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INDEX

PCG Communique

From the Desk of the PCG Head

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PCG Communique – OCT 2024

The near-term caution on India's $5.52 trillion stock market will serve as good news for investors waiting on the side-lines given the pricey valuations. India's benchmark indices — NSE Nifty 50 and BSE Sensex — have outperformed the global market this year and rank as the fourth and sixth best-performers in Asia, respectively. However, the possibility of a near-term correction is eminent given the headwinds.

Any steep correction in equities globally would not replicate in India as the domestic market had become a low beta market with high cash levels. However, I don't think markets can go much higher in the short term. All this combined with the pricey valuations the domestic stocks are quoting at, will weigh on the benchmarks in the short term. The Current Market Cap to GDP is trading @ 140% which is one of the highest level from the past.

While the market is poised for a temporary correction as current valuation, which is a concerning area Vs China which is relatively cheaper and trade @ single digit P/E multiple. The premium of India's equity-market valuation over its Chinese equivalent is now shrinking as stock prices correct on Dalal Street while they rally in Shanghai. @ Nifty Index @ 25000 India's premium over China fell to 54.2 per cent from 82.3 per cent at the end of August and a record high of 124 per cent at the end of September 2021. For comparison, the Sensex valuation premium over China was, on average, 48 per cent in the past 15 years.

The next leg of the bull market is expected to come from earnings growth fuelled by private borrowing and spending. We see a structural rise in equity holdings on household balance sheets being supplemented by higher global allocations to Indian stocks reflecting India's rising index weight. The Indian market has taken a breather after being on a record run in Sept touching the new of 26277.

The NSE Nifty 50 and the 30-stock Sensex have risen 16.8% and 14.8%, respectively, so far this year.

India's macro story remains strong and the growth uptick was led by a capex cycle which has headroom to expand. Domestic inflows that have been powering India's stock market may see a short-term pause after having pumped up valuations. However, we expect foreign flows to provide a cushion to domestic flows that may take a breather. Foreign inflows into India during the previous rate cuts have historically been negative in the short term in most instances. But India remains better placed compared to its peers in the overall emerging markets this time.

Continued liquidity (rising SIP numbers), strong economy (robust GST numbers, inflation under control, rising Forex reserves, intact GDP growth expectations, etc.), high positive sentiments) and tolerance to seemingly high valuations of stocks and indices. I think those elements are still firmly in place and controlling the trend.

India Market Cap. to GDP Ratio

The Federal Reserve's recent policy meeting was a significant event, as they announced a 50 basis point rate cut. This decision marks a shift in monetary policy, signalling that the Fed believes the economy may be slowing down and that inflation is under control. Regarding future rate cuts, the Fed has indicated that they will continue to monitor economic data closely and adjust their policy as needed. While the current rate cut suggests a potential for further reductions, the exact timing and magnitude will depend on various factors, including inflation trends, economic growth, and labour market conditions.

India's weightage in the EM gauge jumped to a record of 19.4% from 18.8% in May, while that of erstwhile table topper China slipped to 24.2% from 25.4%, as per the index aggregator's quarterly review for August. The MSCI Index—Morgan Stanley Capital International Index—is a benchmark for international investors, reflecting the performance of companies. Foreign institutional investors are

significantly influenced by this gauge when making decisions to allocate capital to domestic stocks. What could potentially weigh in on the sentiment is the valuations at which the domestic stocks are trading. India continues to be most expensive market among its emerging peers. The broader market in India is more expensive than the benchmark indices. The price-to-earnings ratio of the Nifty is valued at TMT P/E of 24.8, while that of the small-cap and the mid-cap index is at 34.5.6 and 46.8.

India Market Cap. to GDP Ratio

India's manufacturing and service sectors — dipped to 59.3 in September from 60.7 in August. The index pointed to another rapid monthly increase in business activity, albeit one that was the least pronounced in 2024 so far. Softer expansions were seen across both the manufacturing and services sectors.

India's GDP growth

The World Bank earlier in September revised its FY25 growth forecast for India to 7%, from its previous estimate of 6.6%, citing government spending on infrastructure, a rise in household investments in real estate, better-than-expected monsoon and agricultural output, and an increase in private consumption. Similarly, the International Monetary Fund upgraded India's GDP growth in the ongoing fiscal (FY25) by 20 basis points to 7% in July. In developing Asia, growth will slow to 5.1% in 2024 and 4.9% in 2025 from 5.5% in 2023.

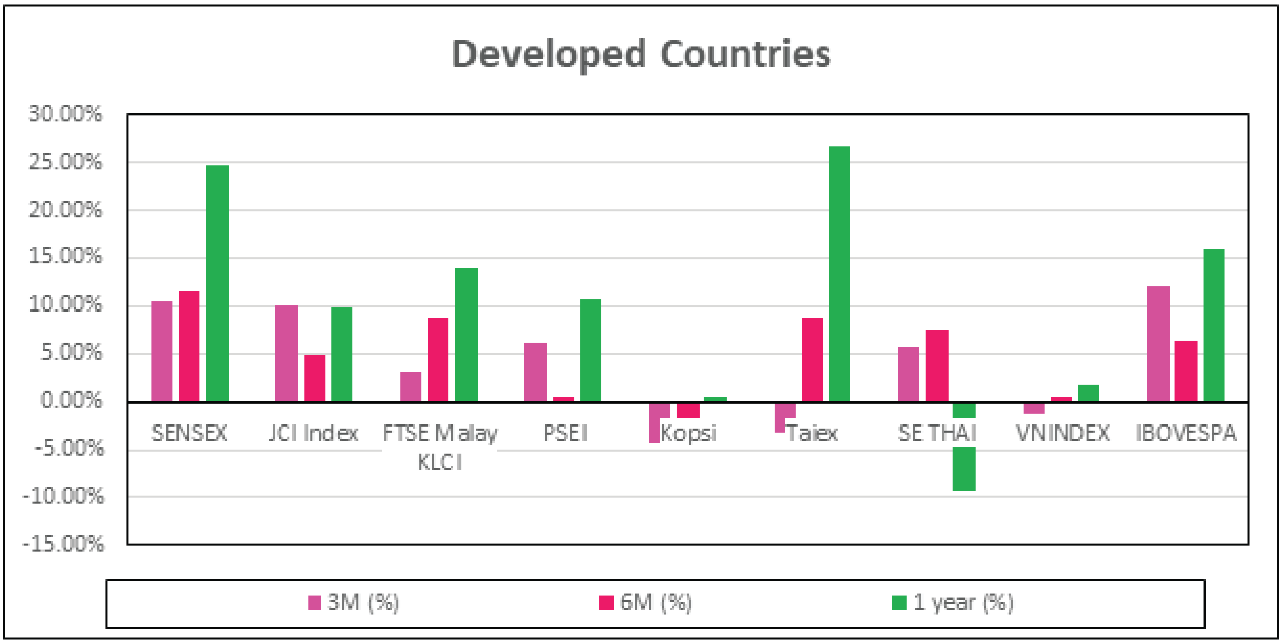
Indian benchmarks have been on a record run, with foreign investor buys hitting a fresh monthly record in September. Global funds also began to go big as the fastest-growing economy targets to anchor the emerging markets by climbing key gauges in MSCI Inc. India is narrowing its gap to take leadership in the key emerging markets gauge of the international index aggregator. The South Asian country piped China to top the MSCI's EM Investable Market Index earlier this month.

India's robust economic fundamentals and growth outlook are likely to keep it attractive to foreign investors over the long term. India's appeal as an investment destination remains robust, driven by its continuing policy improvements, and growing role as a potential substitute for Chinese manufacturing networks. While China's growth prospects could attract some capital, it is unlikely that FIIs will significantly reduce their exposure to India FIIs buying Chinese stocks is likely to be more of a tactical trade to benefit from the low valuations, India’s growth story is very promising.

Israel-Iran war: After a year of the Israel-Hamas war, the Middle East tension has breached the Lebanon border and entered Iran. After the air strikes by Tehran in Israel and Israel's strong retaliation, the global markets, including the Indian stock market, came under massive selling pressure. While Indian companies that have direct business in the Middle East, especially in Iran and its neighbouring countries, will be worst affected. Oil companies like Bharat Petroleum Corporation Ltd (BPCL), Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Ltd (HPCL), Oil and Natural Gas Limited (ONGC), etc., would be the most affected Indian companies due to the soaring crude oil prices. However, some other companies like Adani Ports, Tata Consultancy Services (TCS), Tech Mahindra, Infosys, Wipro, and Larsen & Turbo would also feel the heat as these companies draw a good amount of business from the Middle East nations.

Going Forward we believe mkt will take the cues from the earning season which is going to start from 10th Oct. Geopolitical cues will also play an important role in the coming times. Mkt will be quite volatile going forward with the Israel-Iran war, Oil prices weigh on Indian economy and FII flow towards China taking the money off the table from emerging markets. We suggest any fall will be an opportunity to invest from a long term perspective into sectors like IT, Pharma, Renewables, NBFC.

Developed countries				
Country	Index	**3M (%)**	**6M (%)**	**1 year (%)**
India	SENSEX	10.50%	11.60%	24.80%
Indonesia	JCI Index	10.10%	4.80%	9.79%
Malaysia	FTSE Malay KLCI	3.10%	8.70%	13.98%
Phillippines	PSEI	6.12%	0.43%	10.67%
Singapore	Kopsi	-4.24%	-2.50%	0.48%
Taiwan	Taiex	-3.26%	8.66%	26.58%
Thailand	SE THAI	5.71%	7.48%	-9.33%
Vietnam	VNINDEX	-1.20%	0.43%	1.82%
Brazil	IBOVESPA	12.11%	6.26%	16.01%



Market Commentary

The Nifty index ended the September month on a positive note as it closed at'26,178' as compared to 2nd day of the month i.e '25,280', an uptick of 3.5%. Similarly, Sensex ended the September month at 84,300 grew by 2.1%.

Indian equity benchmarks extended bull run for third straight week traders took encouragement as Organisation for Economic Co-operation and Development in its Interim Economic Outlook stated that Indian economy will likely log faster growth at 6.7 percent in FY25 compared with 6.6 percent projected earlier. Also, S&P Global Ratings retained India's growth forecast at 6.8% for current fiscal

Some of the major developments during the week are:

India's business activity slows down in September: The headline HSBC Flash India Composite Output Index dipped to 59.3 in September from 60.7 in August. Softer expansions were seen across both the manufacturing and services sectors.

India's net FDI rises $5.5 billion during April-July period of FY25: RBI in its latest data has indicated that India's net foreign direct investment rose to $5.5 billion during the April-July FY25 as compared to $3.8 billion in the same period last year.

Food price volatility remains contingent risk: RBI's article in the September Bulletin has said that food price volatility remains a contingent risk even as the overall retail inflation has remained below the target of 4 per cent for the second consecutive month in August.

S&P Global Ratings retains India's growth forecast at 6.8% for current fiscal: S&P Global Ratings in its latest report 'the economic outlook of Asia Pacific' has retained India's growth forecast at 6.8 per cent for the current fiscal and for the fiscal 2025-26 at 6.9 per cent.

ADB retains India's GDP growth forecast at 7% for FY25: Asian Development Bank has retained India's Gross domestic product (GDP) growth forecast for FY25 at 7 per cent and said that the economy is expected to accelerate in the coming quarters on improved farm output, and higher Government spending.

The S&P India Manufacturing PMI fell to 56.5 in September 2024, compared to the flash estimate of 56.7 and August's figure of 57.5. This marked the softest expansion in factory activity since January as both output and new orders grew at a slower pace. Additionally, new export orders dropped to the lowest level since March 2023. Hiring growth also receded during the month, and input buying expanded at the slowest pace in the calendar year to date. Regarding prices, input prices rose in September while factory gate price inflation eased. Lastly, business confidence fell to its weakest since April 2023, with only 23% of Indian manufacturers forecasting output growth in the year ahead, while the remaining firms predict no change.

The S&P Global India Services PMI fell to 58.9 in September 2024, down from 60.9 in the previous month, preliminary estimates showed. This marked the 38th consecutive month of growth in services activity but at the slowest pace since November 2023, amid softer expansions in both new orders and output. Meanwhile, the rise in employment in the services sector was the steepest since August 2022, as companies responded to higher new orders, often through the hiring of workers on a permanent basis. On the price front, input cost inflation rose at a slightly faster pace in September. On the other hand, service providers raised their charges at the slowest pace since February 2022. Lastly, sentiment improved about the 12-month outlook for activity.

The annual retail inflation rate in India increased to 3.65% in August 2024 from an upwardly revised 3.6% in July, which was the lowest since August 2019, and above forecasts of 3.55%. Despite the rise, it marks the second consecutive month that inflation stays below the RBI's target of 4% in five years, amid large base effects in food prices. The cost of food, which represents half of the Indian consumer basket, rose by 5.66%, compared to 5.42% in July. Pulses and products (13.6%) and vegetables (10.71%) recorded the highest increase. Tomatoes on the other hand, fell the most (-47.91%). In the meantime, prices declined for fuel and light (-5.31% vs -5.48% in June), while inflation remained loosely unchanged for housing (2.66% vs 2.68%). Compared to the previous month, the CPI was little changed.

India's total exports (Merchandise and Services combined) for August 2024* is estimated at USD 65.40 Billion, registering a negative growth of (-) 2.38 percent vis-à-vis August 2023. Total imports (Merchandise and Services combined) for August 2024* is estimated at USD 80.06 Billion, registering a positive growth of 3.45 percent vis-à-vis August 2023. India's total exports during April-August 2024* is estimated at USD 328.86 Billion registering a positive growth of 5.35 percent. Total imports during April-August 2024* is estimated at USD 375.33 Billion registering a growth of 7.20 percent.

The Goods and Services Tax (GST) collections stood at Rs 1.73 lakh crore in the month of September, around 6% rise from Rs 1.62 lakh crore in GST revenue in September last year, but on a sequential basis, it remained flat.

India's foreign exchange reserves increased by US$2.8 billion to $692.29 billion in the week through Sept 20. Foreign currency assets fell by $2.90billion to $605 billion for the week ending Sept 20.

The U.S. markets traded higher during passing week amid optimism about the outlook for the economy following the Federal Reserve's interest rate cut last week. The Fed is expected to continue lowering rates in the coming months.

Some of the major developments during the week are:

Pending home sales in U.S. rebound 0.6% in August: The National Association of Realtors (NAR) said its pending home sales index climbed by 0.6 percent to 70.6 in August after plunging by 5.5 percent to 70.2 in July.

Consumer Confidence in U.S. sees notable deterioration in September: The Conference Board said it consumer confidence index tumbled to 98.7 in September from an upwardly revised 105.6 in August. Street had expected the index to edge down to 103.0 from the 103.3 originally reported for the previous month.

U.S. durable goods orders virtually unchanged in August: The Commerce Department said durable goods orders came in flat in August after soaring by 9.9 percent in July. Street had expected durable goods orders to tumble by 2.6 percent.

New home sales in U.S. pull back sharply in August: The Commerce Department said new home sales plunged by 4.7 percent to an annual rate of 716,000 in August after soaring by 10.3 percent to a revised rate of 751,000 in July.

U.S. weekly jobless claims unexpectedly edge lower: The Labor Department said initial jobless claims slipped to 218,000, a decrease of 4,000 from the previous week's revised level of 222,000.

European markets garnered some gains during the passing week, amid optimism the Chinese government will announce more stimulus measures to help spur growth in the nation's economy and on hopes the Federal Reserve will cut interest rates further in the coming months.

Some of the major developments during the week are:

UK private sector activity maintains sustained upturn: The flash survey results published by S&P Global revealed that the flash composite output index dropped to 52.9 in September from 53.8 in August. Nonetheless, a reading above 50.0 suggests expansion in the private sector.

French consumer confidence strongest since early 2022: The survey results from the statistical office INSEE showed that the consumer confidence index rose to 95 from revised 93 in August. The score was forecast to remain unchanged at August's initially estimated value of 92.0.

Spain retail sales growth at 8-month high: The data from the statistical office INE showed that retail sales climbed 2.3 percent on a yearly basis, following a 1.1 percent rise in July. This was the fastest growth since December, when sales were up 2.8 percent.

Italy consumer confidence improves, business morale at 5-month high: The survey data from the statistical office Istat showed that consumer sentiment climbed to 98.3 in September from August's 3-month low of 96.1. Among components, the economic climate index improved to 103.9 in September from 102.3 in August.

Sweden economic sentiment remains weaker than normal: The survey results published by the National Institute of Economic Research showed that the economic tendency index edged up to 94.9 in September from 94.6 in August. Nonetheless, the index was still below the normal level of 100.

Asian markets, barring Straits Times Index, ended in green during the passing week following the broadly positive cues from Wall Street, as traders continue to bet on further reductions in interest rates by the US Fed, and on hopes about more stimulus measures from the Chinese government to spur growth in the world's second largest economy.

Some of the major developments during the week are:

Japan manufacturing PMI shrinks in September: The au Jibun Bank flash Japan manufacturing purchasing managers' index (PMI) fell to 49.6 in September from 49.8 in August. But, the au Jibun Bank services PMI rose 53.9 in Early-September, picking up from the 53.7 seen in August.

South Korea's Consumer Confidence Index eases in September: Consumer sentiment in South Korea was slightly softer in September, with a Composite Consumer Sentiment Index (CCSI) score of 100.0 - down from 100.8 in August.

China's industrial profits plunge by 17.8% in August: China's industrial profits plunged by 17.8% in August from a year ago in their largest decline in more than a year. That followed a 4.1% year-on-year increase in July, the fastest pace in five months.

South Korea's manufacturing BSI drops in September: The country's Business Survey Index (BSI) for the manufacturing sector dropped to 69 in September from 71 in the previous month.

China central bank cuts medium-term loan rate: The People's Bank of China (PBOC) has slashed its medium-term lending facility from 2.3% to 2%, marking the largest reduction of interest rates for one-year loans to financial institutions in history.

The S&P Global US Manufacturing PMI was revised higher to 47.3 in September 2024 from a preliminary of 47, but remained the lowest since June 2023. It marked the third consecutive month of contraction, with both output and new orders falling sharply due to weakened demand and political uncertainty. Employment dropped at the fastest pace since 2010 (excluding the pandemic). However, business confidence improved slightly, with optimism around post-election demand recovery. Input cost inflation softened but remained high, and firms raised prices at the fastest pace since April.

The HCOB Eurozone Manufacturing PMI was revised slightly higher to 45 in September 2024 from a preliminary of 44.8, and compared to 45.8 in the previous two months. However, it remains the lowest reading so far this year, as the manufacturing sector slid deeper into contraction. Production contracted the most year-to-date. Lower output volumes were a response to the prevailing demand environment, which deteriorated further. The latest drop in new orders was sharp and the fastest since December. Also, job shedding was the most pronounced since October 2012, excluding pandemic-hit months. Meanwhile, input costs declined for the first time since May while selling prices were raised for the first time since April 2023. There were big divergences across countries, with Spain having the strongest-performing manufacturing in September while Germany recorded its most pronounced worsening of factory conditions for 12 months. Looking ahead, manufacturers remained slightly optimistic on balance.

The au Jibun Bank Japan Manufacturing PMI was revised higher to 49.7 in September 2024 from a preliminary estimate of 49.6 and 49.8 in the previous month, marking the third straight month of contraction in factory activity. It also marked the seventh consecutive month of decline in the manufacturing sector this year, though the softest contraction since April, amid a renewed fall in production levels and a sustained drop in new orders, with export sales falling the most in six months. Employment increased fractionally while backlogs of work declined softer. Meanwhile, supplier delivery times deteriorated in September, marking the most lengthening since February, which encouraged firms to build stocks of purchased items for the first time in three months. On the price front, input price inflation eased to a five-month low while output price inflation slowed to the softest since June 2021. Finally, business sentiment weakened to the lowest since December 2022.

Going Ahead

After a turbulent July and heightened volatility in August, global equity markets staged a strong performance in September 2024. Many major indices reached all-time highs, defying the backdrop of intensifying geopolitical tensions in the Middle East and Europe, a tight US presidential race, and clearer signs of deterioration in the US labour market. This turnaround has been primarily fuelled by unexpected economic policy support from both the US and China.

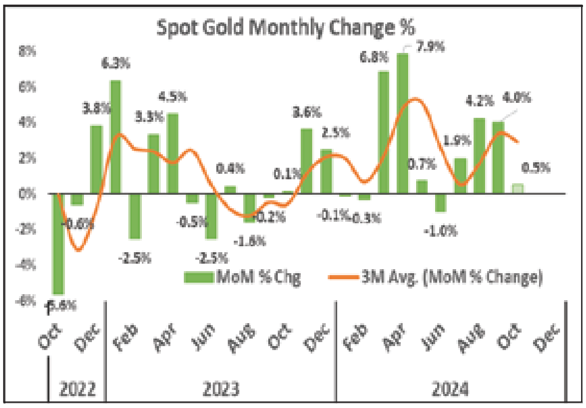
The US Federal Reserve surprised markets by initiating monetary easing with a 50-basis point rate cut, defying expectations and raising hopes that the economy might avoid a prolonged recession. Meanwhile, China rolled out fresh stimulus measures to prop up its slowing economy. These developments—alongside a rosier growth outlook and the prospect of faster rate cuts—have reignited investor sentiment, boosting risk appetite across global markets.

Over the past 12-months, both macroeconomic and corporate performance in major economies have consistently exceeded expectations. Investor sentiment has been buoyant, allowing global equity markets to deliver over 20% returns in dollar terms during the period. Although emerging markets have, on average, underperformed their developed peers, India stands out as a notable exception, significantly outperforming most developed economies. This, however, has stoked skepticism about the sustainability of such momentum in Indian equities. Long-term market performance is often underpinned by macroeconomic fundamentals such as growth and inflation. The consensus is that India will remain the fastest-growing major economy in the world over the next five years, reinforcing a positive long-term outlook for its equity markets. In the medium term, corporate earnings and equity valuations will play a critical role.

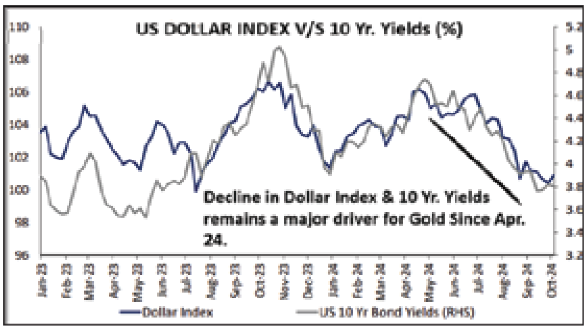
It is undeniable that the recent returns in Indian equities are well above long-term averages, prompting the need for tempered expectations. In certain pockets of the market, particularly mid-cap stocks, valuations have raced ahead of fundamentals, raising the likelihood of corrections. Yet, similar concerns were voiced a year ago, and since then, the market—including mid-caps—has delivered healthy returns, with mid-cap indices rising over 40%. This underscores the futility of attempting to time the market. Historical data since 2015 shows that even after deep corrections, the Nifty 50 index has consistently reached new highs within a year. Against this backdrop, we should advise our clients to take a prudent approach. First, adjust expectations to align with long-term average returns rather than the recent highs. Second, portfolios should be rebalanced to restore alignment with long-term strategic asset allocations. The equity market's strong run since 2023 may have skewed portfolios away from these allocations. Finally, while equities remain the best asset class for risk-adjusted returns in the medium to long term, market timing is an elusive strategy. Investors should remain committed to equities for long-term wealth creation, despite short-term uncertainties.

Commodities Outlook

What happened in September: Gold incremental surge on monthly average basis slows down in September, Start of US FED Rate cut regime amid increased global ETF inflows & Geopolitics with expectations of festive & wedding season demand in India provides support to prices at lower levels.



Gold prices marked a new all-time highs post US Fed rate cuts of 50 bps being delivered in September month while posting gains of over 29 % Year to date on Comex. It was an unseasonably a strong month for precious metal prices as almost 21 global central banks witnessed loosening monetary policies. Inflation continued to ease in US within comfort zone of Fed, but loose labour market became a concern for the central bank. On the other hand geopolitical tensions persisting in Middle East continued to provide jerks from side lines while significant falls were seen in dollar index & US treasury yields which weighed on the bullions complex. Domestic import for both Gold and Silver in 2024 has also increased significantly, currently above 4000 and 5000 tonnes respectively.



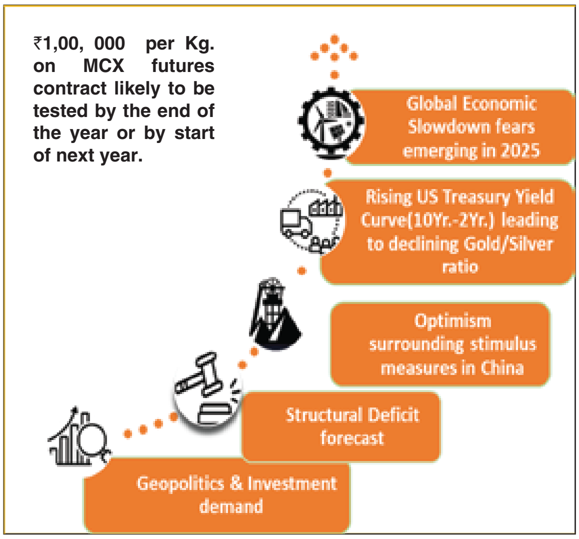
A major focus of the month was increased global ETF inflows especially from US which kept the sentiments positive for yellow metal. Meanwhile in the physical Gold market, Indian gold discounts continued to persist in September amid price rebound dampened consumer demand. Other Asian markets, including Singapore, Hong Kong, and Japan, also saw varying levels of premiums and discounts, while China SGE prices continued to trade in discount to LBMA price reflecting physical demand getting dried up at higher prices.

OUTLOOK: Spot Gold (03rd Oct close $ 2655.90 per oz) seems poised for further gains on long term basis. Meanwhile incremental average monthly gains could be limited amid higher levels to limit physical demand despite geopolitical premiums continuing to build in yellow metal.

Due to the ongoing rate-cut cycle by the Federal Reserve, geopolitical worries in the Middle East, and expectations of increased festival demand in India, investors have continued to build long positions in gold in September. Meanwhile the speculative long positioning on Comex have been at the highest levels since last 18 years indicating volatility to persist at higher levels. Overall, with continued global economic uncertainty, gold is expected to retain its appeal as a safe haven asset class. Investors with a longer term horizon may continue to adopt a "buy on dips" strategy amid the longer term outlook remains bullish through at least for next 5-6 months and prices are now expected to test $ 2900 – 3000 per oz (Rs. 81,000 – 83,000 per 10 gm). Having said that, current gold prices remains in the overbought zone, amid a consolidation phase expected in near term with a likely retracement upto $ 2,570 – 2,530 (Rs. 73,800 – 72,900 per 10 gm) looks likely in current month while the resistance being the next psychological level of $2,750 (Rs. 78,000 per 10 gm). A breach of $ 2,530 per oz levels on the downside in next 1 – 2 months scenario may still drag prices lower upto $ 2,450 – 2,430 per oz levels in spot which undeniably remain a good accumulation level for long term perspective.

Silver Outlook (3rdOct Close: $ 32.18 per oz.): Poised to witness new highs in International markets where Q4 average Spot Silver prices may see a revival higher (Q3 2024 Average $ 29.35 per oz) on China stimulus optimism + Investment demand”

Silver prices had shown a stellar rally in last 2 months hitting up their highest level in a decade in Spot on the back of China's stimulus measures amid desperate attempts by the world’s largest consumer to shore up its economic growth.



Spot silver both an investment asset due to its relationship with Gold and an industrial metal - rose to $32.71 per ounce, its highest since December 2012, and has gained more than 34% so far in 2024, leading the precious metals complex. Silver market deficits being projected to persist for next 4 – 5 year saw investor flows recently with ETF holdings arguably offering the greatest scope for support in recent months. With buying momentum remaining strong in international markets since past few weeks upside may see extension upto $ 33.50 - 34 per oz in short to medium term perspective, although in domestic markets strong festive & wedding season demand starting from October could push the prices towards 1 lakh mark by end of the year or by start of next year. According to the Silver Institute's estimates in the 2024, the global silver deficit will rise by 17 percent to 215.3 million troy ounces in 2024 due to an expected 2-percent growth in demand again led by robust industrial consumption combined with a 1-percent decline in total supply.

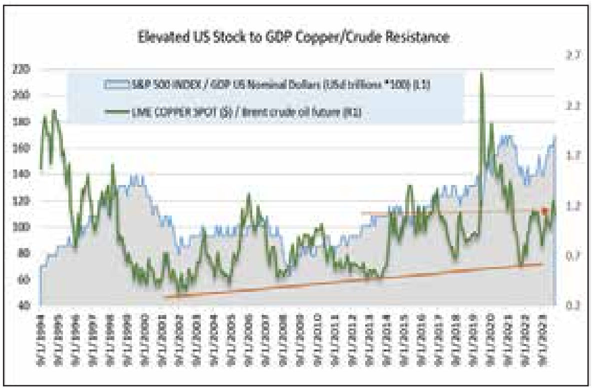
From a technical Perspective recovery seen in prices from above $ 25.60 per ounce levels in spot since the March month could extend in the coming 2 - 3 months based on strong momentum buying where major resistance on the upper side appears around $ 34.00 – 34.50 per ounce levels in Spot. On MCX this could translate to a trading range of Rs. 89,000 – 98,500 per Kg. levels in December futures Contract for current month. Having said that Rs, 89,500-89,200 per Kg. ($ 31.10 per oz in spot) remains a major support zone on MCX futures contract where a sustainable breach below same could negate our view leading prices to extend its downside upto Rs, 88,000 – 87,000 per Kg ($ 30 – 29.50 per oz levels in spot.).

Base Metals

Fed Rate Cut Boosts Copper Above $10K Amid Mixed Outlook and China Stimulus

LME Copper climbed above $10,000, driven by the US Federal Reserve's half-point rate cut, which boosted metals markets across the board. Despite this short-term rally, metals have faced significant headwinds from the Fed's anti-inflationary policies and growing concerns over the health of China's economy. Early in the month, weak economic data from China triggered a bearish trend, with technical breakdowns worsening the outlook for copper. Investor sentiment was further shaken when Goldman Sachs downgraded its copper price forecast for 2024 from $15,000 to $10,100, accelerating the decline in prices.

China's Stimulus Measures: Earlier in the year, Yangshan copper premiums were low but surged after the Spring Festival, reaching a three-year high of $102.50 per metric ton. While the premiums remained elevated through March and April, they turned negative in May, signaling either weakening demand or rising supply. Currently, the premiums have recovered to $65/mt. ShFE copper inventories also decreased by 30% month-on-month, reflecting stronger demand. According to the ICSG, global copper mine production is expected to grow by 1.7% in 2024 and 3.5% in 2025. Additionally, China's central bank recently introduced stimulus measures, including cutting the Reserve Requirement Ratio (RRR) and key interest rates, which could further support copper prices in the near term.



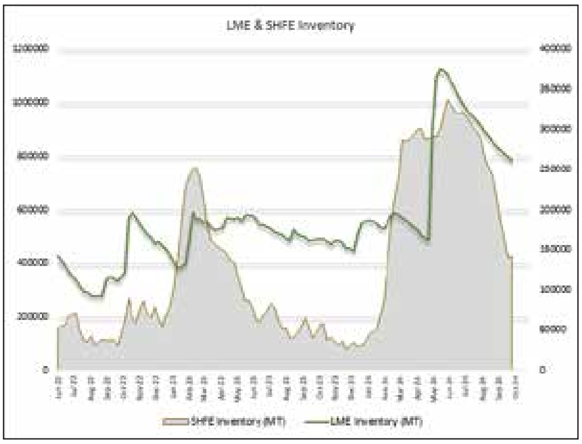
Zinc Surges Toward $3,100 Amid Supply Deficit and Weaker Dollar Outlook

Zinc surged toward $3,100, fueled by expectations of tighter supply and a weaker Dollar Index amid hopes of a rate cut. Global mine production declined by 3.4% year-on-year in the first half of 2024, extending the downtrend that began in 2022. China, the largest producer of refined zinc, is under pressure from reduced raw material availability, with treatment and refining charges (TC/RC) dropping to multi-year lows, rendering many smelters unprofitable. China's zinc concentrate imports also fell by 22% year-on-year, hitting their lowest level since 2019.

The global refined zinc market is forecasted to face a deficit of 164,000 metric tons in 2024, according to the International Lead and Zinc Study Group (ILZSG), primarily due to reduced production in Europe, China, and other regions. However, this shortfall may be partially offset by increased output from Australia, Mexico, and Congo. The ILZSG projects that refined zinc production will fall by 1.8% to 13.67 million tons in 2024, while global demand for refined zinc is expected to rise by 1.8% to 13.83 million tons, underscoring the potential for continued supply shortages.

Aluminium Hits 4-Month High above $2,600 as China's Exports and Production Surge

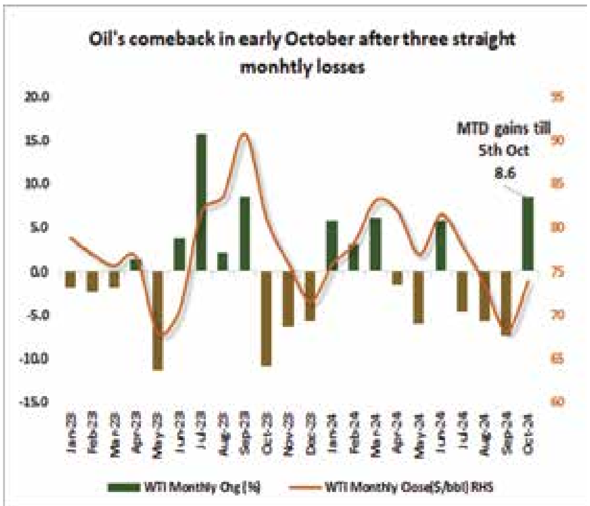
LME Aluminium stayed above $2,600, hitting a four-month high due to strong momentum across base metals, driven by China's recent stimulus measures. In August, China exported 594,000 tons of aluminium, a 1.19% increase from July and up 21.2% year-on-year. From January to August, total exports rose 15% year-on-year to 4.352 million tons. China's aluminium output for August increased 2.5% year-on-year to 3.73 million tons, the highest since 2002, with smelters running at high capacity. Global aluminium production also grew by 1.4% year-on-year to 6.19 million tons in August 2024, largely due to China's record contribution, driven by new projects in Inner Mongolia and favorable market conditions.



Outlook: Base metals are likely to see a short-term rally, driven by China's market interventions, supply tightness, and optimism around economic recovery. Aluminium prices are expected to remain buoyant due to a weaker dollar and hopes for a recovery in China's economy, particularly with support from the PBoC stimulus measures. However, the sustainability of this upward momentum remains uncertain due to the lack of strong, consistent economic growth signals. Zinc prices will likely stay supported by supply constraints and PBoC's efforts, though weak Chinese manufacturing data may limit significant upside for both zinc and other base metals. While short-term indicators favor higher prices, caution is warranted until there are clearer signs of a broader and sustained recovery. MCX copper prices (CMR: Rs. 854) are anticipated to trade within a range of ₹815/800 to ₹900/920 in October.

Crude Oil:

Crude Oil Plunged 7% in September due to demand headwinds



Crude oil saw its third straight monthly loss in September, driven by concerns of a potential surplus. WTI oil, which had been trading in the $70–$80 per barrel range for most of the year, broke below the $70 floor due to economic concerns in China and the U.S., as well as the potential for an oversupply weighing on market sentiment. The revival of Libyan production, OPEC’s anticipated restoration of supplies, and a potential rise in U.S. shale production have sparked worries about a surplus, given demand headwinds from top consumer China. Markets sidelined supply threats from geopolitical tensions and hurricanes, focusing instead on broader fundamentals.

WTI oil dropped nearly 7% in September, closing at $68.17 per barrel, while MCX crude oil closed at ₹5,745 per barrel.

Oil's Strong Comeback After Three Straight Monthly Losses: Geopolitics in Play

The recent surge in oil prices, from $67 to over $72 (WTI), underscores how geopolitical tensions have reintroduced a risk premium. This followed Iran's missile attack on Israel, a significant escalation that raises fears of a broader Middle Eastern conflict. Potential Israeli retaliation could target critical oil infrastructure or, in an extreme scenario, nuclear facilities.

Geopolitical Risks Intact

Iran is the third-largest oil producer within OPEC, accounting for nearly 4% of global oil production last year. The broader Persian Gulf region, which includes Iran, contributes to approximately 31% of the world's oil supply. More than 20% of global oil transits through the critical Strait of Hormuz, highlighting its importance in the global energy landscape.

While a complete blockage of the Strait of Hormuz is unlikely, any military conflict in the region or Iranian attempts to disrupt shipping could significantly impact oil throughput. The Strait is a vital conduit for crude supplies, representing about a fifth of global demand. According to the IEA, approximately 20 million barrels per day (mb/d) pass through the Strait, accounting for nearly 30% of global oil trade, with 70% destined for Asia.

What If Escalation Does Not Occur?

In the absence of a major escalation, oil prices are likely to decline due to weak demand and an oversupply situation. Historically, escalating conflict in oil-producing regions would have been expected to cause a more significant and lasting impact on oil prices. However, there is currently enough supply and concerns about weak demand to shield the market from such events. Key factors contributing to a potential downtrend if the conflict does not escalate include:

Strong U.S. Oil Production: The U.S. is producing around 13.4 million barrels per day, expected to reach a record 13.49 million bpd by year-end.

OPEC+ Policy: After focusing on production cuts since 2022, OPEC+ plans to raise output starting in December. Currently, they are cutting 5.86 million bpd, which is around 5.7% of global demand.

Geopolitical Risks: Although Israel-Iran tensions are high, neither side is likely to directly target oil resources. The U.S. President has urged Israel to avoid striking Iran's nuclear facilities, suggesting any response should be measured.

Weak Demand: China's slowing economic growth is reducing oil demand, and the global shift toward electric vehicles could further dent future oil needs.

Outlook: Geopolitics Remains the Biggest Wildcard for Crude Oil

While oil production and supply chains remain intact for now, one cannot rule out the possibility of an all-out war. If the conflict escalates, particularly involving attacks on Gulf energy infrastructure or closing the Strait of Hormuz, it could severely disrupt global oil supplies. However, the likelihood of an all-out war is low, and in its absence, oil prices will depend on several factors, including China's economic policy, U.S. political outcomes, U.S. shale production, hurricanes, and the development of the Middle Eastern conflict.

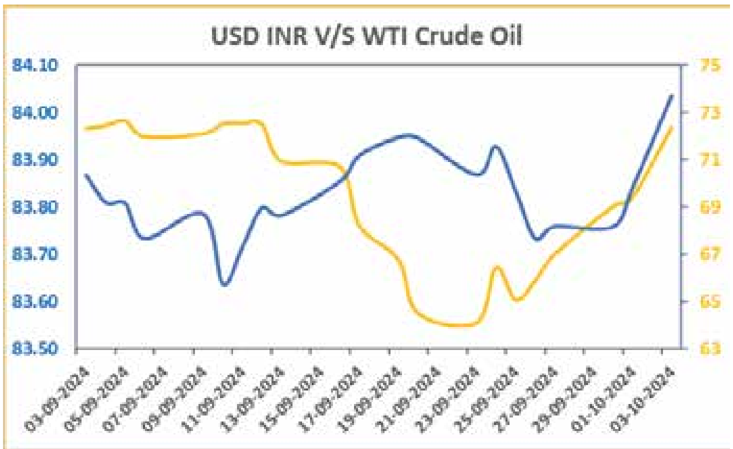
For WTI Oil (CMP: $74), support is seen at $70/$65, while resistance is around $76/$80 per barrel. For MCX Crude Oil (₹6,216), support is at ₹5,850/₹5,500, while resistance is expected at ₹6,400/₹6,720.

Indian Currency:

Quarter end dollar demand from importers keeps rupee bias negative; Active RBI intervention caps downside above 84 levels in September.

Currency	Price (03-10-2024)	WoW % chg	Sep % chg	YTD % chg
Dollar Index	101.86	1.45%	0.16%	0.52%
Rupee Spot	83.97	0.32%	0.11%	0.90%
EUR/USD	1.10	-1.19%	-0.15%	-0.07%
GBP/USD	1.31	-1.82%	0.06%	3.08%
USD/JPY	146.08	2.65	-0.06%	3.45%

INR depreciated by 0.1% against dollar in Sep'24 marking its all-time lows around 84.10 in spot. This was against appreciation of -0.2% seen in Aug'24 supported by a weaker dollar. The depreciation came despite increased quantum of FPI flows (record high equity inflows), volatile moves seen in commodity prices including Oil and the narrative of easier liquidity conditions amidst global monetary policy easing. Meanwhile, in terms of gains observed in major EM peers, INR was largely capped. The depreciative bias was attributable to quarter end phenomenon and higher dollar demand from importers and banks. DXY expected to remain weaker in medium term as disinflation is underway in the region and consumption demand softens. On the flip side FPI flows will further gain strength as index inclusion becomes broad based with increased weightage which in turn will attract security specific flows. On external front, enough cushioning in terms of adequate forex reserves along with timely intervention of RBI will ensure volatility of rupee to be largely contained.



Going forward, the narrative for rupee remains favourable. Export cycle seems favourable in an easier monetary condition, globally. Favourable domestic inflation, astute liquidity management strategy of RBI, will further lend support. RBI intervention will provide additional resistance. Record high forex reserves already enumerate enough cushion on external sector front. India's robust high frequency growth indicators along with prudent fiscal policy has already attracted stable foreign capital in terms of FDI. FPIs have also seen a sharp turnaround and the pace is likely to continue as global index weightage is gradually increasing. Another interesting thing is that the volatility of rupee is gradually diminishing, which holds positive. We expect rupee depreciation to remain capped with active RBI interventions while overall trading range to remain around Rs. 84.20 - 83.30 // USD in Oct'24.

Technical Analysis

Market Overview – October 2024

In September 2024, the global markets witnessed a significant uptrend, largely driven by the US Federal Reserve's highly anticipated decision to cut interest rates by 50 basis points. This move, after years of anticipation, fuelled optimism across global indices, including Indian markets. Domestically, the Nifty 50 index surged to a new historical high of 26,200, marking the 11th consecutive month of gains, while the BSE Sensex crossed the monumental 85,000 mark. This rally was supported by strong global cues, but technical signals suggest that the Indian markets may be entering a cautionary phase.

From a technical perspective, a corrective move was initially expected within the 25,300–25,500 zone for Nifty. However, the breakout pushed the index towards the 26,000–26,200 range. Despite this bullish momentum, several indicators are flashing warning signs. The FII long-short ratio has reached 80%, indicating an overbought market. Additionally, there is a negative divergence on the weekly scale of Nifty 50, suggesting weakening momentum, and the monthly RSI has crossed 80, a level historically associated with a temporary market top. These factors collectively warrant a conservative approach to setting upside targets. Immediate support lies at 25,400, and any breach of this level could signal the end of the current bullish phase.

In parallel, the Nifty Bank index broke above the 54,000 mark after two months of consolidation, reaching a new all-time high. However, this upward movement was short-lived, as the index corrected by nearly 2,000 points in recent sessions. A negative divergence in the monthly RSI is also evident in Nifty Bank, reinforcing the potential for a near-term correction. Key support for the index is at 51,000, and a breach could confirm a temporary top. On the upside, resistance is expected in the 54,000–54,500 range.

In summary, while the markets continue to display strong momentum, the technical indicators are signalling caution. Investors are advised to adopt a stock-specific approach and remain conservative in setting upside targets. Close attention should be paid to key support levels, particularly 25,400 for Nifty 50 and 51,000 for Nifty Bank, as a breach of these could mark the end of the ongoing bullish trend.

Technical Pick – BUY JINDALSTEL

Potential Upside 8.57%- 11.42%

- **JINDALSTEL** recently consolidated above Ichimoku cloud which is looking lucrative as DMI has made positive cross with ADX above 20 levels thus hinting towards bullish momentum.
- Having said that, future cloud has turned bullish which further adds bullish sentiment in the counter.
- Thus, traders are advised to buy **JINDALSTEL in the range of 1060 – 1040** with a stop loss of 990 on closing basis for an upside target of 1140 and 1170 in coming 1 – 3 months.

Fixed Income Services

Monetary Policy Update

The Monetary Policy Committee (MPC) met on august 6th, 7th, & 8th 2024, to evaluate the evolving macroeconomic and financial conditions. By a majority of 4 to 2 (The MPC member, Prof. Varma & Dr. Goyal, maintained their stance for a 25 bps rate cut from the last review), decided to:

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

The MPC adopted a slightly hawkish stance, focusing on controlling inflation while maintaining a steady repo rate for the ninth consecutive time to ensure price stability and support sustained growth.

- **Global economy** is expanding unevenly, with manufacturing slowing and services holding steady. Despite service price inflation, overall inflation is receding in major economies. Monetary policies vary, with some banks easing through rate cuts and forward guidance, while others tighten. Financial markets are volatile, with lower bond yields and a weaker dollar. Long-term global growth faces challenges from demographics, climate change, geopolitics, debt, and new technologies like AI. A coordinated approach, where monetary policy works alongside other strategies, will be essential to navigate these challenges.
- **Domestic economic** activity remains strong, Industrial output grew 5.9% in May 2024, and core industries expanded by 4.0% in June. June-July 2024 data show growth in services, recovery in private consumption, and increased private investment, driven by higher steel consumption, solid capacity utilization, and healthy financials, with government infrastructure spending.

  The Indian Meteorological Department (IMD) forecasts an above-normal monsoon with rainfall boosting kharif sowing by 2.9% year-on-year, bolstering rural demand, while steady manufacturing and services momentum indicates strong urban demand.

Projection for FY 25	GDP Growth (%)		CPI Inflation (%)	
	MPC's Recent Projection	MPC's Last Projection	July Projection	June Projection
FY 25 Q1	▼ 7.10%	7.30%	-	-
FY 25 Q2	▬ 7.20%	7.20%	▲ 4.40%	3.80%
FY 25 Q3	▲ 7.30%	7.30%	▲ 4.70%	4.60%
FY 25 Q4	▬ 7.20%	7.20%	▼ 4.30%	4.50%
FY 25	▬ 7.20%	7.20%	▲ 4.50%	4.50%
FY 26 Q1	▬ 7.20%	-	▲ 4.40%	-

Summary of projection on growth & inflation by the MPC

Headline inflation rose to 5.1% in June 2024 from 4.8% in April-May, driven by higher food prices, especially for vegetables, pulses, and edible oils, which significantly impact the CPI basket (46%) and contribute over 75% to headline inflation. The fuel group saw deflation due to major LPG price cuts in August 2023 and March 2024.

Core inflation (CPI excluding food and fuel) fell to 3.1% in May-June, a new low in the current CPI series, with core services inflation also at its lowest point in the series.

External Sectors:

Current Account Deficit (CAD):- India's CAD decreased to 0.7% of GDP in 2023-24 from 2.0% the previous year, due to a lower trade deficit and strong services and remittances. Despite a widening trade deficit in Q1:2024-25, CAD is expected to remain manageable.

External Financing: Foreign portfolio investors became net buyers in India from June 2024, with $9.7 billion inflows, reversing April-May's $4.2 billion outflows. FDI rose over 20% in April-May, with net FDI doubling. External borrowings moderated, but non-resident deposits increased. Forex reserves reached a record $675 billion by August 2, 2024. India's external sector is strong, and we are confident in meeting financing needs.

Reserve Bank will continue to be nimble and flexible in its liquidity management operations keeping in view the evolving liquidity conditions to ensure that money market interest rates evolve in an orderly manner.

Additional Policy Measures:

The Reserve Bank plans to establish a **public repository** for digital lending apps (DLAs) used by regulated entities to address issues with unauthorized apps. Helping consumers to identify and avoid unauthorized lending apps.

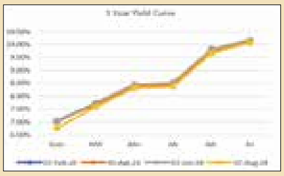
It is proposed to increase the frequency of reporting **credit information to Credit Information Companies** (CICs) to a fortnightly basis, allowing faster updates for borrowers and better risk assessments for lenders.

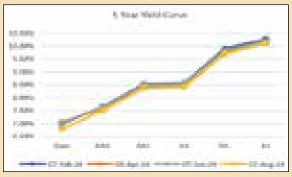
The transaction limit for **tax payments via UPI** will be raised from ₹1 lakh to ₹5 lakh per transaction, simplifying the process for consumers.

A new "**Delegated Payments**" facility will allow a primary UPI user to authorize a secondary user to make transactions from their account, even if the secondary user does not have a separate UPI-linked bank account. This aims to expand digital payment usage.

The proposal aims to introduce **continuous clearing** with 'on-realisation-settlement' in CTS, reducing cheque clearing time to a few hours on the day of presentation. This will expedite payments and benefit both payers and payees.

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





Source: CRISIL Fixed Income Database

- The 3 year and 5 year Gsec curve saw easing of ~28 bps and ~26 bps respectively, while the 3 year and 5 year AAA curve have also experienced a easing of 15 bps & 11 bps respectively.
- In 3 year space, the rest of the credit curve saw a easing in the range of ~8 bps to ~10 bps & in the 5 year saw a easing in the range of ~6 bps to ~6 bps.
- The AAA spread over G-sec, in the 3 year & 5 year space saw expansion of ~13 bps to ~15 bps, from ~69 bps to ~82 bps in the 3 year space and from ~58 bps to ~73 bps in the 5 year space.

Outlook: The MPC's decision reflects a cautious approach to balancing growth and inflation. While domestic economic activity shows resilience and inflation is moderating, ongoing risks necessitate careful monitoring and policy adjustments to achieve long-term stability and growth.

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

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

Secondary Market Bond Offers

PSU Perpetual Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.74% SBI Perp 2025	Call: 09-Sep-25	Annual on 09-Sep	AA+ By CRISIL, ICRA & IND	7.83%
7.75% SBI Perp 2027	Call: 09-Sep-27	Annual on 9-Sep	AA+ By CRISIL & ICRA	8.00%
8.05% Canara Bank Perp	Call: 02-Dec-26	Annual on 02-Dec	AA+ by CRISIL & IND	8.11%

PSU Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.36% IOCL 2029	16-Jul-29	Annual on 16-Jul	AAA by CRISIL & IND	7.21%
7.45% THDC India Ltd 2031	20-Jan-31	Annual on 20-Jan	AA/STABLE CARE, ICRA	7.65%
7.80% MTNL 2033 (GOI Guaranteed)	07-Nov-33	Semi Annual on 7-May & 7 Nov	AAA(CE) By IND, CARE	7.75%
6.97% PFC 2036	22-Jan-36	Quarterly on 22-Jan, 22-Apr 22-Jul,22-Oct	AAA by CARE, ICRA	7.24%

Corporate Bonds				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (28-Sept-31)	28-Mar & 28-Sept	AA by ICRA & CARE	10.61%
7.90% LIC housing Finance Ltd. 2027	23-June-27	Annual on 23-Jan	AAA by CRISIL & CARE	7.76%
8.40% HDB Financial Services Ltd 2033	22-Dec-33	Annual on 22-Dec	AAA CRISIL & CARE	8.26%
8.75% Shriram Finance Ltd. 2026	04-May-26	Annual on 4-May	AA+ Stable by CRISIL	8.81%
8.12% Bajaj Finance Ltd. 2027	10-May-27	Annual on 10-May	AAA by CRISIL	7.85%
8.15% Axis Finance Limited 2029	22-May-29	Annual on 22-May	AAA by CRISIL & IND	7.95%
9.50% HINDUJA LEYLAND FINANCE LIMITED 2029	29-Nov-29	Annual on 29-May	AA by CRISIL & CARE	9.65%
8.16% Aditya Birla Finance Ltd. 2029	14-Feb-29	Annual on 14-Feb	AAA by ICRA & IND RATINGS	7.93%
9.95% UP Power 2032	(22-Mar-32) Staggered Maturity	31-Mar, 30-Jun, 30-Sep & 31-Dec	A+ (CE) BY CRISIL & IND	8.65%

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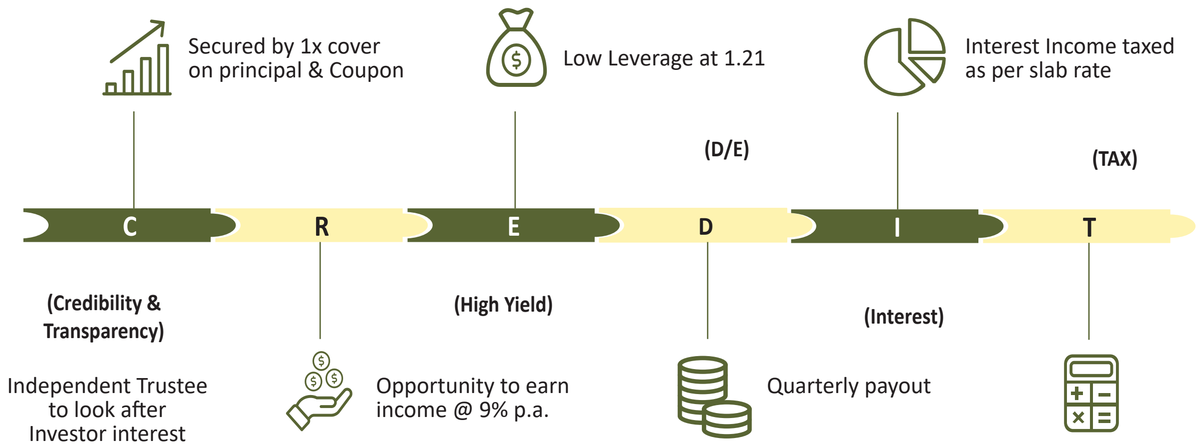
ANCHOR (Market Linked Debentures)

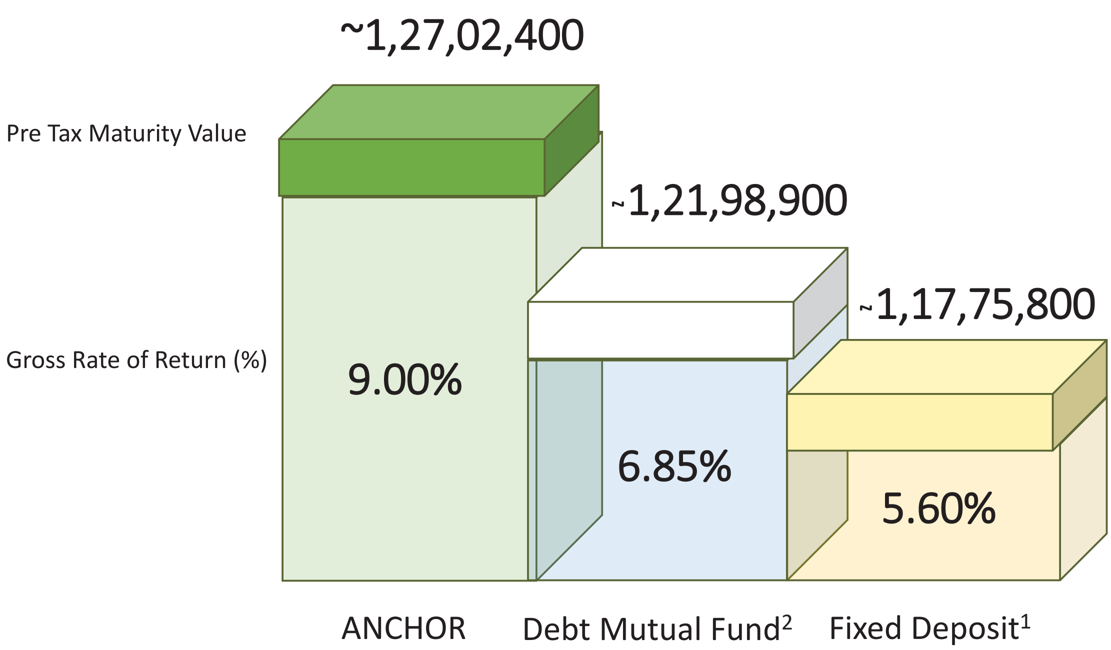
What is ANCHOR?



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

What is the Opportunity?

For an investment of 1 Crore for 36 months



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

Key Terms of the Issue

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

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

Cash-flow Illustration

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

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

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

Anand Rathi PMS

PMS Portfolio

Objective & Investment Philosophy

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

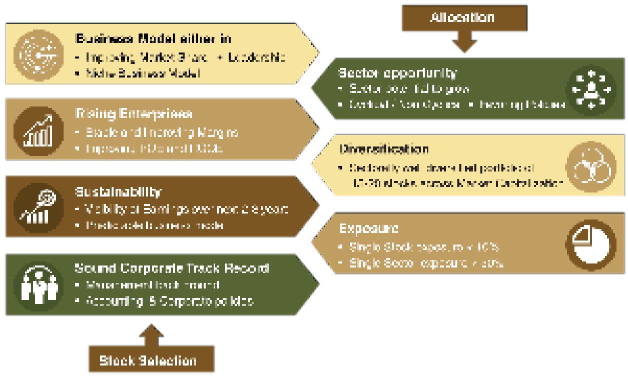
Value

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

Growth

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

Investment Process



Re-VIEW Strategy

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

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

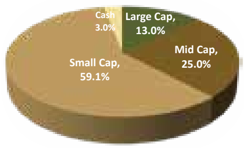
E — **Earnings Visibility Changes**
Our fundamental research team scrutinizes the quarterly results of the companies to understand the current & future estimated growth. If we are not satisfied with 2 or 3 quarterly results of the company & don't see growth, we take an exit to move to another stock.

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

Top Holdings & Market Cap Allocation

Sr No	Top 10 Holdings	% Holdings
1	PG Electroplast Ltd.	9.8%
2	ITD Cementation India Ltd.	8.8%
3	Ratnamani Metals & Tubes Ltd.	6.9%
4	Bharat Electronics Ltd.	6.6%
5	Varun Beverages Ltd.	6.4%
6	KEC International Ltd.	6.3%
7	KEI Industries Ltd.	6.2%
8	Radico Khaitan Ltd.	5.7%
9	GlenmarkLifeSciencesLtd.	5.3%
10	Titagarh Railsystems Ltd.	5.1%

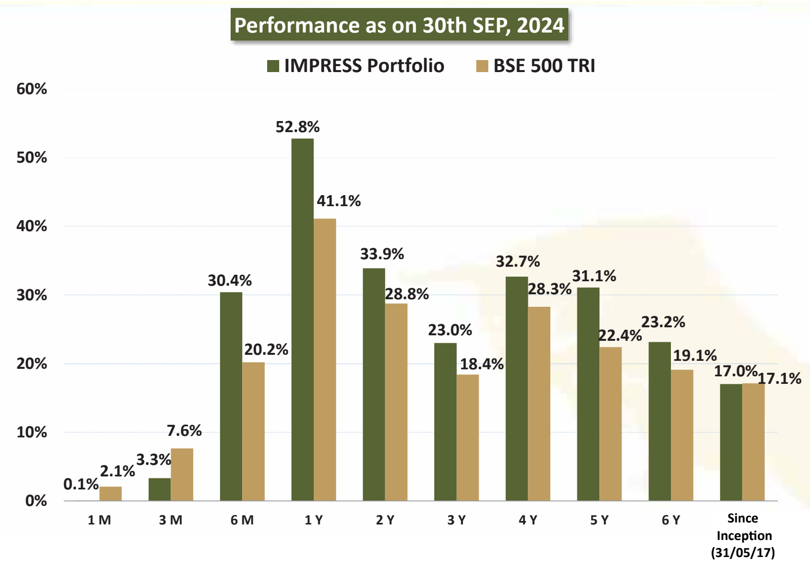
Market Cap Allocation



	Avg Mkt Cap (cr)
Large Cap	202650
Midcap	34872
Small Cap	14806
Overall Portfolio	44318

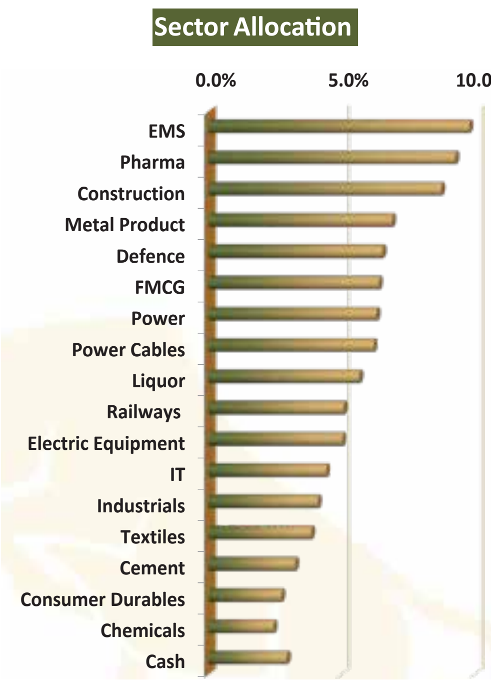
Data as on 30th Sep. 2024

Portfolio Performance



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

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



Anand Rathi PMS

MNC Portfolio

Objective & Investment Philosophy

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

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

Healthy Balance Sheet

Top Holdings and Allocation

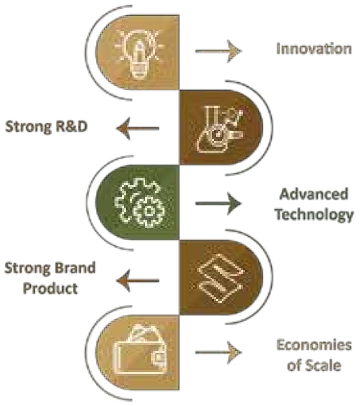
Sr No	Top 10 Holdings	% Holdings
1	Siemens Ltd	9.0%
2	ITD Cementation India Ltd.	8.9%
3	Maruti Suzuki India Limited	7.8%
4	Suven Pharmaceuticals Limited	6.0%
5	CRISIL Ltd	5.5%
6	Schaeffler India Limited	5.5%
7	Whirlpool of India Limited	4.8%
8	3M India Ltd	4.7%
9	Nestle India Ltd	4.6%
10	Abbott India Ltd	4.5%

Market Cap Allocation

Avg Mkt Cap (cr)	
Large Cap	347337
Midcap	44040
Small Cap	17135
Overall Portfolio	122959

Data as on 30st Sep 2024

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.

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

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

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

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.

Anand Rathi PMS

Decennium Opportunity

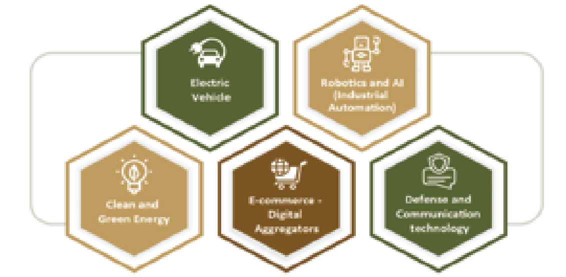
Focus on return optimization by investing in multicap portfolio of companies with good corporate governance, strong emerging business or companies entering into next business upcycle.

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

Opportunities at every level of emerging business

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

Emerging business of ongoing Industrial Revolution



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

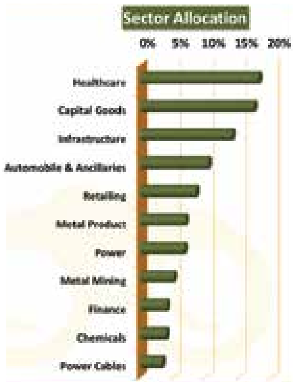
Stock Selection Process

Opportunity - Accelerated Growth from Business Upcycle

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

Portfolio Synopsis

Sr No	Top 10 Holdings	% Holdings
1	Ethos Limited	8.5%
2	Bharat Electronics Ltd	7.9%
3	KEC International Limited	7.8%
4	Craftsman Automation Limited	7.6%
5	Caplin Point Laboratories Limited	6.8%
6	Venus Pipes and Tubes Limited	6.8%
7	Praj Industries Ltd	6.6%
8	Concord Biotech Limited	6.3%
9	Techno Electric & Engineering Company Limited	6.1%
10	Blue Star Ltd	5.0%



Data as on 30th Sep 2024

	Avg Mkt Cap (cr)
Large Cap	208402
Midcap	51346
Small Cap	15574
Overall Portfolio	36902

The current model client portfolio comprise of 17 stocks. Portfolio is well diversified across market capitalization and sector. Most of the stocks are given more or less equal and sizable weightage in portfolio.

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

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

Structure Product Idea

Nifty Accelerator

Product Name	Nifty Accelerator– 100%	
Issuer	Anand Rathi Global Finance Limited	
Underlying	Nifty 50 Index	
Principal Protected	Principal is not protected	
Tenor(days)	1900 Days	
Initial Fixing Level	150 points contingent from closing nifty then rounded to next 100	
Final Fixing Level	Average of Closing NIFTY on last Thursday of 44^{th}, 47^{th}, 50^{th}, 53^{rd} & 56^{th} Month.	
Nifty Performance (NP)	(Final Fixing Level/Initial Fixing Level)-1	
Contingent Coupon (CC)	100% (IRR – ~14.24%)	
Participation Rate1 (PR1)	100% (From 110% to 133% of Initial Fixing Level)	
Participation Rate2 (PR2)	8200%(From 132% to 133% of Initial Fixing Level)	
Decay Multiple (DM1)® Knock-In Put @ 84.99%	1.4x (below -15% till -30% fall with catch-up)	
Decay Multiple (DM2)® Nifty @ 69.99% of initial	0.4x (Between -30% till -90% fall decay decreases)	
Payoff	If Final Fixing Level is at or above 133% of Initial Fixing Level	Contingent Coupon
	If Final Fixing Level is above 115% & below 133% of Initial Fixing Level	(NP-10%)* PR1+ Max(0%,(NP-32%)*PR2
	If Final Fixing Level is at or above 85% & at or below 115% of Initial Fixing Level	Principal Protection
	If Final Fixing Level is below 85% of Initial Fixing Level	MAX(-100%,MAX ((-30%* DM1), NP*DM1)+MIN (0%,(NP+30%)*DM2))
	If Final Fixing Level is below 10% of Initial Fixing Level	NP

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

Nifty Values	Nifty Perf.	Product Return	Nifty IRR	Product IRR
52650	**102.50%**	**102.50%**	**14.52%**	**14.52%**
39000	50.00%	102.50%	8.10%	14.52%
34840	**34.00%**	**102.50%**	**5.78%**	**14.52%**
34580	33.00%	18.00%	5.63%	3.23%
30160	16.00%	1.00%	2.89%	0.19%
29900	**15.00%**	**0.00%**	**2.72%**	**0.00%**
28080	8.00%	0.00%	1.49%	0.00%
26000	**0.00%**	**0.00%**	**0.00%**	**0.00%**
23400	-10.00%	0.00%	-2.00%	0.00%
20800	**-20.00%**	**0.00%**	**-4.20%**	**0.00%**
20797	-20.01%	-28.01%	-4.20%	-6.12%
19500	-25.00%	-35.00%	-5.38%	-7.94%
18200	**-30.00%**	**-42.00%**	**-6.62%**	**-9.94%**
14300	-45.00%	-48.00%	-10.85%	-11.81%
2600	**-90.00%**	**-66.00%**	**-35.75%**	**-18.72%**
2597	-90.01%	-90.01%	-35.76%	-35.76%
0	-100.00%	-100.00%	-100.00%	-100.00%

Product IRR*
~14.52%

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

**Standard Deviation
4.58%

Target Nifty Perf.
34%

Product Explanation

NP >= 34%	102.5% (Contingent Coupon)
33% < NP < 34%	Max(0%,(NP-32%)*PR2
15% < NP < 34%	(NP-15%)* PR1
-15% <= NP <= 15%	Principal Protection
-30% <= NP < -15%	1.4x Decay with Catch-up
-90% <= NP < -30%	Decay decreases to 0.4x
Nifty Falls Beyond -90%	Nifty performance

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

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

NP: Nifty Performance

^ Initial Fixing Level is taken as 25810.85, adding 150 points contingent: 25960.85, rounded off to next 100: 26000.

****Historical Standard Deviation is calculated for 1710 days daily rolling NIFTY (Working Days Only) return from 1st Jan'2001 – 30th September 2024.**

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

Overview of ICICI Venture

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

ICICI Venture at a Glance

$5bn AUM/A
since inception

600+ Investments
since 1988

100+ Investments
since 2002

81+ Exits
since 2002

ICICI Venture's Business Verticals

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

Real Estate Foot Print

Affordable housing | Mid-high end housing | Office development | Mixed use

iREIF 2

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

Evolution of our RE Vertical

Private Debt has been our core strategy since the last decade

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

iREIF 2

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

ICICI Venture's Footprint of Financing for Housing

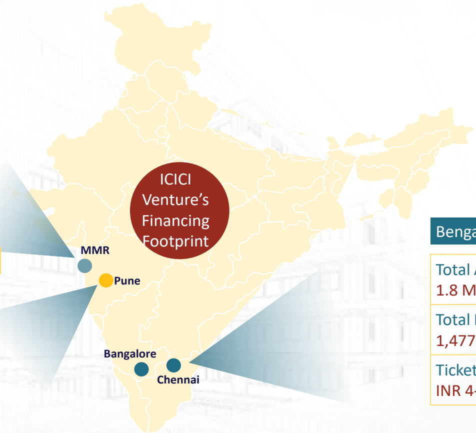
Financed over 15,000 units / 14.2 million square feet of Affordable Housing & Mid-Income projects in India

Mumbai Metropolitan Region (MMR)

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

Pune

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



Bengaluru & Chennai

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

iREIF

Our RE debt exit track record

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

Developer	Type	Investment	Exit	Gross IRR
Arihant Superstructures	*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%
Mahaveer	*Type: Affordable Housing*	Investment : August 2013	Exit : Jan 2016	Gross IRR: 23.4%
values that build worth	*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%

iREIF

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

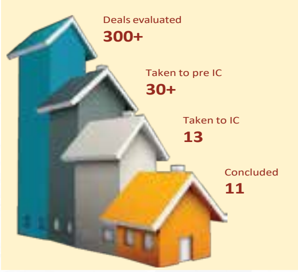
iREIF Portfolio Overview

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

Portfolio	Entry Year	Investment[1] (INR Mn)	Location	Project Type	Unit Pricing (INR Lacs)	Gross IRR[1]	Exit status
Arihant	2018	550	Taloja & Karjat, MMR	Affordable Housing	18-60	22.5%[2]	Exited
Arihant	2022	450	Taloja, MMR	Affordable Housing	27-40	18.0%[3]	On schedule
SKYi Developers	2019	355	Bhukum, Pune	Affordable Housing	30-45	22.2%[2]	Largely Exited
SKYi Developers	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
platinum corp.	2021	550	Andheri, MMR	Affordable Housing	95-195	24.5%[3]	On schedule
platinum corp.	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
HAPPY DAYS	2018	387	Hennur Road, Bengaluru	Affordable Housing	55-60	7.2%-13.8%[4]	Behind schedule
pooja	2022	500	Hyderabad	Residential plots	75-235	19.5%[3]	To be disbursed

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

iREIF deal log



iREIF

Leveraging ICICI Group RE strengths

ICICI Venture

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

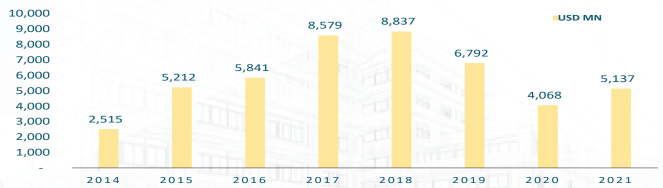
iREIF2

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

Private capital flows to Indian RE sector

ICICI Venture

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.

iREIF2

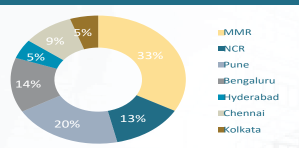
Source – Knight Frank Research, Venture Intelligence

iREIF2 target market snapshot

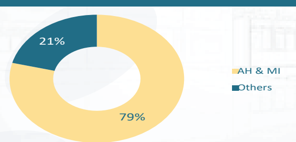
ICICI Venture

MMR and Pune account for 53% of Sales

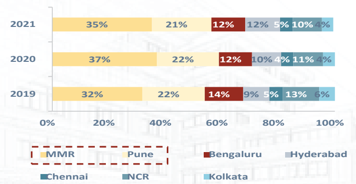
% of Overall Sales from 2015-2021



% of Sales in Mid-income & Affordable

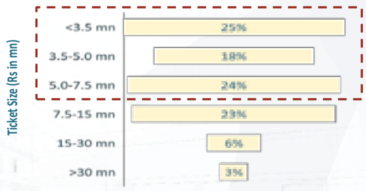


City wise residential unit sales



- ~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

iREIF2

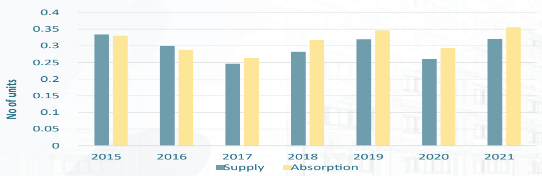
Source: PropEquity. CY 2020. Data for number of units sold

Covid impact

ICICI Venture

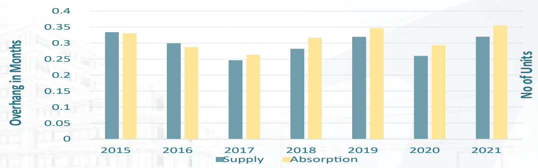
Despite Covid, healthy supply and absorption of residential units

Supply and sales velocity



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

Housing inventory overhang



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

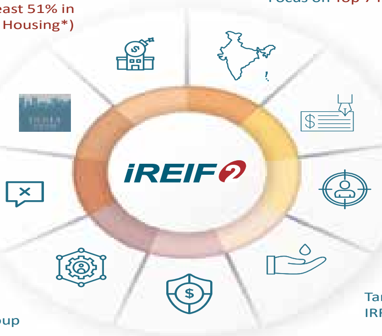
iREIF2

Source: Propequity

iREIF2 Strategy

ICICI Venture

Key pillars



Focused on Private Debt in Housing Projects (at least 51% in Affordable Housing*)

10-12 deals;
Focus on Top 7 Indian cities

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

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

Target Gross INR IRR of 17%-22%

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

Tap synergies across ICICI Group

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

India focused;
View on India 2030

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

iREIF2

iREIF2 Strategy

ICICI Venture

Preferred Stage of Investments

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

Investment Structures

Debt Investments

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

Differential Coupon Investments

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

Coupon + upside Investments

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

iREIF2

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

iREIF2 Process

ICICI Venture

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

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

iREIF2

iREIF2 key terms*

ICICI Venture

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

iREIF2

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

ICICI Venture

IVen amplifi

India focused
Venture Fund

Overview of ICICI Venture

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

ICICI Venture at a Glance

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

Our 5 Verticals

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

IVen amplifi

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

Evolution of ICICI Venture platform

ICICI Venture

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

1988
Founded as TDICI

1998
Re-named to ICICI Venture

1988 - 2001
Focused on Venture Capital

2002
Private Equity vertical established

2005
Real Estate vertical established

2012
Special Situations Vertical established

2016
Infrastructure vertical established

2022
AUM/A since inception reaches USD 6 Bn

2023
Venture Fund
IVen amplifi

IVen amplifi

INDIA 2030 Summary

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

India expected to become **3rd largest economy**

$5,242 Per-capita income

GDP is anticipated to reach **$7.9 trillion**

1,083 million Smartphone users

IT services export to reach **$527 billion**

25.2 million Households with income $>35,000

960 million Internet users

700 million online hoppers

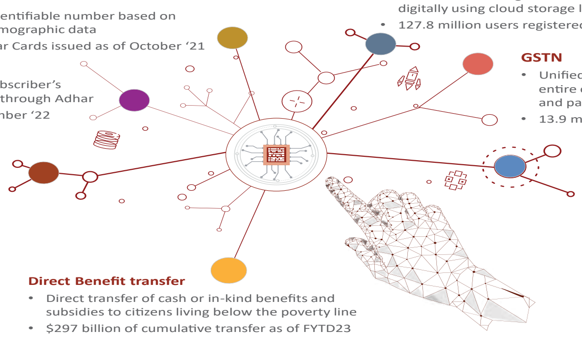
$226 billion E-commerce market

Source: Industry reports, IVEN estimates

IVen amplifi

Components of Digital India

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



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

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

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

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

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

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

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

Source: Industry reports, IVEN estimates

IVen amplifi

1

Fund strategy

Tech-focused venture fund

Rs. 15 Bn India focused fund; View on Digital India 2030

Tap synergies across ICICI Group

Sector agnostic; digital focus on Fintech, ConsumerTech and Enterprise

Early-stage; late Series A / early Series B (Rs. 0.5 to 1 Bn per company across rounds), minority shareholding; typically, revenue < ~Rs. 1 Bn

10-15 investments; focus on portfolio diversification and risk management

Best in-class Deal Sourcing capabilities; Early Identification of key trends

Target Gross INR MoIC of 3.5x-4x at a Gross INR IRR of 30%-35%

"No Go": Seed stage

Provide strategic support to portfolio companies especially areas of corporate governance

IVen amplifi

IVen Amplifi's positioning

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

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

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

IVen amplifi

Investment themes

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

Fintech

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

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

Consumerisation

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

D2C | Food Tech | Social Commerce | Marketplace | Digital Content

India and the World

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

B2B Marketplace | SaaS

Illustrative ICICI Group Partnerships with Startups

Fingpay – AEPS based biometric payments and cash drop/withdrawals

Vernacular.ai – IVR Automation in vernacular language using voice bot

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

Karza – Digitization of due diligence process for retail loans

SatSure – Satellite data analytics for Agri business- Sat farm

PropertyPistol – Property tech platform aiding customers with B2C real estate sales

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

CarDekho – Dealer funding/ Inventory funding/ New car loans

Credgenics – Automated drafting of personalized legal notices & live tracking

WorkApps – Video KYC and video banking module

Vanghee – Current account opening & payment solution for MSME

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

More than 200 partnerships across ICICI Group

Illustrative Deal Pipeline

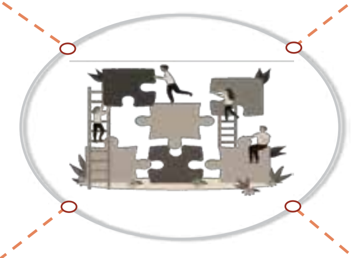
Focus on businesses which solve real problems

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

Key investment framework

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

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



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

Fund's Investment Process

ICICI Venture

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

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

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

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

Neo amplifi

Key Fund Team Members

ICICI Venture

Experienced fund management team with significant investing experience

Mr. Subeer Monga
Director

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

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

Subeer has been involved with ~20 investments

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

Mr. Sharad Malpani
Director

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

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

Sharad has been involved with ~10 investments

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

Neo amplifi

Portfolio management

ICICI Venture

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

Accounting		
EY	KPMG	pwc
BDO	Deloitte.	Grant Thornton

Hiring		
native	Michael Page	QUESS
Walker Telcol Advisors	PURPLE QUARTER	seenrecruit

Services		
MyCFO	Aparajitha	protiviti

Products		
knowlarity	exotel	darwinbox
EnKash	freshworks	ZOHO

Digital Services		
Google	Microsoft	aws
Meta	Digital Ocean	Infosys

Neo amplifi

Explore the

Hidden Treasure of Unlisted Shares* with

EQUITY UNICORN

*Investment in Unlisted Shares**

What are Unlisted Shares*?

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

Reliance Retail	Retail
HDB Financial Services Ltd.	Financial Services
Chennai Super Kings	IPL Team
Mohan Meakin Ltd.	Beverages
(API holdings Ltd.)	Healthcare Product
Studds Accessories Ltd.	Helmet Accessories
Care Health Insurance	Insurance
Sterlite Power Transmission Ltd.	Power & Transmission
Phillips India Ltd.	Electronics
Kurlon Ltd.	Mattresses
Hero Fincorp Limited	Financial Services
Utkarsh Coreinvest Ltd.	Financial Services
Hexaware Technologies Ltd.	IT- Software
Sbi Mutual Fund	Mutual Fund
Orbis Financials Corporation Ltd.	Custodian
Bira	Beverages
Mohan Meakin Ltd.	Beverages
Oravel Stays Ltd.	Hospitality
Waaree Energy	Green Energy
Appollo Green Energy	Green Energy

To know more 8655240697

Product Note:

- Investing in Unlisted shares is risky and suitable to clients with high risk appetite
- Unlisted shares have lock-in period of 6 months after Listing of shares on stock exchanges
- All unlisted shares price are tentative price, before confirming with Client once check with Product team (Hardik Rabara)
- Final IPO & Listing price of a company is based on many factors beyond our control, we don't guarantee a confirm IPO of any unlisted company nor guarantee any listing gains/returns. Investors should use own judgment and adequate caution before investing in unlisted shares
- We do not conduct any research on unlisted shares, we are just a distributor of unlisted shares

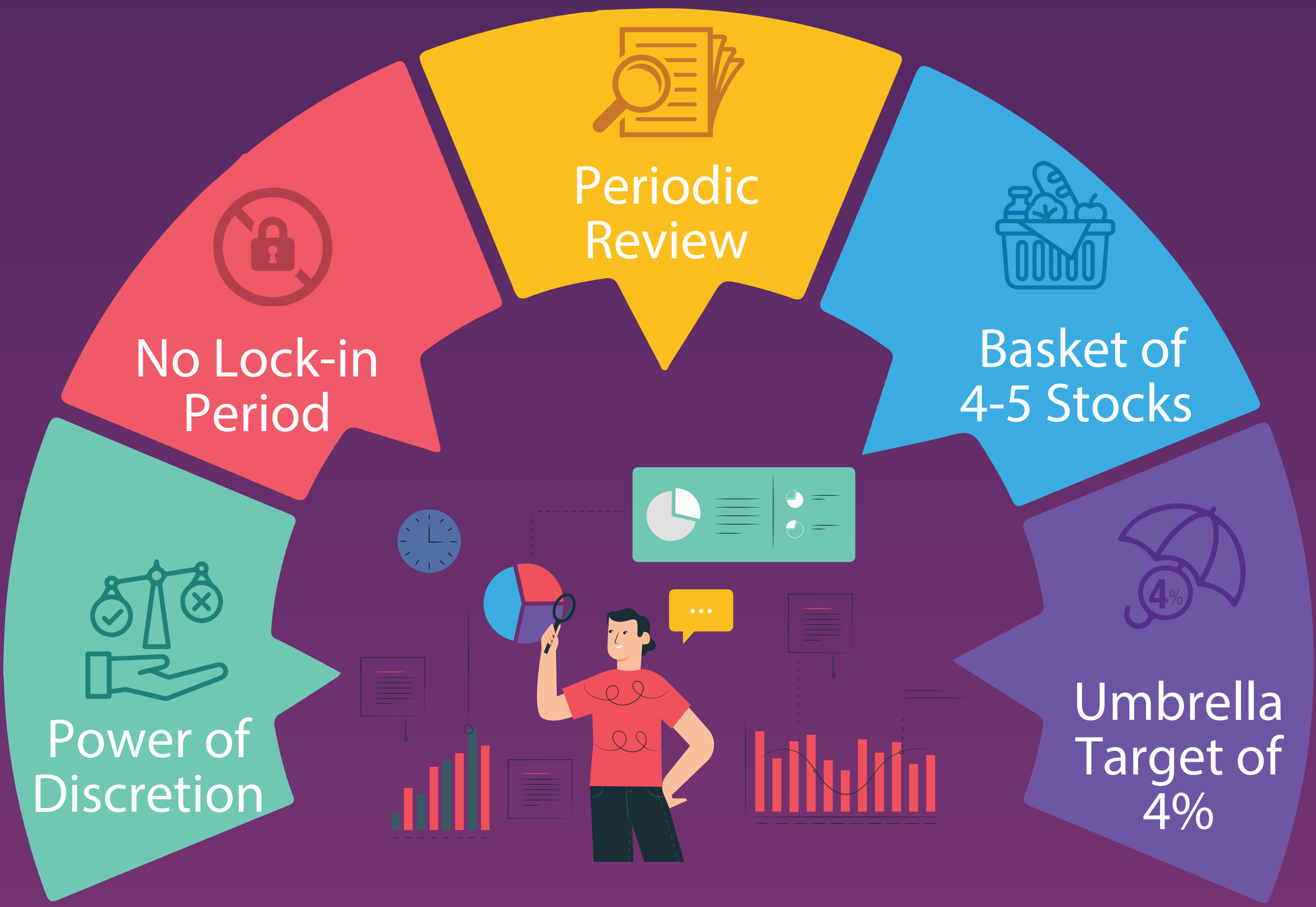
*These are not Exchange traded products and all disputes with respect to the distribution activity, would not have access to Exchange Investor Redressal Forum or Arbitration mechanism.

Note

FINKART
Quality Investing - Simplified!

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

ANANDRATHI PRIVATE CLIENT GROUP EQUITY PCG

Feat Award Function 2023-24

ANANDRATHI
INVESTMENT SERVICES

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