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Private Client Group
Equity
PCG

FINANCIAL

FLASH

May 2023

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INDEX

PCG Communique

From the Desk of the PCG Head

Rajesh Kumar Jain

Nifty Rebounded….

The Indian stock markets surprised investors in April with the BSE Sensex and the NIFTY 50 both rallying more than 5% as key indices saw robust pick up in stock prices helped by a strong corporate earnings season, and the Reserve Bank of India pulling the plug on consecutive rate hikes.

Indian markets had been under pressure with the FIIs becoming more cautious with investments in emerging markets since the last four months December 2022 onwards. Both the NIFTY and the Sensex bore the effects of subdued global market sentiment hurt by inflation woes and uncertainties in the banking sector as well as the impact of an ongoing war between Russia and Ukraine denting oil prices.

With the market sentiment seeing an uptick globally in April and a revival in FIIs buying in India, expectations of future investments strengthening the home currency, which could help to cool inflation.

From being net seller for most part of the FY23, FIIs has turned Positive in India. FY24 has just started and FIIs has been net in the buying spree in the India mkt. They have been net buyer in April and till date in May. DI's are also getting huge inflow through SIP route. The whole of 2022-23 we have seen inflows in SIP at ₹141,696 crore Vs the FY 2021-22 inflow of ₹1,24,566 crore. As per provisional data in April both FII and DII has been net buyer for 5711CR and 2216CR. FII ownership share in Indian companies has increased from 16.02% to 20.18% while DII ownership share has moved from 11.38% to 15.32%. With emerging markets attracting foreign money again, FIIs no longer seem to be structurally negative on India. FIIs increasing stake in Indian businesses depicts the positivity for the Indian market and their confidence on the govt policies of PLI, Atmanirbhar Bharat, Made in India, DBT etc. Data collated for April 2023 shows that FIIs has been buyer and seller in the sectors:

Where FPI money flowed in		Where FPI money flowed out	
Sector	Amount ($ million)	Sector	Amount ($ million)
Financials (BFSI)	+939	Information Technology	-601
Automobiles	+243	Media & Entertainment	-27
Capital Goods	+197	Realty	-26
Metals & Mining	+173	Consumer Durables	-22
FMCG	+140		

Data Source: NSDL

In April we saw, the Reserve Bank of India's decision to keep the policy repo rate unchanged at 6.5% came as a surprise against the consensus and our expectations of a 25 bps hike to 6.75%. The monetary policy stance remains accommodative, with a withdrawal bias. The governor emphasized that the fight against inflation is far from over and hence, the pause was only for this meeting. The real GDP growth projection for FY23E is kept unchanged at 7% and is expected to decelerate to 6.5% in FY24E, comprising 7.8% in Q1, 6.2% in Q2, 6.1% in Q3, and 5.9% in Q4

On inflation, RBI expects gradual easing but upside risk remains due to the possible impact of weather anomalies on food supplies. The projected retail CPI inflation for FY24 is placed at 5.2% (vs 5.3% earlier) comprising Q1 at 5.1%, Q2 at 5.4%, Q3 at 5.4%, and Q4 at 5.2%.

The International Monetary Fund (IMF) said that China and India together account for about half of the global growth this year, underscoring Asia's increasing heft in the world economy. It estimates that the region as a whole will contribute more than 70% of global growth this year.

Relatively to China, Taiwan and Korea are cheaper than India. So, this first half of the year we see more flows towards there and India will get some flows but might be an underweight kind of weighting. The second half of the year, I do believe that we are going to see that as earnings start to accelerate, that is when we will start to see the flows. So, for us, it is a tale of two halves. Advanced economies are expected to see an especially pronounced slowdown in growth, from 2.7% in 2022 to 1.3% in 2023. Past depicts, once the US goes into recession and interest rates start to fall, emerging markets do well. We might witness rate cut by the last qtr of the calendar year 2023.

Countries : Index	Last Price	%1M	%3M	%1YR	P/E	P/B	Dvd Yld
U.S.: S&P 500	4061.22	-0.71	-1.82	-2.07	19.37	3.82	1.70
Euro Area: Euro Stoxx 50	4310.13	0.27	1.22	16.60	13.12	2.02	3.40
France: CAC 40	7388.59	0.99	2.14	16.02	12.55	1.78	3.01
Germany: DAX	15871.39	2.26	2.55	14.18	13.33	1.68	3.49
Italy: FTSE MIB	27096.37	0.85	0.54	14.05	7.43	1.26	4.47
Switzerland: Swiss Market	11499.55	3.46	1.32	-3.17	22.41	3.39	2.93
U.K.: FTSE 100	7747.03	1.10	-1.96	3.25	10.83	1.72	4.28
Australia: S&P/ASX 200	7220.01	-0.24	-4.47	0.20	14.68	2.10	6.04
China: Shanghai SE Composite	3334.50	0.66	2.18	11.09	15.25	1.40	2.55
Hong Kong: Hang Seng	20049.31	-1.11	-7.44	0.24	11.38	1.18	4.19
India: NSE CNX NIFTY	**18069.00**	**2.67**	**1.10**	**10.10**	**22.04**	**2.99**	**1.39**
Indonesia: Jakarta Comp.	6787.63	-0.47	-1.80	-6.10	0.13	1.93	3.68
Japan: NIKKEI 225	29157.95	3.44	5.99	8.72	23.97	1.81	2.02
Malaysia: FTSE Bursa KLCI	1431.04	0.10	-3.99	-8.52	14.98	1.34	4.21
New Zealand:S&P/NZX 50 Gross	11889.01	0.19	-2.53	2.41	30.12	1.86	3.94
Singapore: Straits Times	3266.63	-1.57	-3.48	-0.77	13.13	1.12	4.70
South Korea: KOSPI	2500.94	0.23	0.83	-6.60	12.77	0.96	2.06
Taiwan: TAIEX	15626.07	-1.53	0.15	-4.77	13.31	1.93	4.61
Brazil: IBOVESPA	102174.34	1.18	-5.85	-2.97	5.86	1.40	7.21

Stock Market Outlook in May

The positive momentum of April is expected to continue in May with volatility persisting due to various macro and micro-economic factors, say the majority of experts. On the macro front factors denting the markets still exist, from the shift in the political dynamics fuelled by China's aggression towards Taiwan, U.S.-China ongoing conflict for supremacy, the continuing Russia-Ukraine war, the U.S. banking crisis and a looming recession.

Among the key events to watch out for in May include the monetary policy announcements by the U.S. Federal Reserve, followed by the European Central Bank and the Bank of England's verdict on rate hikes, which will be widely observed to obtain a sense of their outlook on the economy and the profitability of corporations in those respective countries.

The impact of macro factors is expected to be eased by positive domestic factors acting as tailwinds for investors including the near completion of the earnings cycle, lower-than-expected inflation, and a pause on rate hikes by the Reserve Bank of India.

However, there are domestic downsides such as the uncertainty surrounding the impact of India's southwest monsoon on the economy should be keenly watched by market participants. Weather forecasting agency Skymet has predicted below-average rainfall, while the India Meteorological Department (IMD) has predicted 2023 rainfall at 96% of the long-period average. This prediction is of a threat of El Nino making a severe impact on India's food grain production. The last week of May will see detailed updates on rainfall and monsoon onset. The market will closely monitor El Nino as it could have an impact on various fronts such as inflation, interest rates, low industrial production (due to water availability) and possibility of a lower tax collections, which could impact the deficit and potential to invest on capital expenditure by the govt.

Along with this, in May month Karnataka Election results will be keenly watched and then the elections in 5 other states is due to be held this year and finally the Lok Sabha election due in May. Market seems to be choppy and expected to be remain sideways as this is the last year before we go for the Lok Sabha elections. We firmly believe that FY25 will be a good year wherein along with good corporate growth we will also see sentiments driving the markets.

Indian market has been trading @ 18000 plus levels. Most of the brokerage has come with the EPS estimate for FY24 between 920-980 with the caveat of a possibility of an earning cut. At 920 EPS for FY24 we are trading a 1 year forward PE of 20 which is marginally higher than the long term average of 18. With the end of the earning season coming to an end, we may see mkt will take direction mostly from the global cues and will decide its course. We believe mkt will be volatile and there can possibility of wide swing, hence investors have to be ready with gun powder (cash) for buying quality companies at every downfall. Stay with large caps and sectors like Defence, Capital Goods, FMGC, BFSI.

Happy Investing!!

Market Commentary

The Nifty index ended the March month on a positive note as it closed at '18,065' as compared to March end '17,359', an increase of 4.06%. Similarly, Sensex ended the March month at 61,112 with a positive return of 3.60%.

It turned out to be a fabulous week of trade for Indian equity benchmarks with frontline gauges recapturing their crucial 18,000 (Nifty) and 61,100 (Sensex) levels, as traders took encouragement with decent Q4 numbers released by the some of the heavyweights. Markets made optimistic start and never witnessed an iota of profit booking throughout the week as decent domestic earnings reports and positive global cues continue to drive market sentiments. Traders took encouragement with a private report that starting FY24 on a positive note, Foreign portfolio investors (FPIs) have been buyers throughout the trading sessions in April month so far. On a reasonable valuation of stocks, they invested Rs 8,643 crore in Indian equities. Besides, according to the RBI data, India's forex reserves rose by $1.657 billion to $586.412 billion as of April 14, marking their second consecutive week of increase. Some support also came with Deepak Sood's, Secretary General at ASSOCHAM, statement that private investment is picking up in sectors like infrastructure, green energy and electronics. He also said quicker execution of the projects in the railways, ports, airports and highways, as was witnessed in 2022-23, would make a difference in creating a positive spiral for the private investment to crowd in. Sentiments remained positive as the Finance Ministry in its monthly economic review said that India's banking system is 'strong enough to survive' stress caused by interest rates increasing and it will continue aiding economic growth.

The S&P Global India Manufacturing PMI increased to a four-month high of 57.2 in April 2023 from 56.4 in the previous month, beating market forecasts of 55.8, as both output and new orders grew the most in four months, amid sustaining expansions in sales. At the same time, employment increased while suppliers were reportedly able to deliver purchased materials in a timely manner, with vendor performance improving to the greatest extent in eight months, though only slightly overall. On the pricing front, input cost inflation accelerated, due to faster rises in the prices of transportation and raw materials, while output cost inflation rose to a three-month high. Finally, sentiment improved from March's eight-month low, amid demand resilience, client inquiries, orders pending approval, and marketing efforts.

The S&P Global India Services PMI increased to 62.0 in April 2023 from 57.8 in the previous month, beating market forecasts of 57. The latest reading pointed to the strongest growth in the sector since June 2010, as both output and new orders rose at the fastest pace since June 2010, with export business expanding for the third month in succession and at the fastest pace over this period. At the same time, employment rose for the 11th month running despite growing only marginally. On the pricing front, input cost inflation accelerated, while output cost inflation rose to a four-month high. Looking ahead, business sentiment improved amid marketing efforts, plans to price competitively, and an increased focus on customer relations.

Annual consumer inflation in India eased to 5.66% in March of 2023, the lowest since December of 2021 from 6.44% in February, and slightly below market forecasts of 5.8%. The inflation moved back to below the RBI's upper tolerance limit of 6%, due to a slowdown in food costs (4.79% vs 5.95% in February), mainly vegetables (-8.51%), oils and fats (-7.86%) and meat (-1.42%), which partially offset a rise in cost for cereals (15.27%), milk (9.3%) and spices (18.21%). Also, cost of sugar and confectionery went up 1%. A slowdown was also seen in cost for fuel and light (8.91% vs 9.9%), miscellaneous (5.77% vs 6.12%), clothing and footwear (8.18% vs 8.8%) and pan, tobacco, and intoxicants (2.99% vs 3.22%). On the other hand, prices rose faster for housing (4.96% vs 4.83%).

The country's merchandise exports fell in March 2023. India's merchandise exports in March fell to $38.38 billion as compared to $44.57 billion in the year-ago period. India's overall exports (Merchandise and Services combined) in March 2023 are estimated to be USD 66.14 Billion, exhibiting a negative growth of (7.53) per cent over the same period last year. Overall imports in March 2023 are estimated to be USD 72.18 Billion, exhibiting a negative growth of (7.98) per cent over the same period last year. The country's merchandise imports dropped 7.8% to $58.11 billion as compared to $63.09 billion a year before. The merchandise trade deficit for FY22-23 stood at $266.78 billion against $191 .05 billion in the same period last year.

The Goods and Services Tax (GST) collections for the month of April 2023 stood at ₹1,87,035 crore which is 12% higher than the GST revenue in the same month last year, which itself was ₹1,67,540 crore. In April, revenue from domestic transactions (including import of services) are 16% higher than in the corresponding period a year ago.

India's foreign exchange reserves have again showed negative signs as it decreased by US$2.16 billion to $578.77 billion in the week through April 31. Foreign currency assets decreased by $2.14 billion to $514.49 billion for the week ending March 31.

The U.S. markets ended marginally higher during the passing week as upbeat earnings lifted mood. Meta reported quarterly revenue that topped expectations and issued an upbeat forecast. Microsoft, Alphabet, Comcast, eBay, Honeywell and Eli Lilly reported strong quarterly results. Further, some support came in as first-time claims for U.S. unemployment benefits unexpectedly declined in the week ended April 22nd, according to a report released by the Labor Department. Meanwhile, the Commerce Department released a report showing new orders for U.S. manufactured durable goods surged by much more than expected in March amid a substantial rebound in orders for transportation equipment. The report said durable goods orders spiked by 3.2 percent in March after tumbling by a revised 1.2 percent in February. Street had expected durable goods orders to climb by 0.8 percent compared to the 1.0 percent slump that had been reported for the previous month. However, some cautiousness prevailed in the markets as Consumer confidence in the U.S. has deteriorated by much more than anticipated in the month of April. Besides, preliminary data released by the Commerce Department showed U.S. economic growth slowed by much more than expected in the first three months of 2023. The report said real gross domestic product increased by 1.1 percent in the first quarter after jumping by 2.6 percent in the fourth quarter of 2022. Street had expected the pace of GDP growth to slow to 2.0 percent. The Commerce Department said the slowdown in GDP growth primarily reflected a downturn in private inventory investment and a slowdown in non-residential fixed investment.

European markets ended passing week in red. The start of the week was on a muted note, as UK retail sales declined more than expected in March, as Britons shopped less amid the rainy weather and also due to high inflation that is pushing up the cost of living and has added strength to the case for yet another rate hike from the Bank of England next month. The preliminary data from the Office for National Statistics showed that the volume of retail sales including motor fuel decreased 0.9 percent from the previous month. The latest decline came after two months of growth. February's gain was revised down to 1.1 percent from 1.2 percent. Further, the Netherlands' retail sales expanded at the slowest pace in seven months in March amid a fall in non-food sales. According to data published by the Central Bureau of Statistics, retail turnover adjusted for shopping days grew 4.1 percent yearly in March, well below the 8.0 percent increase in February. Sales have been rising since March 2021. Markets added more losses towards end of the week, after the UK budget deficit widened sharply to the second highest level for the month of March taking the overall borrowing for the financial year ending March 2023 to the fourth biggest on record. The Office for National Statistics reported that excluding banks, public sector net borrowing increased by GBP 16.3 billion from the previous year to GBP 21.5 billion in March. This was the second highest March borrowing since monthly records began in 1993.

Asian markets ended in red during the passing week on renewed concerns over the health of the US financial sector. Traders await the Fed's preferred inflation gauge for hints on when the Federal Reserve might consider pausing interest rate rises. Chinese benchmarks edged lower by around half percent on doubts about the strength of the economy recovery in the country. Sino-U.S. tensions also weighed after a group of nine Republican senators called on the Biden administration to impose sanctions against Chinese cloud companies, citing national security concerns. Some concern also came as China's industrial profits subdued by 21.4% year-on-year in the first quarter, as factory activity struggled to recover from pandemic-related disruptions. Additionally, rising COVID cases in China also fueled concerns in the market. However, losses remain capped with report stating that China's central bank boosted short-term cash injection into the banking system for the 11th straight day, the longest streak this year, as it sought to calm investor concerns over a liquidity squeeze around month-end. Japanese Nikkei too ended lower as data showed consumer inflation in Japan's capital rose more than expected in April. Some concern also came as the Ministry of Internal Affairs and Communications (MIAC) said the jobless rate in Japan came in at a seasonally adjusted 2.8 percent in March. That was well above forecasts for an increase of 2.5 percent and up from 2.6 percent in February. However, losses remain capped as separate reports showed industrial output rose 0.8 percent from the previous month and retail sales jumped 7.2 percent from a year earlier. Meanwhile, the Bank of Japan kept rates ultra-low and announced a broad review of its longstanding monetary easing measures.

The S&P Global Manufacturing PMI for the US was revised lower to 50.2 in April 2023 from a preliminary of 50.4 and compared to 49.2 in March. New orders returned to expansion territory and production increased at the fastest pace since May 2022 while new export orders contracted further. Nonetheless, anticipations of greater future sales led firms to ramp up employment, with the rate of job creation reaching the fastest since September 2022. Despite subdued customer orders and another drop in input buying, suppliers hiked their prices at a steeper rate. Cost burdens rose at the sharpest pace for three months, as selling prices also increased at an accelerated rate. Looking ahead, the degree of optimism rose to the strongest for three months and was broadly in line with the series long-run average.

The HCOB Eurozone Manufacturing PMI was revised slightly higher to 45.8 in April of 2023 from an initial 45.5 but continued to point to the worst performance for the manufacturing sector since May of 2020. It also marks the tenth consecutive month of contraction in the factory sector, as production volumes fell for the first time since the beginning of the year amid deteriorating demand, consumer hesitancy and high client inventory levels. Demand from international markets also dipped again and employment slowed. Meanwhile, backlogs of work fell for an eleventh month, capacity at vendors freed up which facilitated speedier deliveries and supplier delivery times shortened the most since 1997. On the price front, input costs fell the most in almost three years, helped by improving supply conditions. Finally, confidence in the outlook improved slightly.

The au Jibun Bank Japan Manufacturing PMI held at a six-month high of 49.5 in April 2023, matching a preliminary reading, and after a final 49.2 in March, amid deeper economic recovery. It was the sixth straight month of contraction in factory activity but the softest one in sequence, as new orders shrank at the slowest pace since last November, while foreign demand declined the least in six months. Meanwhile, output dropped slightly more quickly, with companies signaling the softest lengthening in delivery times in the current 39-month sequence. At the same time, employment rose for the twenty-fifth month in a row and at the strongest pace since last October, with a backlog of work decreasing. On the pricing front, input cost inflation eased at the slowest pace since August 2021, while output cost inflation accelerated to a five-month high. Finally, business sentiment was robust overall, and little changed from March's 14-month high.

Going Ahead

For several month the global financial markets are oscillating between optimism and pessimism. There certainly has been some deterioration in macroeconomic and corporate fundamentals over the last one and a half year. Despite this, in most countries, the current situation is not significantly worse than the averages prior to the pandemic. There has been a significant reduction in liquidity, and investors have reduced their allocation to equity assets, resulting in an outflow of capital from the equity market. Yet, many central banks are shifting from a restrictive to neutral liquidity stance. With the increase in risk-free rates across the world, the discounting rate for equities has increased, and this has played a significant role in the reduction of valuation multiples for equities.

Considering the aforementioned factors and the elevated geopolitical unpredictability, investor sentiment and future expectations about the economy and markets remained negative. All these factors have contributed to a very low or negative return on equity assets throughout the majority of 2022 and 2023. Yet, the realisation that most negative factors are already priced in has emboldened risk-tolerant investors. Also, in numerous instances, macroeconomic and corporate performances have exceeded expectations. Additionally, the risk-free rates are likely to turn softer and with that the discounting rates are coming down. This is beneficial for the equity market. Considering these factors, a relief rally in the stock market was anticipated and played out over the past month. This brings us back to the recurring question of whether this rally will last.

I will refrain from commenting on the short-term movements of the Indian equity market, but I maintain a bullish outlook on Indian equities from a medium- and long-term perspective. India is performing relatively better than other developed and emerging major economies. More importantly, almost all aspects of India's performance, including economic, financial, infrastructure-related, human resource-related, institutional, entrepreneurial, and scientific and technological, have significantly improved over the past two decades. All these factors are contributing to a new growth and development trajectory for India.

A significant portion of the new optimism is due to the country's all-encompassing improvement over the past decade. The favourable demographics and young Indian population inspire optimism. Majority of global commentators agree that this century belongs to India. That is why I am optimistic about the outlook of Indian equities in the medium to longer term.

ANCHOR (Market Linked Debentures)

What is ANCHOR?

C (Credibility & Transparency)
- Secured by 1x cover on principal & Coupon
- Independent Trustee to look after Investor interest

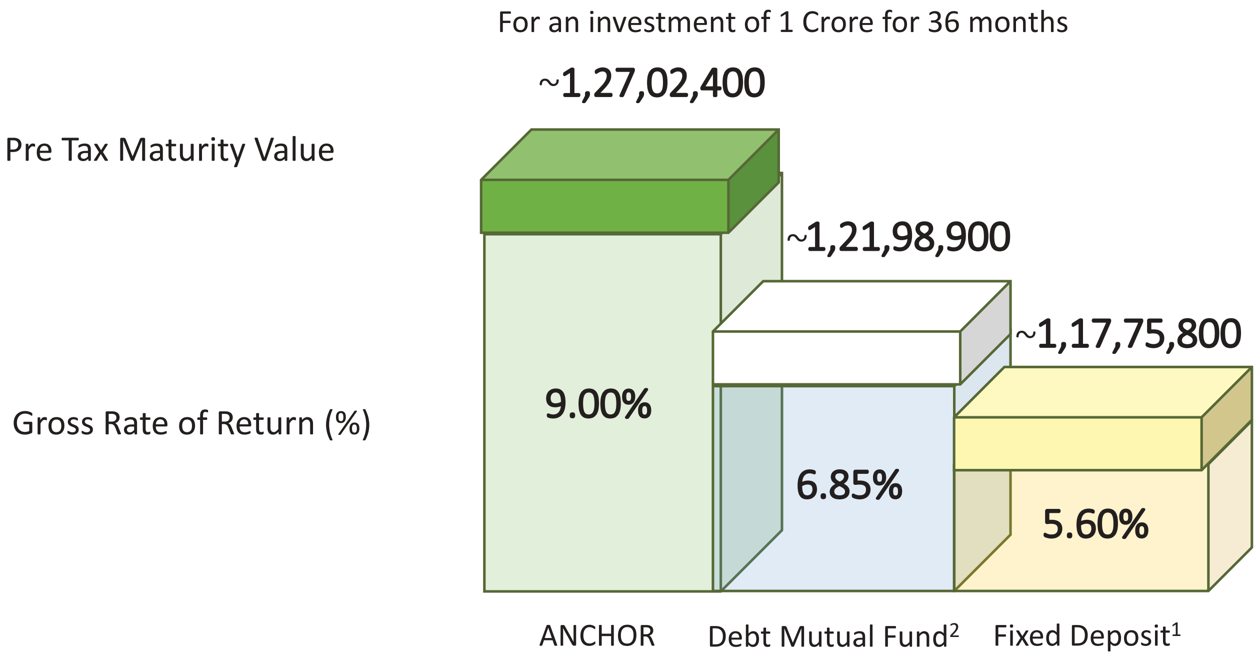
E (High Yield)
- Low Leverage at 1.21 (D/E)
- Opportunity to earn income @ 9% p.a.

I (Interest)
- Interest Income taxed as per slab rate (TAX)
- Quarterly payout

C R E D I T

*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?



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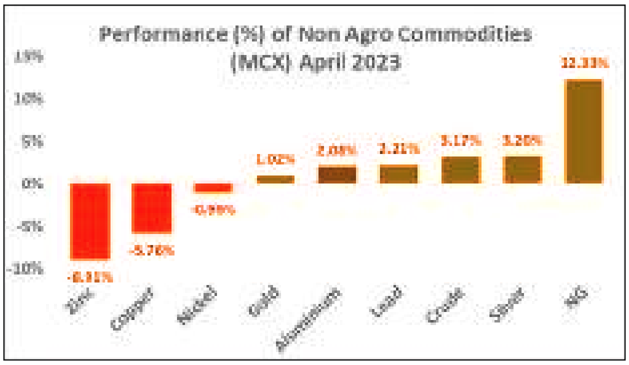
*Returns/IRR showcased are for illustrative purposes only. The returns are pre-tax.

Commodities Outlook



Precious metals consolidates on higher side in April; Bulls charge to new all-time highs amid Fed rate hike pause, US Banking crises & Debt ceiling concerns.

Gold continued to made new all-time highs driven by safe haven bets as it briefly touch $ 2080 in International Spot markets while ended in green for the second consecutive month. With banking crisis emerging in US and Europe amid fear of economic slowdown, Gold prices delivered stellar return among all asset classes in first quarter of the current year (CY) 2023. However second quarter started with consolidation phase as Gold struggled to hold the $2,000 an ounce level for nearly three weeks in April, but finally ended up on monthly basis. The future path of the yellow metal was further bolstered by the stance on interest rates yesterday as US Fed signaled pause in further rate hikes, augmenting the recessionary concerns leading to safe haven bets with gold witnessing all-time highs on MCX @ Rs. 61490 per 10 gm levels in June futures contract.

Now that the Federal Reserve has concluded this month's FOMC meeting, market participants will continue to focus on two major events that could lead to tremendous economic upheaval. One remains the angst about the political standoff between the Democratic and Republican legislators regarding raising the debt ceiling as the fact that the government will not be able to meet its obligations much sooner than anticipated earlier is troublesome. More importantly, the divide between the Democrats and Republicans have been much wider this time making it very difficult for a compromise to be reached.

Outlook: Concerns about the banking crisis and the debt-ceiling to further drive safe haven bets

Lastly, the banking crisis continues to paint a worrisome picture as the possibility of more banks

becoming insolvent remains. Collectively, the debt crisis remaining unresolved and the potential for more banks to become insolvent will be the major factors that will continue to be highly supportive of gold moving higher.

Finally on MCX front, gold which turned bullish towards the end of April continued to find strong triggers as witnessed new all time high of Rs. 61459 per Kg on MCX. On the downside the counter could continue to find strong supports in the zone of Rs. 58500-59200 per 10 gm. levels while the market may look ahead to further cues on slowdown in US growth. With Oil prices remaining elevated in April had led to inflation concerns remaining sticky which could weigh on prices as yellow metal could find strong resistance around its previous high of Rs. 62500 on the higher side. However signs of slowdown in US Growth to be seen in the current quarter with Manufacturing PMIs already seen declining in the first quarter could lead to safe haven appeal in yellow metal as the same is vulnerable to test new all-time high around $ 2150 in Comex & Rs. 64500 per 10 gm on MCX futures contract in coming quarters.

Base Metals Update

Copper drifts lower in April as China Optimism fades away in short term; Lower Inventories & weaker Dollar to aid sentiments for medium to long term.

After a bullish start to 2023 in January, on China's reopening optimism, Copper prices drifted lower in the April month driven by weaker-than-expected peak construction season, which runs from April through June, highlighting China's uneven rebound. Iron ore prices was the biggest loser during the month in Industrial metals as i struggled with the reality that China's property sector the steelmaking material's largest demand driver for two decades is still far from a robust recovery.

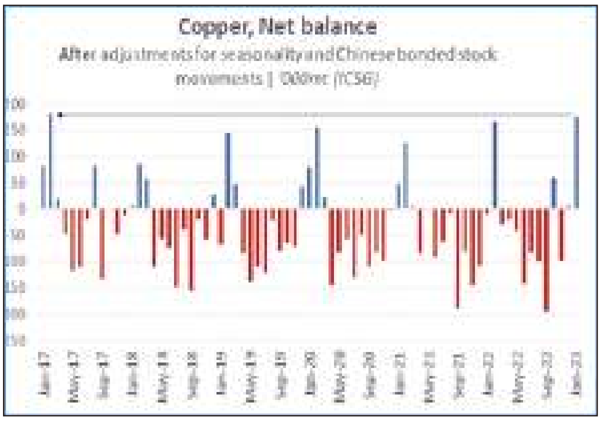
President Xi Jinping's flagship campaign to squeeze debt from the real estate sector stifled commodities demand, as developers focus on completing existing projects with few new ones in the pipeline. That's crimped the appetite for iron ore and metals during a period when building sites should be buzzing.

Outlook

Bearish macro environment to keep bias negative for short term, Lower stocks along with pick up in China growth to aid sentiments in medium to long term scenario.

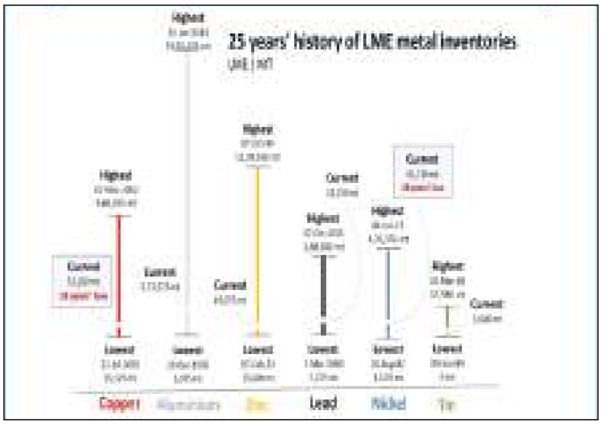
ICSG Reports Copper seasonal surplus jumped to a 6 year high in January.

Week long holidays in China & off peak season helps build inventories in China in Jan/Feb period. However it remains too early to conclude that Copper to remain in Surplus for the year.



Chinese copper product makers are cutting their output for the second Quarter, typically the peak demand season, because of a slower-than-expected recovery in domestic consumption.

The Physical delivery premiums paid by Chinese importers (measured on the basis of Yangshan Cathode) are currently trading two-thirds below the 10-year average, suggesting that demand from Chinese importers is relatively weak.



Lower Exchange Inventories seen at multi decade lows to support prices on the downside in medium term perspective. Recovery in prices only likely in the later half of the quarter, as lower inventories continue to fuel supply tightness leading to recovery from lower levels.

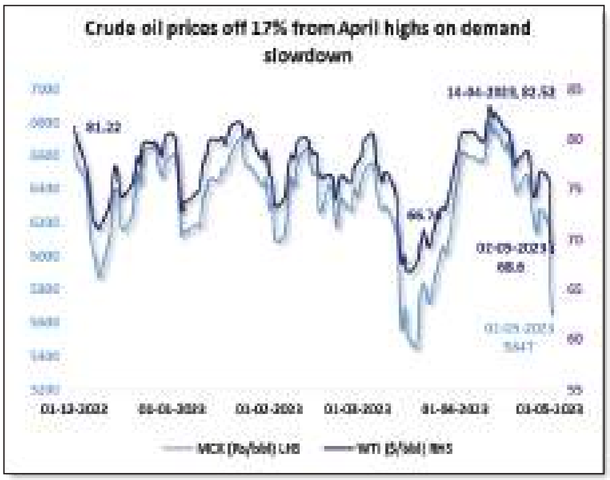
The demand outlook is not universally gloomy, however, notably for infrastructure, with Chinese provinces planning to boost spending on major construction projects by almost a fifth this year. Fixed-asset investment rose modestly in the first quarter and economists expect that to accelerate as the year goes on.

Overall we might expect LME Copper (CMP $ 8546/tonne) to trade in the range of $ 8750 - 7900 per tonne in 3-Months LME contract for the next 2 – 3 weeks perspective. On MCX (CMP Rs. 740 /Kg.), prices might continue to trade in the broad range of Rs. 715 – 760 /Kg. in May contract.

Crude Oil Update: Slowing demand growth pushed WTI Oil once again off $70 level

The Black gold whipsawed in the month of April with WTI prices surging to the highest level in past four months ($83.53 per bbl) after OPEC output cut decision and then gave most of the gains amid deteriorating demand outlook from US and patchy recovery in China and settled at $76.78 per bbl. Nevertheless, for WTI oil it was a first monthly gain of 1% after five straight months of losses while MCX Crude oil closed 1.4% higher in April at Rs 6,286 per bbl.

OPEC news remained at the center stage in early April as markets anticipated that the additional output cuts of 1.16 mn bbl would probably tighten oil balance sheet, particularly in the second half of the year when Chinese economy witness full restoration. But, the sentiments largely turned bearish as the slew of economic data hinted demand slowdown in the US while China's deteriorating margins amid weakness in the fuel markets signaled demand downturn in the largest importing nation. China crude imports reached highest level in 3 years in March while refinery throughputs made a new record. But, April probably has seen a drop in imports from 3 year highs. Russian supplies continued to display a strong resilience to EU embargo and price caps. Despite output cuts, the nation's weekly exports average was around 3.4 mbpd in the first four weeks of April. The bullish trigger last month besides OPEC was the US weekly inventories which reported a drawdown after rising consistently since December and the positive earnings results reported by the energy companies including Exxon and Chevron that added to the final gains of the last trading session aiding WTI oil to end the month of April in green.



Outlook for May

Oil prices took a major hit at the start of May, plummeting more than 9% in first two trading sessions. Markets earlier were anticipating demand slowdown in the US and European nations and a recovery in China. But recent economic data from China indicated an uneven recovery. Weak demand along with consistent supplies from Russia and US is the reason why oil market is in surplus this quarter.

Nonetheless, amidst the negative environment surrounding oil markets, crude prices might draw some support on the geopolitical front and though not a significant jump, but a positive undertone on a monthly basis is what we expect later this month. Seasonality too indicates a positive price momentum in the month of May and June. Considering that the WTI oil prices are below $70 levels, the OPEC's additional output cuts effective this month onward, the ongoing geopolitical tensions, and US replenishing Strategic reserves at lower prices, downside seems to be limited in crude oil. Amidst the dampening demand, we don't expect a significant rally in the prices, but at the same time don't rule out the possibility of recovery toward $76-78 levels. MCX Crude Oil June futures (CMP: 5,700) might recover toward 6,400-6,500 level. Historically, May has tended to be a positive month for crude oil prices. It remains to be seen whether history will repeat this year in the present economic scenario.

Currency Outlook

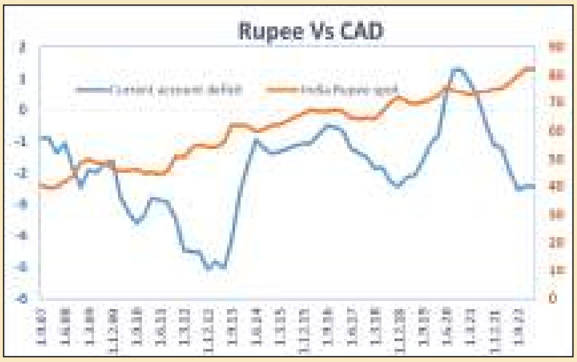
Dollar Index

Concerns over Debt ceiling, Bank crisis surrounding Dollar Index still remains

The dollar was mixed in April. It was stronger against most G10 currencies but not the euro, or British pound. After a quarter-point hike in early May, the derivatives market is discounting three quarter-point rate cuts before the end of the year. Indeed, we suspect another rate hike after May's move is more likely than 75 bp of cuts the market is discounting. The debt ceiling continues to loom, distorting the bill market and thinly traded credit-default swap market (provides insurance against default). The situation with the US bank stocks is such that we can expect more defaults with concerns emerging in US Pacwest Bancorp & Western Alliance bancorp. When a set of banks which contribute to half of the overall lending are desperate about liquidity and capital, the velocity of money in the economy takes a sharp hit, potentially leading to rise in unemployment and recessionary concerns. The borrowings from the Fed emergency window continue to suggest significant stress in the banking system.

Dollar Index Outlook

We expect the dollar to slip further towards 100.50 - 100 levels as markets will now price in future pause in rate hikes as the impact of higher borrowing cost is now evident in most of the economic data points. Concerns of inflationary and recessionary pressures are still evident because the language present in the Fed statement around anticipating more hikes was removed. The statement talked about a data-dependent approach going forward.



Meanwhile, borrowings from the Fed emergency window continue to suggest significant stress in the banking system. The possibility of a deep recession in the US should be kept in mind while assessing the outlook for risk assets and currencies.

Indian Rupee Update

Dollar/rupee premiums to rise as US-India interest rate gap seen widening

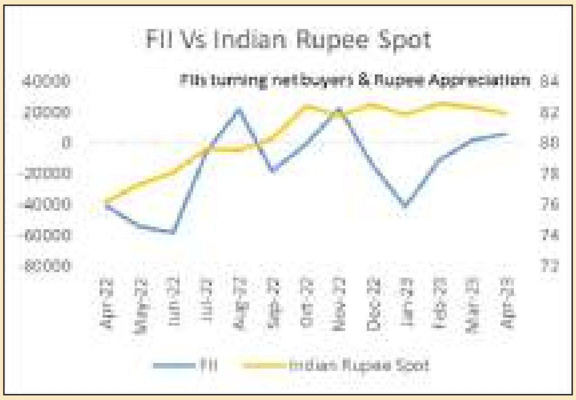
Indian foreign exchange traders are betting on a rise in dollar/rupee forward premiums as U.S. interest rates are expected to ease later this year. According to market participants, the USD/INR 1-year implied yield is forecast to rise to 3% levels within fiscal 2024 from around 2.26% currently. Forward premiums, a function of U.S. and India interest rate differentials, are expected to widen as the Federal Reserve is likely to ease rates gradually this year, while the Reserve Bank of India keeps them steady.

Indian Rupee supported by CAD narrowing

The rupee has recently shown remarkable resilience in the face of a few hiccups in both the domestic and international financial markets in the last 4-6 months. Rupee has managed to hold its own despite the uncertainty caused by a steep rise in UK bond yields in September, the Adani-Hindenburg saga unfolding since January followed by a banking crisis in SVB and Credit Suisse in March. One of the primary reasons for it has been the ***shrinking current account deficit in recent months due to a sharp rise in services exports.*** India's trade deficit had shot up in 2022 to $25-30 billion per month due to higher energy, fertiliser, and commodity prices. However, in 2023, not only is the goods trade deficit lessening due to lower crude and commodity prices, the surge in services exports is shrinking the overall goods and services deficit to just $1-2 billion per month from a high of $10-20 billion per month in 2022.

FIIs taking over buy side ride aiding Rupee to be Resilient

After watching selling since December 2022 for 3 consecutive months, March ’23 and April’23 have been months of net foreign investors buyers month. Entire April month inflow through FII’s were maintained. Except mid-week of April 17th – 25th we saw major selling due unsupportive global data such as increase in jobless claims, lower consumer confidence data, US banking crisis rising, Hawkish and dovish tug of war hindering volatility across Asian markets. However, net selling was recovered by the end of the month keeping April month the second consecutive month to be on buy side helping Indian rupee to stand strong. Besides, ***private transfers via remittances by Indians living abroad are also rising.*** RBI holding Rupee near 81.70 levels on back of India growth story, domestic equities showing stability amid better than expected Q4 results, easing inflation and optimism on bond inclusion were the add-on motivation to park money in India, at a time when global cues are negative.



Rupee Outlook

We expect the rupee to have appreciative bias this month in anticipation of weakness in the dollar. Further, softening of crude oil prices may be supportive for the domestic currency as it will reduce import bills. However USDINR has not been majorly impacted materially by the FOMC policy so far. While the Dollar to remain weak, the underlying risk aversion along with RBI Intervention might prevent Rupee from a sharp appreciation below 81 levels. Meanwhile, declining US short term yields, in the current month suggestive of the end of rate hike cycle, are also indicative of a risk aversion led safe-haven buying. The rupee is likely to trade in the broader range of Rs. 81.20 - 82.50 in the current month.

Anand Rathi PMS

PMS Portfolio

Objective & Investment Philosophy

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

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

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

Investment Process

Stock Selection

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

Allocation

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.

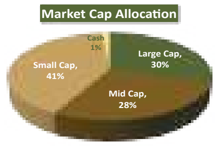
W – Weightage Check of the Holdings

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.	8.1%
2	Bharat Electronics Ltd.	6.5%
3	KEI Industries Ltd.	6.0%
4	Anupam Rasayan India Ltd.	5.8%
5	JK Lakshmi Cement Ltd.	5.8%
6	Bajaj Finance Ltd.	5.8%
7	Radico Khaitan Ltd.	5.4%
8	Carborundum Universal Ltd.	5.1%
9	ICICI Bank Ltd.	5.1%
10	Varun Beverages Ltd.	4.9%

Market Cap Allocation

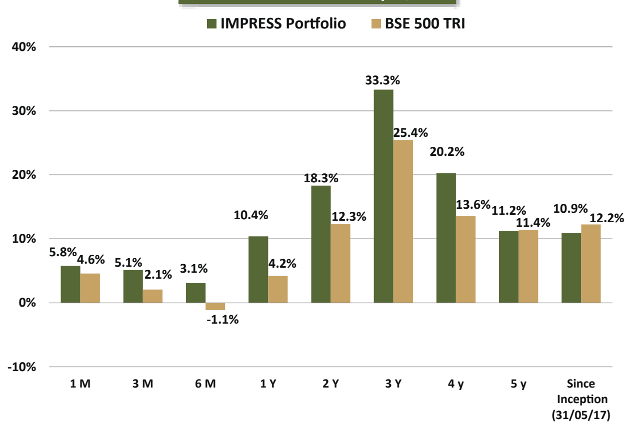


	Avg Mkt Cap (cr)
Large Cap	238893
Midcap	23088
Small Cap	9488
Overall Portfolio	83819

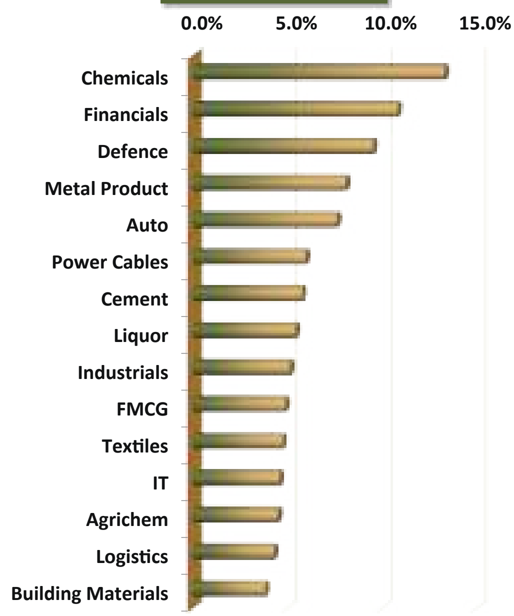
Data as on 30th April, 2023

Portfolio Performance

Performance as on 30th April, 2023



Sector Allocation



Anand Rathi PMS

Decennium Opportunity

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

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

Opportunities at every level of emerging business

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

Emerging business of ongoing Industrial Revolution

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

Stock Selection Process

Opportunity - Accelerated Growth from Business Upcycle

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

Portfolio Synopsis

Sr. No.	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	9.5%
2	Craftsman Automation Limited	7.8%
3	Cera Sanitaryware Ltd	6.9%
4	Ethos Limited	5.9%
5	Praj Industries Ltd	5.8%
6	Tube Investments of India Limited	5.7%
7	Gujarat Fluorochemicals Limited	5.6%
8	Aditya Birla Fashion and Retail Limited	5.6%
9	Bajaj Finserv Limited	5.4%
10	Power Mech Projects Limited	5.3%

	Avg Market Cap (cr)
Large Cap	101385
Midcap	27766
Small Cap	6635
Overall Portfolio	35204

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.

Data as on 30th April, 2023

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)	1875 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 47^{th}, 50^{th}, 53^{rd} & 56^{th} Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100% (IRR – ~14.45%)	
Participation Rate1 (PR1)	100%(From 108% to 133% of Initial Fixing Level)	
Participation Rate2 (PR2)	2500%(From 130% to 133% of Initial Fixing Level)	
Decay Multiple (DM1)® Knock-In Put @ 84.99%	1.15x (below -15% till -30% fall with catch-up)	
Decay Multiple (DM2)® Nifty @ 69.99% of initial	0.15x (Beyond -30% fall decay decreases)	
Payoff	If Final Fixing Level is at or above 133% of Initial Fixing Level	Contingent Coupon
	If Final Fixing Level is above 108% & below 133% of Initial Fixing Level	(NP-8%)* PR1+ Max(0%,(NP-30%)*PR2
	If Final Fixing Level is at or above 85% & at or below 108% of Initial Fixing Level	Principal Protection
	If Final Fixing Level is below 85% of Initial Fixing Level	MAX(-100%,MAX((-30%*DM1),NP*DM1)+MIN(0%,(NP+30%)*DM2))

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: MAY 2023

LEVELS TO WATCHOUT FOR: 18250 - 18500 / 17800 – 17500

Finally, after struggling for four consecutive months; the bulls were back in action during the month of April 2023. Although the previous month was highly choppy, but this month provided a dominant move on the upside. The index NIFTY spot gained over 4% from previous months close to recapture the 18K landmark. The domestic markets outperformed the global markets mainly due to the decent earning season so far and the absence of any negative triggers bolstered the sentiments.

In our previous monthly interaction, we discussed that 17500 – 17800 could be decisive hurdle for the bulls and traders should book profits in this zone. However, the index confirmed a breakout from the falling channel then retested the breakout line and displayed a swift rally above 18000 level. The overall theoretical target for the channel breakout comes around 18200 – 18500. However, the current PCR is above 1.30 and the index VIX is below 11. Historically, we have witnessed heavy volatility in the markets once the VIX sneaks below 11 mark. Thus we once again advise traders to book profits from here on since there could a sharp corrective move in the coming weeks. On the downside, the immediate support is at 17800 and the trend would change below 17500 mark.

Meanwhile, the NIFTY BANK index outperformed the benchmark indices by surging around 5% during the month. During this process, the index has managed to clear the supply zone of 42000 and is now approaching 43500 marks. The zone of 43500 – 44000 has a couple of previous swing highs and that can act as a hurdle for the index. Also, the golden ratio i.e., 161.8% retracement of the previous is around 43500. Thus, even in NIFTY BANK index we are witnessing some early red flags which hints towards caution. On the downside, 42000 – 41000 are the support zone for the coming weeks.

Technical Pick - BUY - JUBLFOODS LTD

POTENTIAL UPSIDE 10.93% - 14.57%

- At this juncture; JUBLFOOD has just confirmed a bottom on the daily scale after a relentless corrective move.
- The stock has confirmed higher top and higher bottom formation by moving above previous swing high.
- We are witnessing a couple of reversal candlestick on the monthly chart.
- The stock is turning from the cloud support of the ichimoku system and that might result in sharp recovery. Thus; traders are advised to buy the stock in the range of 456 - 450 with a stop loss of 420 on closing basis for the upside potential target of 502 followed by 519 levels in coming 1 – 3 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*

Evolution of our PE Vertical

Growth PE has been our core strategy in the last 2 decades across 4 funds

		IAF1 2002-03	IAF2 2005-06	IAF3 2009-10	IAF4 2016-17	IAF5
Size		*INR 11 Bn*	*INR 24 Bn[1,2]*	*INR 14.4 Bn*	*INR 16.5 Bn[1]*	*INR 25 Bn[3]*
India focused		✓	✓	✓	✓	✓
Strategy	*Growth PE*	✓	✓	✓	✓	✓
	Growth (PIPE)	×	✓	✓	✓	✓
	Buyout, Joint Control	✓	✓	✓	✓	✓
	Series A,B	✓	✓	×	×	×
	Cross Border	×	✓	×	×	×
	Real Assets	✓	×	×	×	×
Number of deals		*21*	*21*	*9*	*10*	*10-12[3]*
First time PE raisers		*16*	*16*	*5*	*6*	*Key focus*
Exited		*21*	*20*	*8*	*2*	*-*

IAF5 *1 Including USD capital represented in INR based on actual exchange rates corresponding to the vintage of the fund; 2 Amended; 3 Targeted*

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	Exit Strategy
[illegible]	2016	1,000	BFSI	Growth PE	4.19%	Exited (3.03x, 55%)	Sale to strategic/PE
GO COLORS	2018	1,000	Consumer	Growth PE	13.79%	Exited (6.34x, 59%)	IPO, Capital markets
KIMS	2021	1,600	Healthcare	Growth PE	2.42%	Listed	Capital markets
DCB BANK	2018	2,398	BFSI	Growth PIPE	4.36%	Listed	Capital markets
india1	2019	1,000	BFSI	Joint Control	21.48%[3,4]	2023-24	Strategic sale
[illegible]	2016	1,650	Mfg	Growth PE	26.22%[5]	2023-24	Strategic sale
[illegible]	2022	1,200	Consumer	Growth PE	2%[6,7]	2023-24	IPO / Capital Markets
[illegible]	2021	1,600	Mfg	Growth PE	15.9%-24.2%[6]	2023-24	IPO / Capital Markets
[illegible]	2017	1,250	Consumer	Joint Control	46.52%[8]	2024-25	Sale to strategic/PE
[illegible]	2022	1,400[7]	Insurtech	Growth PE	17%	2025	Sale to strategic/PE

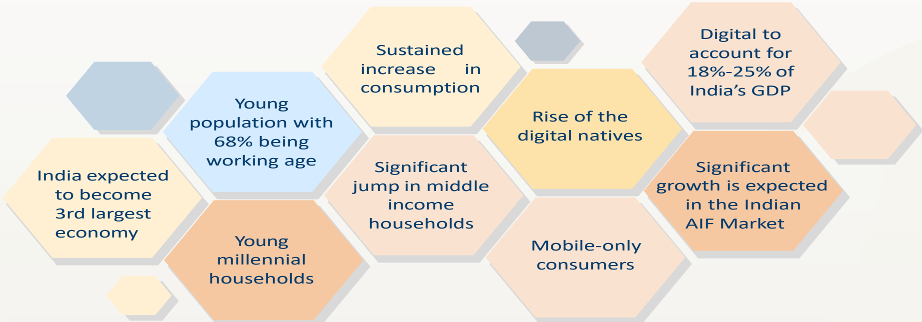
[1]Aggregate investments across both vehicles IAF S4 I and DIF S4 US I; [3] Over 48% across IAF4 and IAF3; [4] On fully diluted basis prior to ESOP dilution; [5] Excluding CCPS component; [6] Fully diluted equity stake assuming conversion of CCPS as per agreed terms; [7] Over 6% across IAF4 and IAF5; [8] Including Equity and CCPS; prior to ESOP dilution

IAF4 deal log

IAF5 *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.*

INDIA 2030 Summary

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



IAF5 *The World Bank Population estimates & projections, CIA Factbook 2020 Estimates, Telecom Regulatory Authority of India (TRAI), Businessworld article, McKinsey Digital India 2019 report, CEBR, PwC - The World in 2050, Businessworld article, McKinsey Digital India 2019 report, AGR analysis*

IAF5 Themes

IAF5 would seek to invest around 3 investment themes

IAF5

IAF5 Focus Sectors

Focus is on specific sub-sectors in BFSI, Consumer, Healthcare & Pharmaceuticals and Manufacturing

BFSI*	Consumer	Healthcare, Pharma	Manufacturing
Bank	Beauty & Personal Care	Hospitals	Specialty chemicals
NBFC	Food Services	Diagnostics	Processed food
Insurance	Online Retail	Pharma	Electrical equipment
Payments	Home & Kitchen Appliances	Health Tech	Engineering goods

IAF5 **Banking, Financial Services and Insurance*

IAF5 Strategy

Key pillars

IAF5

PE Process

ICICI Venture leverages its well established PE process for implementing IAF5 investment strategy

Deal sourcing
- AIF Manager / Team
- Prior investees
- Group references
- Investor references
- Intermediaries
- Auctions

Rigorous due diligence
- Environmental & Social (E&S) DD
- Commercial DD
- Financial DD
- Legal DD
- Promoter DD

Distinctive and disciplined pricing, structuring
- Disciplined and multi-pronged approach to entry / exit valuation
- Leverage distinctive structuring experience to mitigate downside risk and align objectives

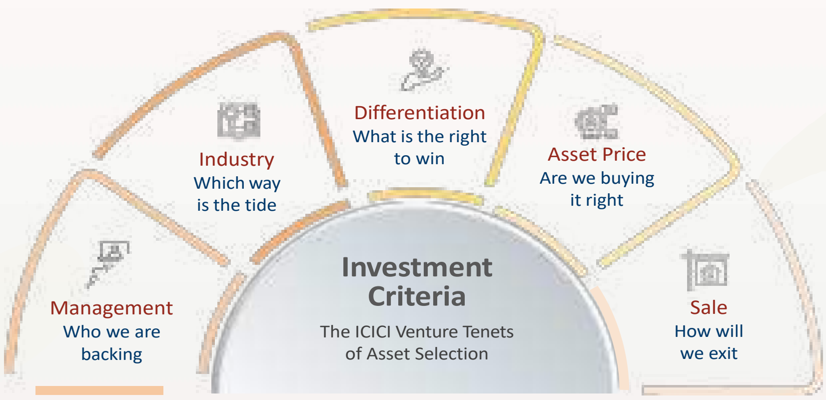
Driving Operational Excellence in Portfolio Companies
- HR
- Business ops, Supply chain, IT
- Cost optimization
- M&A
- Branding, Marketing
- Business Strategy
- Financial Management
- Strategic alliances
- ESG

Target Returns within Targeted Holding Period
- Multiplicity of exit options
- Ab initio alignment with promoters, teams
- Adaptability
- Speed
- Intermediaries
- Focus on execution excellence

IAF5

Deal Selection

ICICI Venture follows a 5-point framework for screening and selecting deals for further evaluation



IAF5

Key fund terms (India Advantage Fund S5 II)

Key fund terms*

India Advantage Fund S5 II	Organized as a close-ended, contributory, determinate trust, registered with SEBI as a Category II AIF (Fund of Funds); ICICI Venture is Settlor, AIF Sponsor, Manager of the Feeder Fund. Invests 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)
First Closing	July 7, 2022
First Drawdown	October 21, 2022 (notice issued on September 30, 2022)
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 per investor. Plus INR 1 Mn p.a. (net of GST) at overall 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
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 Amount	SBI MCLR +4% per annum applicable for Subsequent Closings with effect from date of First Drawdown
Additional Return	Applicable at Master Fund level only (20% on whole fund basis)

IAF5 *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

CONFIDENTIAL, RESTRICTED AND PRIVILEGED 2022

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

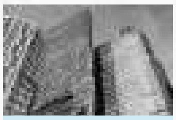
ICICI Venture's Business Verticals

	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

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5

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

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9

ICICI Venture's Footprint of Financing for Housing

ICICI Venture

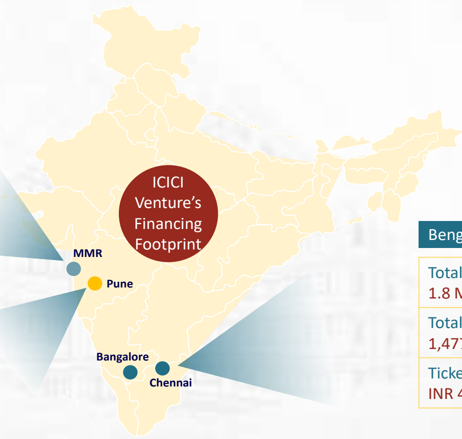
Financed over 15,000 units / 14.2 million square feet of Affordable Housing & Mid-Income projects in India

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

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11

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 Superstructures Ltd.	*Type: Affordable Housing*	Investment : Oct 2018	Exit : April 2021	Gross IRR: 22.5%
SKYi Developers	*Type: Affordable Housing*	Investment : Oct 2019	Exit : Oct 2021 (Largely)	Gross IRR: 22%
Rajesh LifeSpaces	*Type: Housing*	Investment : Oct 2013	Exit : Sept 2015	Gross IRR: 25.2%
	Type: Affordable Housing	Investment : August 2013	Exit : Jan 2016	Gross IRR: 23.4%
alpla – values that build worth	*Type: Affordable Housing*	Investment : Oct 2012	Exit : Jul 2014	Gross IRR: 22.7%
Ahuja Constructions	*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%

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

iREIF2

12

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
	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
Mayfair	2019	650	Virar, MMR	Affordable Housing	35-45	18.8%[3]	Partly exited
	2021	550	Andheri, MMR	Affordable Housing	95-195	24.5%[3]	On schedule
	2022	150	Khar,MMR	Housing	270-470	30%[3]	To be disbursed
	2021	400	Mahim, MMR	Affordable Housing	150-250	21%[3]	On schedule
	2022	300	Dadar, MMR	Affordable Housing	150-250	20.1%[3]	On schedule
	2018	387	Hennur Road, Bengaluru	Affordable Housing	55-60	7.2%-13.8%[4]	Behind schedule
	2022	500	Hyderabad	Residential plots	75-235	19.5%[3]	To be disbursed

iREIF deal log

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

iREIF2

13

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]

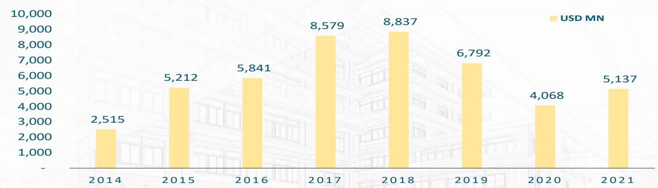
01 Key features of MoU
- Access to proprietary deal flow
- Priority partner for potential co-lending transactions
- Access to diligence materials and market insights
- Ability to leverage CRFG & HFC presence across markets in India

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

Private capital flows to Indian RE sector

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



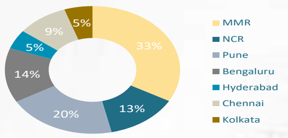
- The Indian real estate industry comprises of 4 sub-sectors -housing, retail, hospitality and commercial.
- The growth in this sector is complemented with the growth in economy driven by manufacturing, the corporate environment and the demand for office space as well as urban and semi-urban housing.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

Source – Knight Frank Research, Venture Intelligence

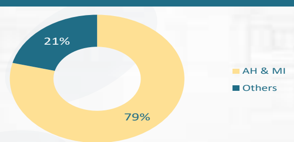
iREIF2 target market snapshot

MMR and Pune account for 53% of Sales

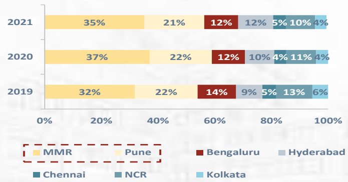
% of Overall Sales from 2015-2021



% of Sales in Mid-income & Affordable



City wise residential unit sales



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

Affordable & Mid Income continues to drive overall volume

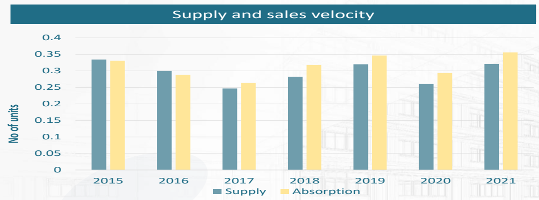
- ~67 % of residential units sold in CY2021 have been in below INR 7.5 mn unit price

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

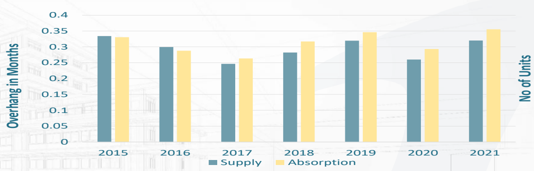
Covid impact

Despite Covid, healthy supply and absorption of residential units

Supply and sales velocity



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

ICICI Venture

Key pillars

- Focused on Private Debt in Housing Projects (at least 51% in Affordable Housing*)
- 10-12 deals; Focus on Top 7 Indian cities
- Typically INR 400-600 Mn per deal through interest bearing NCDs
- Focus on Tier 1-2 developers in chosen micro-markets; MOUs executed with select iREIF funded & other leading developers
- Target Gross INR IRR of 17%-22%
- Typical Security cover of 1.5x on a post tax basis; Active portfolio monitoring
- Tap synergies across ICICI Group
- "No Go": Pure Equity risk, pure-play commercial, early stage land aggregation risk
- India focused; View on India 2030

iREIF2

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

28

iREIF2 Strategy

ICICI Venture

Preferred Stage of Investments

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

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

30

iREIF2 Process

ICICI Venture

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

Deal sourcing

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

Rigorous due diligence

- Financial DD
- Legal DD
- Technical DD
- Promoter DD (select)

Distinctive and disciplined structuring and rights

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

Project Management

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

Target Returns within Targeted Holding Period

- Focus on execution excellence
- Exit from project cashflows/ refinancing

iREIF2

31

iREIF2 key terms*

ICICI Venture

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

iREIF2

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

38

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

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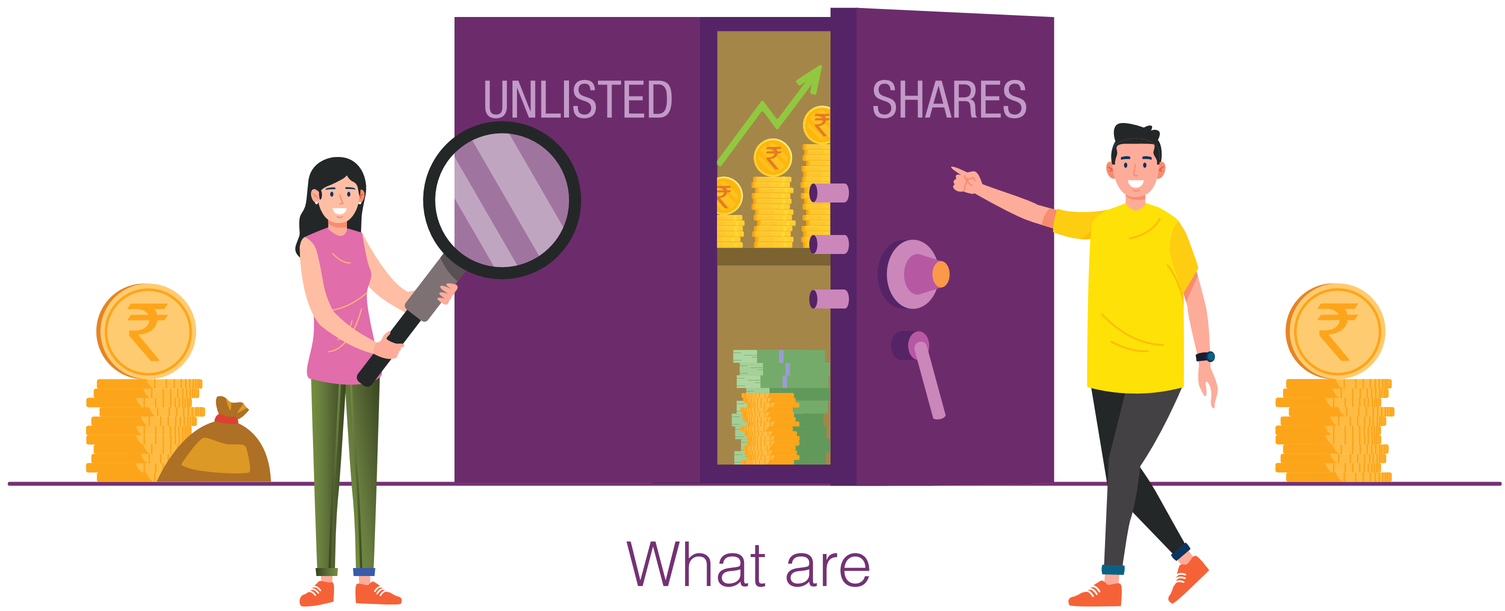
Investment in Unlisted Shares*



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).

- **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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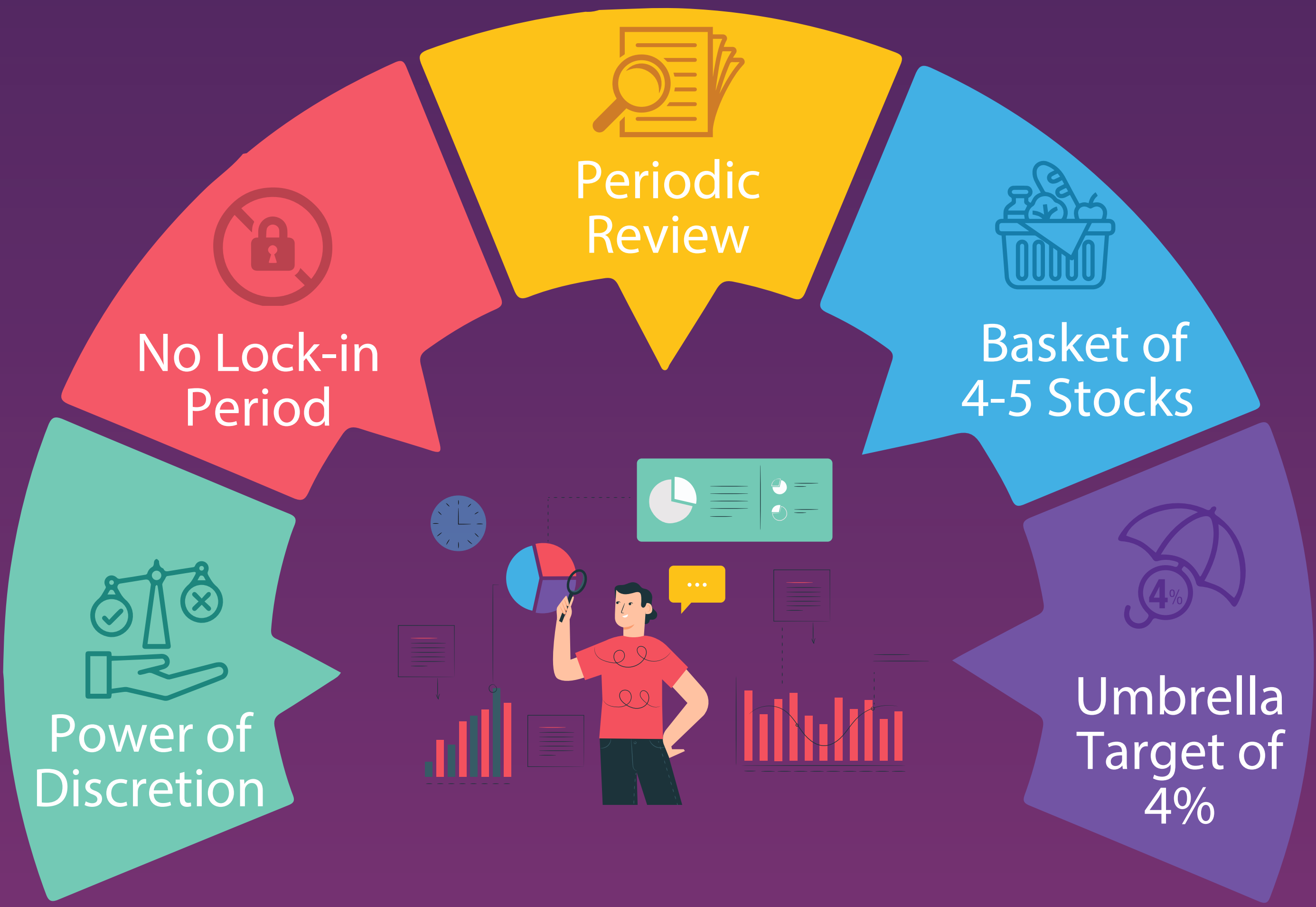

Dynamic Research Basket Stock Allocation

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Note

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Feat Award Function 2022-23

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