in February contract. However tight supplies seen could aid sentiments in medium term as could again lead

Copper to test $ 10,000 per tonne levels in 2 – 3 months scenario.

In other metals with Zinc deficit concerns persisting since last year Exchange Inventories held in the global network of LME-monitored sheds have almost collapsed. Holdings are now at the lowest level since 1986, contracting by ~46% in January. That's the biggest percentage drawdown since 1975.

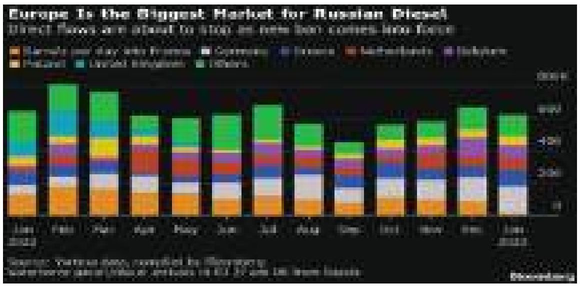
With prices remaining in backwardation on LME, spot metal have commanded a decent premium to benchmark futures. This combined with unrest in key supplier Peru may crimp mine supplies at lower levels in near term while LME Zinc (CMP $ 3349 per tonne) is expected to outperform other metals in the medium term perspective rising to above $ 3600 per tonne levels. Aluminium could also remain supportive in medium to long term perspective where LME 3 month futures (CMP $ 2649 per tonne) could remain in the range of $ 2450 – 2810 per tonne for 1 – 2 months perspective.

Crude Oil rebounded from lows in January, but upside won't be sustainable

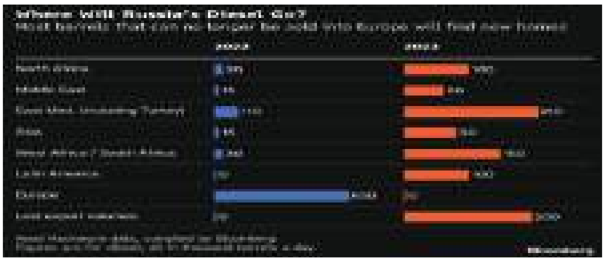
WTI Crude oil futures that plunged during the first week of 2023, staged a fantastic recovery later, on the back of China reopening theme. Earlier in January, WTI oil fell towards $72.5 per bbl, not far from a one year low of $70 per bbl touched in December 2022. However, optimism over demand from China, amid a complete reopening coupled with prospects of Fed pivot aided buying at lower levels. Oil consumption in the world's largest crude importer is expected to hit a record this year as the world's biggest importer leaves the straitjacket of Covid Zero behind, bolstering the global demand outlook and aiding prices. Daily demand which contracted last year will climb by 800,000 barrels a day in 2023.

Nevertheless, February once again started on a bleak note, with prices declining sharply in the early sessions due to build up in the U.S. inventories and rising doubts about the speed of China's economic recovery. Leading Central banks including FED, BOE and ECB announcing a further rate hike, adding to the bearish undertone in the crude oil markets recently. Meanwhile, U.S. crude oil inventories have been rising for four weeks in a row, with two of the builds rather substantial and these builds have coincided with the rise of doubts about the pace of China's recovery.

Talking about the Russia crude, its oil industry is although under increasingly intense international pressure, still its seaborne exports are far from retreating. It has maximize oil sales before a European Union ban comes into effect to include refined products. Exports jumped 682,000 barrels a day, or 15%, to 5.18 million a day.



European Union member states, the Group of Seven industrialized countries and Australia have reached an agreement on price caps for Russian petroleum products. The move is the latest part of an international push to limit Russian President Vladimir Putin's war chest for his beating on Ukraine by targeting his key exports. The caps involve two price levels, $100 per barrel for more expensive fuel like diesel and $45 on lower-quality products such as fuel oil. Earlier in December, the EU in imposed an embargo on Russian crude oil coming in by sea and together with its G7 partners, set a $60-dollar-per-barrel cap for exports around the world.



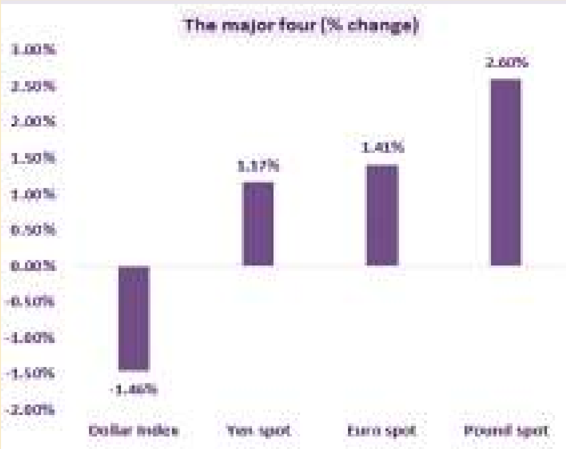
From Feb. 5, the European Union will join the UK and the US in banning seaborne imports of Russian diesel and other oil products. The measure, coupled with a price cap on Russian fuel exports, is designed to blow a sizable hole in Moscow's energy revenues. The flip side: If European buyers are unable to find alternative supplies, the sanctions would heap new costs on diesel-reliant industries such as farming and road haulage and make it harder for governments to rein in inflation. In all, Russia accounted for 9.3% of global oil product cargoes by volume in 2022, about 0.5 percentage points more than its share of the crude market, so these latest EU sanctions are significant.

Outlook

China will experience a seasonal slowdown in demand during February due to maintenance season in major industries, thus impacting the demand for crude oil. This along with volatility in dollar index could lead to headwinds on the upside in crude oil. Meanwhile, uncertainty will prevail whether Russia will keep exporting diesel in the same quantum. If it does, global trade flows will essentially be re-shuffled. However, if Russia can't find enough buyers and is ultimately forced to cut production, that could drain global availability. Uncertainty with respect to the sanctions and its impact on global trade flows will keep markets volatile with downward bias in the month of February with WTI Oil trading in a broad range of $67 and $80 per barrel.

Currency Outlook

Dollar Index: Greenback continued to fall in January'2023



The dollar index remained in a free fall since September 2022, after touching a two decade high of 114.7, on prospects of a Fed pivot. Amid the backdrop of easing inflation and cooling economy, investors are priced in a change in Fed's hawkish stance during January. A complete reopening in China has prompted some liquidation in dollar index as safe haven bids took a hit.

Euro being the largest constituent of the greenback, remained a major headwind in past few months. Milder weather throughout Europe, easing energy crisis and hawkish guidance from ECB officials are further weighing down on the greenback. Speculation on further policy tweaks from Bank of Japan amid rising inflation is also adding pressure on the greenback.

Dollar Index (CMP: 102.46) Outlook

Asian Currencies	% Change
Hong Kong dollar	-0.37%
Rupee spot	**1.48%**
Yuan spot	1.55%
Singapore Dollar	1.94%
Korean Won	2.34%
Philippines Peso	2.48%
Indonesian Rupiah	4.00%
Malaysian Ringitt	4.01%
Thai Baht	5.21%

Markets will be paying close attention to mid-month US CPI data where inflation expected to ease further However, US Nonfarm payrolls released for January month suggested surprisingly resilient economy as dollar bounced from below 101 levels. Interest rate futures priced in fed funds terminal rates at 5.1% with Fed expecting two 25 bps rate hikes by 2023 end.

Treasury Secretary Janet Yellen notified Congress that the US will reach its statutory debt limit and asked House Speaker Kevin McCarthy to either suspend or increase the debt limit. It is unlikely that cash and extraordinary measures will be exhausted before early June, but this is also going to be a headwind for the greenback.

US economy outperformance over Eurozone was the theme in 2021. However, milder weather in Europe coupled with hawkish guidance from European central bank aides the European currency. Prospects of a policy pivot from BoJ might bolster Yen. Together, dollar index is expected to remain volatile in February month with further spikes expected upto 104 levels. However dollar index might decline and post fresh lows as economy starts to show signs of slowdown in next quarter.

further narrowing of yield differentials. Lower premiums lead to unwinding of carry trades and incentivizes importer hedging, leading to further fall in Rupee**.**

Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

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

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

Successful Business Model

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

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

Strong Corporate Governance

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

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

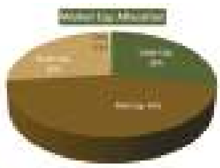
This provide good comfort for an investor who would not fall prey to any negative impact on investment due to corporate mis-management and fraud.

Source: *Anand Rathi Internal Research.*

Healthy Balance Sheet

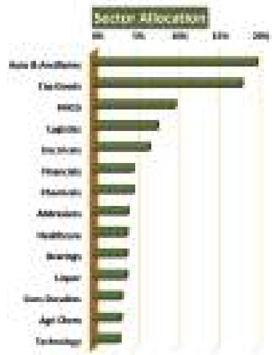
Top Holdings and Allocation

Sr No	Top 10 Holdings	% Holdings
1	KSB Limited	9.03%
2	Blue Dart Express Ltd	7.82%
3	Maruti Suzuki India Limited	7.52%
4	Siemens Ltd	6.87%
5	Schaeffler India Limited	6.15%
6	Hindustan Unilever Limited	5.38%
7	BASF India Ltd	4.85%
8	CRISIL Ltd	4.85%
9	Esab India Ltd	4.78%
10	Nestle India Ltd	4.62%



	Avg Mkt Cap (cr)
Large Cap	241718
Midcap	28004
Small Cap	6779
Overall Portfolio	83938

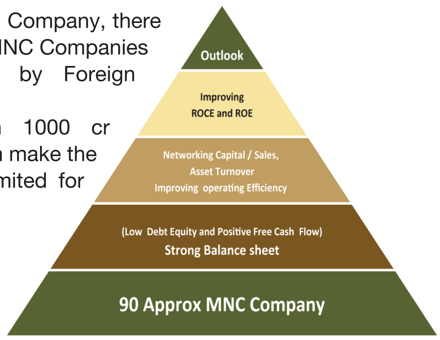
Data as on 31st December, 2022



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:-Returnsaboveoneyearareannualized.Returnsarenetofallfeesandexpenses.
Disclaimer:PastPerformanceisnotnecessarilyindicativeoflikelyfutureperformance.PerformancementionedabovearenotverifiedbySEBI. WehaveshowntheperformanceasAggregateperformanceofallclientsonTWRRbasis

Anand Rathi PMS

Decennium Opportunity

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

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

Emerging business of ongoing Industrial Revolution

Opportunity - Accelerated Growth from Business Upcycle

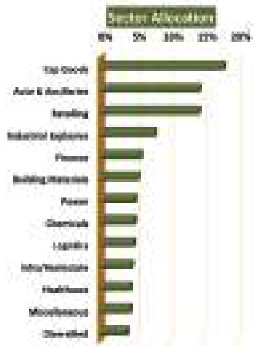
- IIndian economy has found its place among the key global players in many of the sectors.
- India increasing its share and becoming a part of the global supply chain and also a reliable partner.
- Government focus on building capabilities, scale and good manufacturing practices.
- PLI, Export incentive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

Opportunities at every level of emerging business

Stock Selection Process

Portfolio Synopsis

Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.0%
2	Craftsman Automation Limited	8.6%
3	Solar Industries India Limited	8.1%
4	Aditya Birla Fashion and Retail Limited	6.1%
5	Tube Investments of India Limited	6.0%
6	Bajaj Finserv Limited	6.0%
7	Praj Industries Ltd	5.7%
8	Cera Sanitaryware Ltd	5.6%
9	Tata Power Company Ltd	5.2%
10	Metro Brands Limited	5.1%



	Avg Market Cap (cr)
Large Cap	322319
Midcap	26872
Small Cap	7078
Overall Portfolio	113065

Data as on 30th November, 2022

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

Structure Product Idea

Nifty Accelerator

<table>
<tr><th>Product Name</th><th colspan="2">Nifty Accelerator– 100%</th></tr>
<tr><td>Issuer</td><td colspan="2">Anand Rathi Global Finance Limited</td></tr>
<tr><td>Underlying</td><td colspan="2">Nifty 50 Index</td></tr>
<tr><td>Principal Protected</td><td colspan="2">Principal is not protected</td></tr>
<tr><td>Tenor(days)</td><td colspan="2">1875 Days</td></tr>
<tr><td>Initial Fixing Level</td><td colspan="2">150 points contingent from closing nifty then rounded to next 100</td></tr>
<tr><td>Final Fixing Level</td><td colspan="2">Average of Closing NIFTY on last Thursday of 47th, 50th, 53rd & 56th Month.</td></tr>
<tr><td>Nifty Performance (NP)</td><td colspan="2">(Final Fixing Level/Initial Fixing Level)-1</td></tr>
<tr><td>Contingent Coupon (CC)</td><td colspan="2">100% (IRR – ~14.45%)</td></tr>
<tr><td>Participation Rate1 (PR1)</td><td colspan="2">100%(From 108% to 133% of Initial Fixing Level)</td></tr>
<tr><td>Participation Rate2 (PR2)</td><td colspan="2">2500%(From 130% to 133% of Initial Fixing Level)</td></tr>
<tr><td>Decay Multiple (DM1)®</td><td colspan="2" rowspan="2">1.15x (below -15% till -30% fall with catch-up)</td></tr>
<tr><td>Knock-In Put @ 84.99%</td></tr>
<tr><td>Decay Multiple (DM2)®</td><td colspan="2" rowspan="2">0.15x (Beyond -30% fall decay decreases)</td></tr>
<tr><td>Nifty @ 69.99% of initial</td></tr>
<tr><td rowspan="4">Payoff</td><td>If Final Fixing Level is at or above 133% of Initial Fixing Level</td><td>Contingent Coupon</td></tr>
<tr><td>If Final Fixing Level is above 108% & below 133% of Initial Fixing Level</td><td>(NP-8%)* PR1+ Max(0%,(NP-30%)*PR2</td></tr>
<tr><td>If Final Fixing Level is at or above 85% & at or below 108% of Initial Fixing Level</td><td>Principal Protection</td></tr>
<tr><td>If Final Fixing Level is below 85% of Initial Fixing Level</td><td>MAX(-100%,MAX((-30%*DM1),NP*DM1)+MIN(0%,(NP+30%)*DM2))</td></tr>
</table>

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

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
37590	110.00%	100.00%	15.50%	14.40%
35800	**100.00%**	**100.00%**	**14.40%**	**14.40%**
26850	50.00%	100.00%	8.20%	14.40%
23807	**33.00%**	**100.00%**	**5.70%**	**14.40%**
23628	32.00%	74.00%	5.60%	11.40%
23449	31.00%	48.00%	5.40%	7.90%
23270	30.00%	22.00%	5.20%	3.90%
21480	20.00%	12.00%	3.60%	2.20%
19332	**8.00%**	**0.00%**	**1.50%**	**0.00%**
17900	**0.00%**	**0.00%**	**0.00%**	**0.00%**
17662	-1.30%	0.00%	-0.30%	0.00%
16110	-10.00%	0.00%	-2.00%	0.00%
15215	**-15.00%**	**0.00%**	**-3.10%**	**0.00%**
15213	-15.01%	-17.26%	-3.12%	-3.62%
14320	-20.00%	-23.00%	-4.30%	-5.00%
12530	**-30.00%**	**-34.50%**	**-6.70%**	**-7.90%**
10740	-40.00%	-36.00%	-9.50%	-8.30%
0	-100.00%	-45.00%	-100.00%	-11.00%

Product IRR* **14.45%**

Tenor **1875 Days**

Target Nifty Perf. **33%**

Product Explanation

NP >= 33%	100% (Contingent Coupon)
30% < NP < 33%	Max(0%,(NP-30%)*PR2
8% < NP < 33%	(NP-8%)* PR1
-15% <= NP <= 8%	Principal Protection
-30% <= NP < -15%	1.15x Decay with Catch-up
Nifty falls beyond -30%	Decay decreases to 0.15x
If NP = -100%	-45% (Max Loss in this product)

*Product IRR assume to be Pre-Tax IRR
NP: Nifty Performance
^ Initial Fixing Level is taken as 17662, adding 150 points contingent: 17812, rounded off to next 100: 17900.
**Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 31st January 2022.
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.

Technical Analysis

NIFTY: FEB 2023

LEVELS TO WATCHOUT FOR: 18000 - 18200 / 17350 – 17000 - 16800

LIn line with our bearish stance the domestic markets suffered during the month of Jan 2023. The index NIFTY remained calm and range bound during the first half of the month but witnessed a crack in the final week. Initially the index surged towards 18250 mark but from then it collapsed to break the support of 17750 and ultimately retest the 17400 mark. The overall sentiment was dented by the domestic issue going on with the ADANI group.

In our previous monthly edition we made it clear that below 18080 level the low of 17775 might be under threat and we might be heading towards the placement of 200 DEMA near 17500 mark. Exactly in line with that NIFTY met the 200 DEMA and even sneaked below the same towards 17400 mark. Now at this juncture; we have a FLAG breakdown in the index and the theoretical target comes around 17000 – 16800. On the other hand; the pattern would be negated only above 18200 mark. On the optimistic side; the FIIs long short ratio in index futures has sneaked below 20%. Generally 20% to 10% range results in bottom formation or a temporary reversal. For the time being we are closely monitoring this data and as of now it indicates that one more leg of fall in the markets can be a good buying opportunity. Thus we advise traders to be prepared for deploying longs in the range of 17300 – 17000 if at all it comes. Meanwhile; there will be many stock specific opportunities in the markets with a better risk reward.

Meanwhile; the NIFTY BANK index suffered more than the benchmarks during the months of Jan 2023. It saw a crack of almost 10% from the months high near 43500. Previously; we clearly mentioned that we have a bearish wolfe wave pattern in the index and that would be negated above 44150. Till the time this is not negated we remain cautious or bearish on the banking index. On the downside; support is at 42500 and a close below the same might start a fresh crack in the index towards 41000 - 40000. In line with that; the target of 40000 is done and below 39400 this fall might get extend towards 38000 level. On the upside; bulls might take the front seat only above 42000 level.

TT Technical Pick – BUY ASTRAL LTD **POTENTIAL UPSIDE 15.47%- 20.62%**

- At this juncture;ASTRALis on the verge of a breakout which resembles symmetrical triangle pattern.
- The breakout will get confirmed above 2085 and that might result in strong upside momentum.
- The stock is taking support at 200 DSMA and also have a double bottom formation near 1870 mark.
- During to the high volatility in the markets we recommend a conditional buy in the stock. Thus; traders are advised tobuy the stock only above 2085with a stop loss of 1870 on closing basis for the upside potential target of 2407 followed by 2515 levels in coming 3 – 6 months.

Overview of ICICI Venture

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

ICICI Venture at a Glance

$6bn	600+	100+	81+
AUM/A since inception	Investments since 1988	Investments since 2002	Exits since 2002

Our Existing 4 Verticals

		Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A [1]		$1.85bn [2]	$0.70bn [2]	$1.75bn [3]	$1.25bn [2,4]
Strategies		Growth Equity	Debt	Energy	Debt, Mezzanine
		Joint Control	Equity	Utilities	Distress Buyouts
		Buyouts	Mezzanine	Buyouts	Equity Recaps

Sector Footprint

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

IAF5

[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 enterprise value of 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

Overview of ICICI Group

ICICI Venture leverages ICICI Group linkages

Trusted Brand Name

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

Access to Proprietary Deal flow

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

Deal lifecycle

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

Access to a large pool of talent and infrastructure

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

Our PE exit track record (2009 onwards)

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

Realisation by exit strategy[1]

Examples of different exit strategies

RFCL	GO COLORS!	KIMS	STAR	WABAG
Exit Strategy : Sum of parts sale Investment : Dec-2009 Exit : Feb-2011 Gross INR MOIC: 8.2x[4] Gross INR IRR: 61.9%[4]	*Exit Strategy: IPO* Investment : Jan-2018 Exit: Nov/Dec 21 (Partial) Gross INR MOIC : 6x Gross INR IRR: 59%	*Exit Strategy : Sale to PE* Investment : Jun-2014 Exit : Jun-2018 Gross INR MOIC : 2.8x Gross INR IRR: 29.8%	*Exit Strategy: Sale to Strategic/PE* Investment : Mar-2010 (IAF3) / Aug -2016 (IAF4) Exit : Mar-2020 Gross INR MOIC :6.2x/3x Gross INR IRR: 25% / 35%	*Exit Strategy : IPO* Investment : Apr-2005 Exit : Jul-2011 Gross INR MOIC : 25.8x Gross INR IRR: 118%

(1) [illegible]

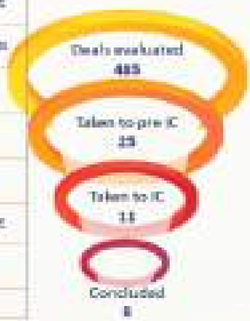
IAF4 Portfolio Overview

Backing leaders and emerging leaders in fast growing sectors in India

IAF4 Portfolio	Entry Year	Investment[1] (INR Mn)	Sector	Strategy	Stake	Exit/ Liquidity	Gross INR MOIC[2]	Exit Strategy
STAR	2016	1,000	BFSI	Growth PE	4.15%	Exited	3.08x	Sale to strategic/PE
GO COLORS!	2018	1,000	Consumer	Growth PE	13.79%[3]	Partially Exited	6x-8x	IPO, Capital markets
India1	2019	1,000	BFSI	Joint Control	21.48%[4]	2022-23	2.5x-3x	IPO / strategic
ortheo	2016	1,650	Mfg	Growth PE	26.22%[4]	2022-23	2.5x-3x	Sale to PE / IPO
KIMS	2021	1,800	Healthcare	Growth PE	2.42%	Listed	2.5x-3x	Capital markets
[illegible]	2017	1,250	Consumer	Joint Control	40.99%	2024-25	5.5x-6x	Sale to strategic/PE
DCB BANK	2016	2,358	BFSI	Growth PIPE	4.36%	Listed	2x	Capital markets
[illegible]	2021	1,800	Mfg	Growth PE	15.3%-24.2%	2024-25	2.5x-3x	IPO

[1] [illegible]

IAF4 deal log



[illegible]

Proposed key fund terms (India Advantage Fund S5 II)

Key fund terms*

Indian Fund (Feeder Fund)	Organized as a close-ended, contributory, determinate trust, under registration with SEBI as a Category II AIF (Fund of Funds). ICICI Venture is Settlor, AIF Sponsor, Manager of the Feeder Fund. Will invest solely in India Advantage Fund S5 I which is organized as a close-ended, contributory, determinate trust, registered with SEBI as a Category II AIF (Master Fund). ICICI Venture is Settlor, AIF Sponsor, Manager of the Master Fund
Minimum Capital Commitment	INR 10 Million (or as per extant SEBI AIF Regulations)
Final Closing	18 months from First Closing (excluding extensions, if any)
Investment Period	5 years from First Closing (excluding extensions, if any) for Master Fund. Feeder Fund to be co-terminus with Master Fund
Fund Term	8 years from Final Closing (excluding extensions, if any) for Master Fund. Feeder Fund to be co-terminus with Master Fund
Management Fee	2% p.a. (net of GST) at Master Fund level plus INR 1 Mn p.a. (net of GST) at Feeder Fund level. Master Fund Management Fee to be charged on the basis of Capital Commitment made by Feeder Fund during Investment Period and net invested capital thereafter
Offering Expenses (Class FC1 Unit-holders)	Upto 2% (net of GST) of the capital commitment made by Class FC1 Unit holders. Will form part of overall Capital Commitment
Feeder Fund Expenses	Feeder Fund Set up Expenses and Operating Expenses shall be charged at actuals, subject to a cap of 0.25%^ per annum (net of GST) as percentage of aggregate capital commitments received by the Feeder Fund at it's Final Closing, on an annualized average basis over Feeder Fund's term, plus pro-rata share of Master Fund Expenses
Master Fund Expenses	Master Fund Set up Expenses and Operating Expenses shall be charged at actuals, subject to a cap of 0.75%^ per annum (net of GST) as percentage of aggregate capital commitments received by the Master Fund at it's Final Closing, as calculated on an annualized average basis over the Master Fund's Term or Extended Term as maybe applicable, excluding one-time acquisition and divestment expenses incurred by the Master Fund
Hurdle Rate of Return	Applicable at Master Fund level (12% IRR on INR basis, pre-tax with full catch up)
Additional Return	Applicable at Master Fund level only (20% on whole fund basis)
Application Money (Class FC1 Unit-holders)	10% of Capital Commitment. Will form part of overall Capital Commitment and shall be utilized towards first drawdown

*Subject to legal & tax advice, SEBI Regulations and approvals; for further details please refer PPM. ^ subject to final closing size being equal to target size

ICICI Venture

iREIF 2

India Real Estate Investment Fund Series 2

Affordable Housing Focused Debt AIF

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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

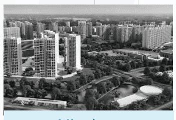
		Private Equity	Real Estate	Infrastructure	Special Situations
AUM/A[1]		$1.9bn[2]	$700mn[2]	$453mn[3]	$1.25bn[4]
Strategies		Growth Equity	Debt	Energy	Debt, Mezzanine
		Joint Control	Equity	Utilities	Distress Buyouts
		Buyouts	Mezzanine	Buyouts	Equity Recaps

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 re vised 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

ICICI Venture

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

Mumbai Metropolitan Region (MMR)

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

Pune

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

Bengaluru & Chennai

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

iREIF2

Our RE debt exit track record

ICICI Venture

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

Developer	Type	Investment	Exit	Gross IRR
ARIHANT	*Type: Affordable Housing*	Investment : Oct 2018	Exit : April 2021	Gross IRR: 22.5%
SKYi Developers	*Type: Affordable Housing*	Investment : Oct 2019	Exit : Oct 2021 (Largely)	Gross IRR: 22%
Rajesh Lifespaces	*Type: Housing*	Investment : Oct 2013	Exit : Sept 2015	Gross IRR: 25.2%
[illegible]	*Type: Affordable Housing*	Investment : August 2013	Exit : Jan 2016	Gross IRR: 23.4%
[illegible]	*Type: Affordable Housing*	Investment : Oct 2012	Exit : Jul 2014	Gross IRR: 22.7%
AHUJA	*Type: Housing*	Investment : Dec 2012	Exit : Jul 2015	Gross IRR: 22.2%
PRINCE	*Type: Affordable Housing*	Investment : Dec 2014	Exit : Oct 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%

iREIF2

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

ICICI Venture

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

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

iREIF deal log

iREIF2

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

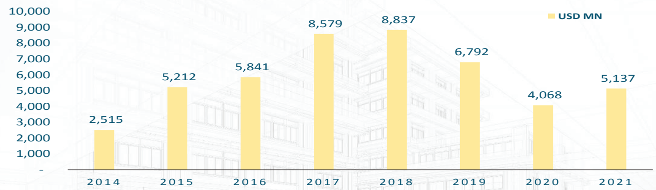
02 Benefits of MoU

- 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



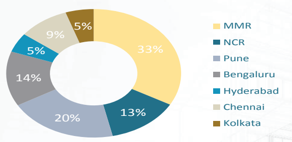
- The Indian real estate industry comprises of 4 sub-sectors -housing, retail, hospitality and commercial.
- The growth in this sector is complemented with the growth in economy driven by manufacturing, the corporate environment and the demand for office space as well as urban and semi-urban housing.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

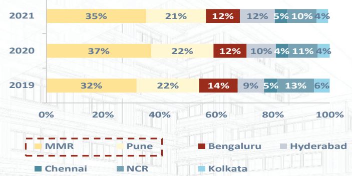
iREIF2 target market snapshot

MMR and Pune account for 53% of Sales

% of Overall Sales from 2015-2021

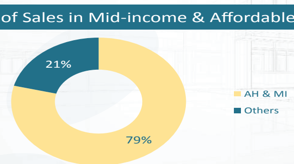


City wise residential unit sales



Affordable & Mid Income continues to drive overall volume

% of Sales in Mid-income & Affordable



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

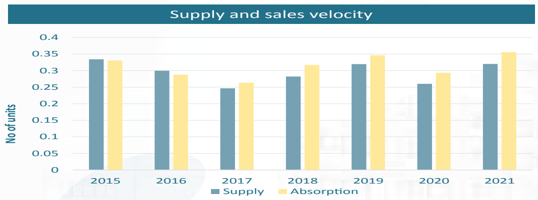
- ~67 % of residential units sold in CY2021 have been in below INR 7.5 mn unit price

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

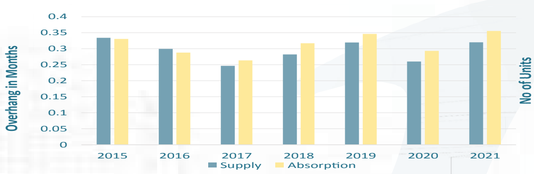
Covid impact

Despite Covid, healthy supply and absorption of residential units

Supply and sales velocity



Housing inventory overhang



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

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

Source: Propequity

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

iREIF

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

Tap synergies across ICICI Group

Target Gross INR IRR of 17%-22%

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

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

iREIF2

iREIF2 Strategy

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%

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 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*

iREIF2

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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

With

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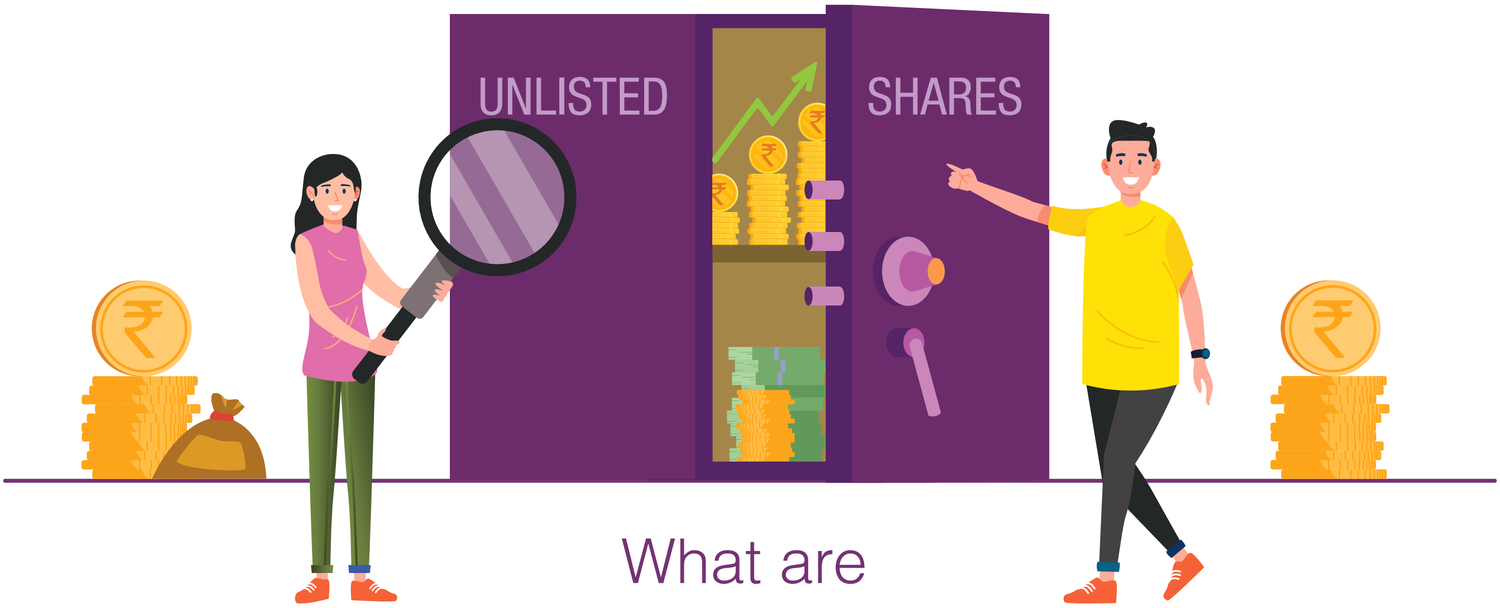
Investment in Unlisted Shares*



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).

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

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

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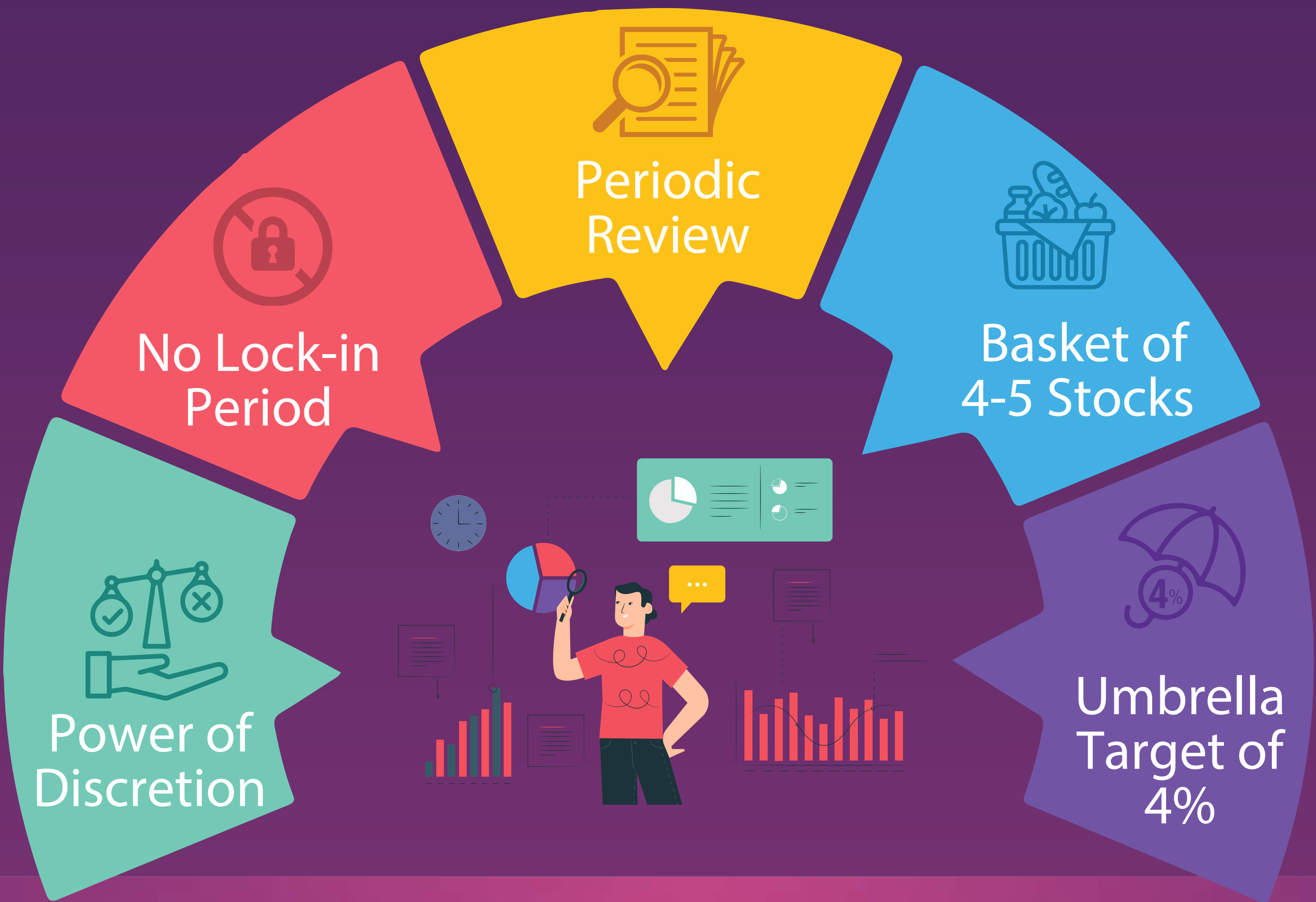
ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

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

FINANCIAL

FLASH

February 2023

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INVESTMENT SERVICES

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