



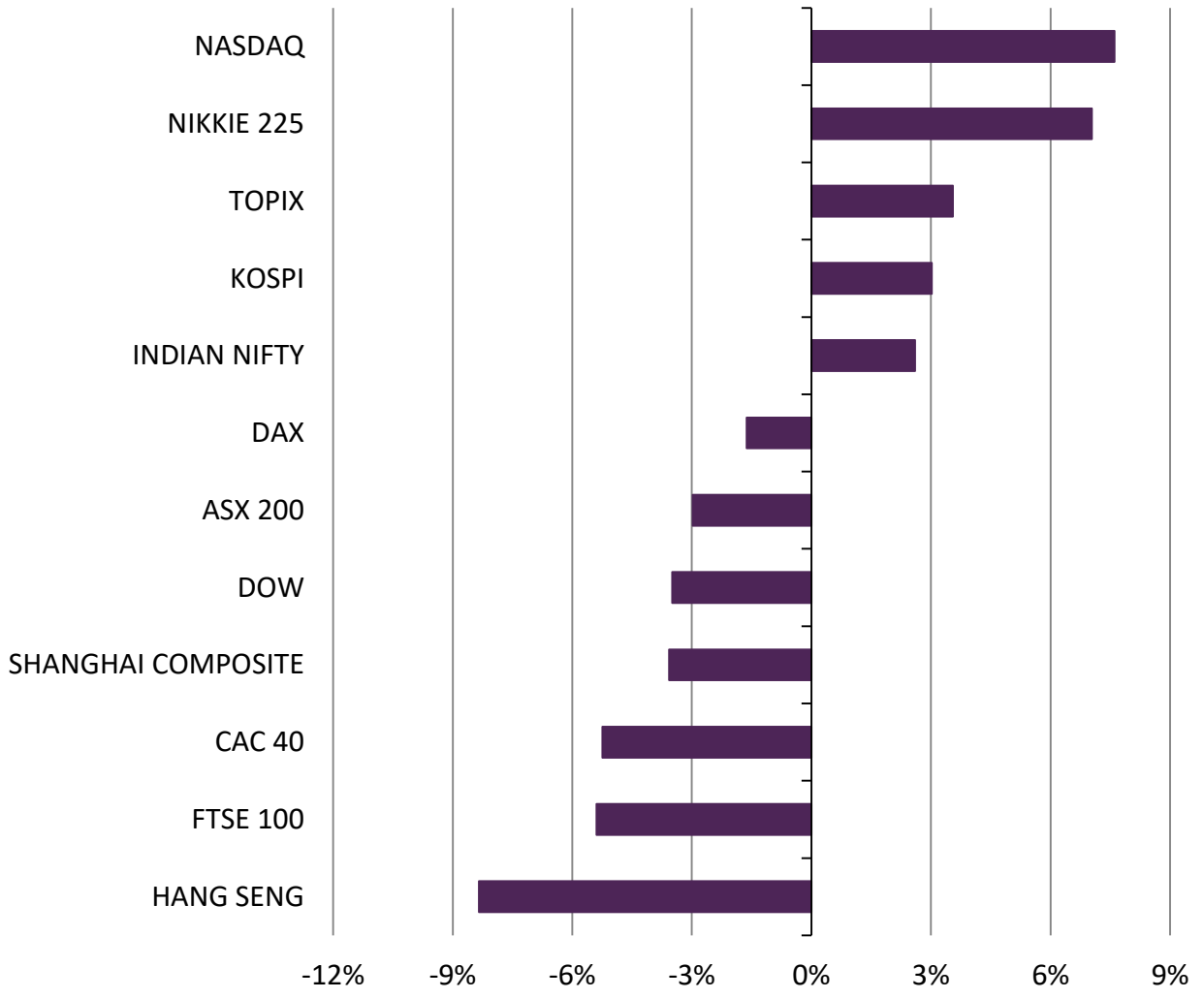
BESPOKE

Advice for a select few

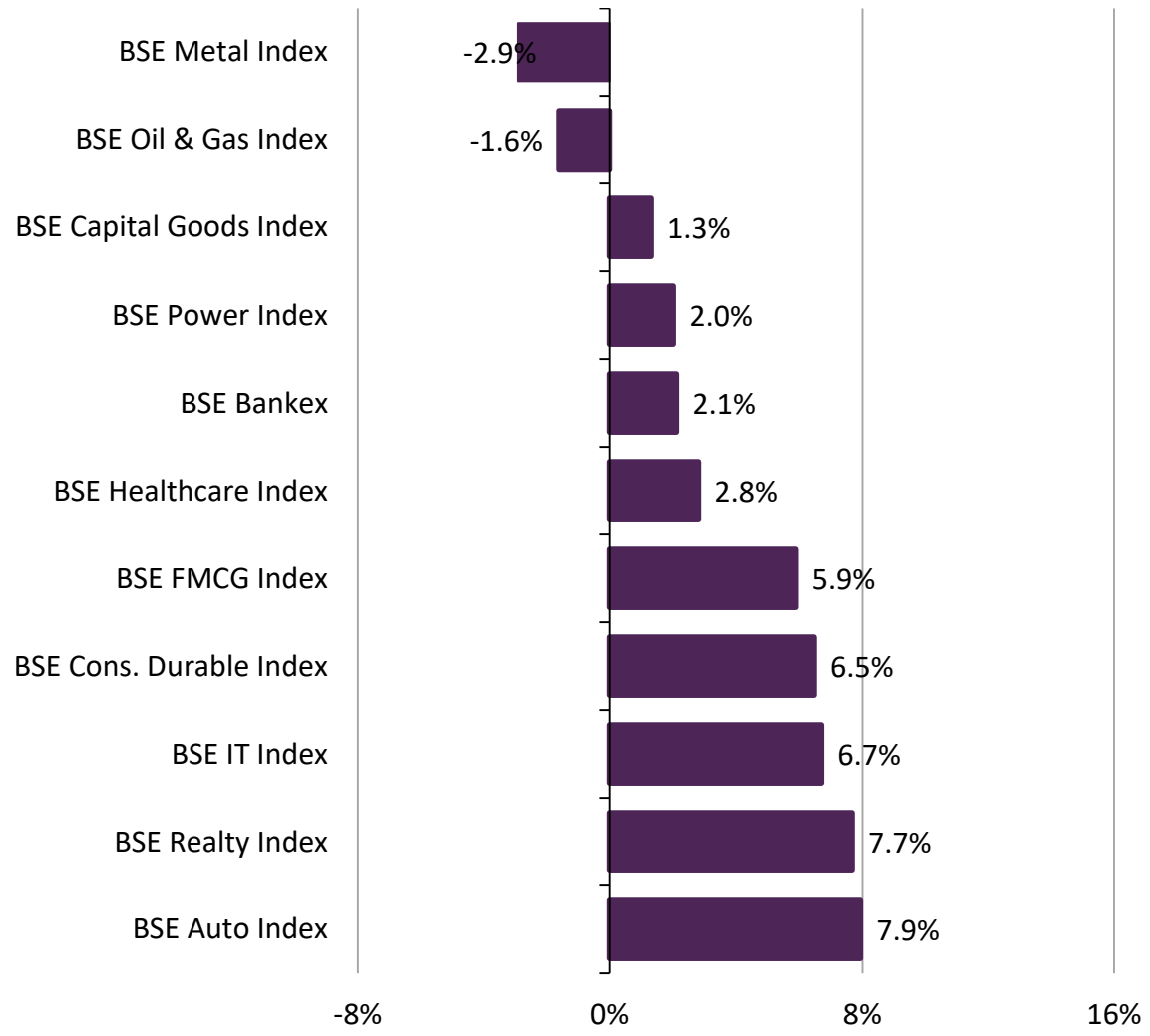
ANANDRATHI
PRIVATE CLIENT GROUP
EQUITY



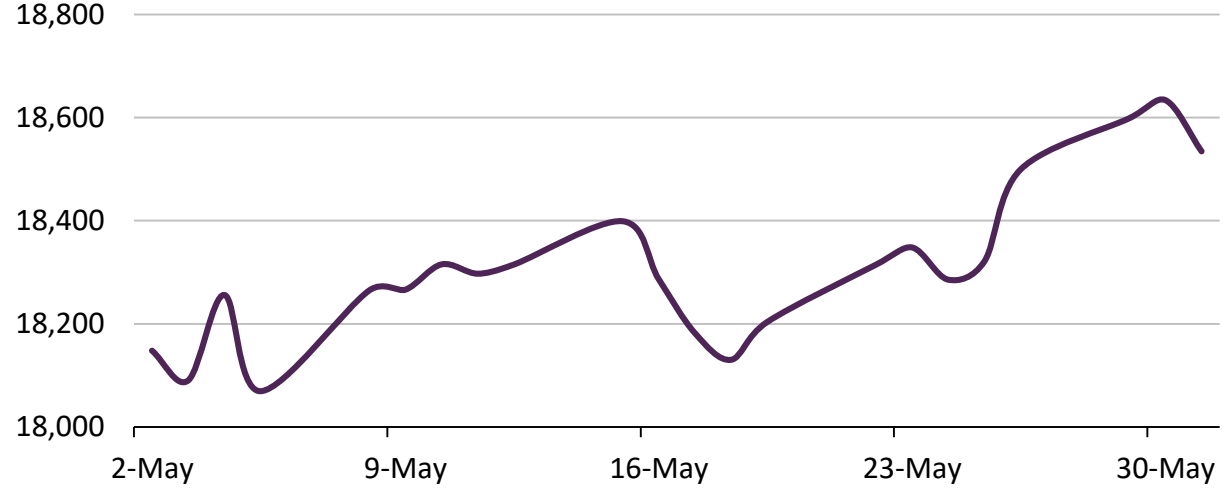
Global Markets performance in May-23



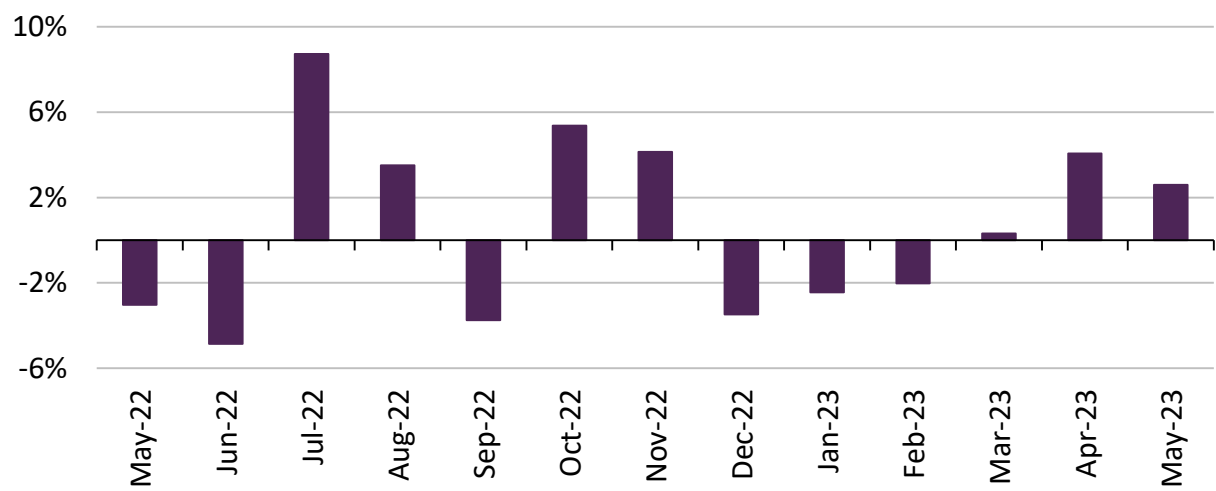
Sector wise performance during the month



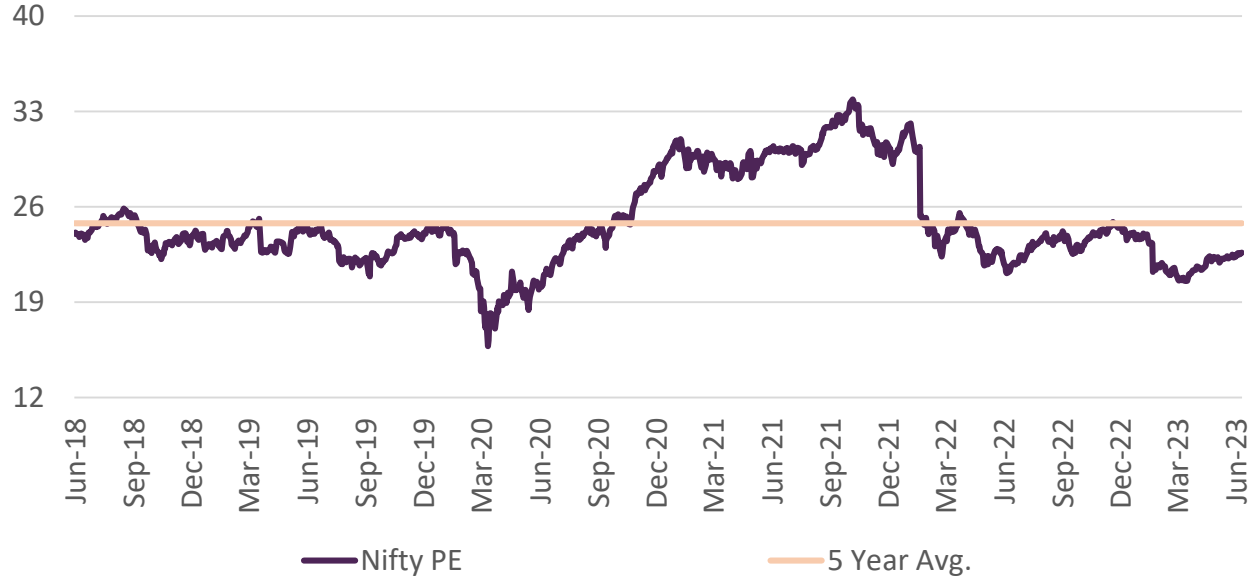
NIFTY Performance in May 2023



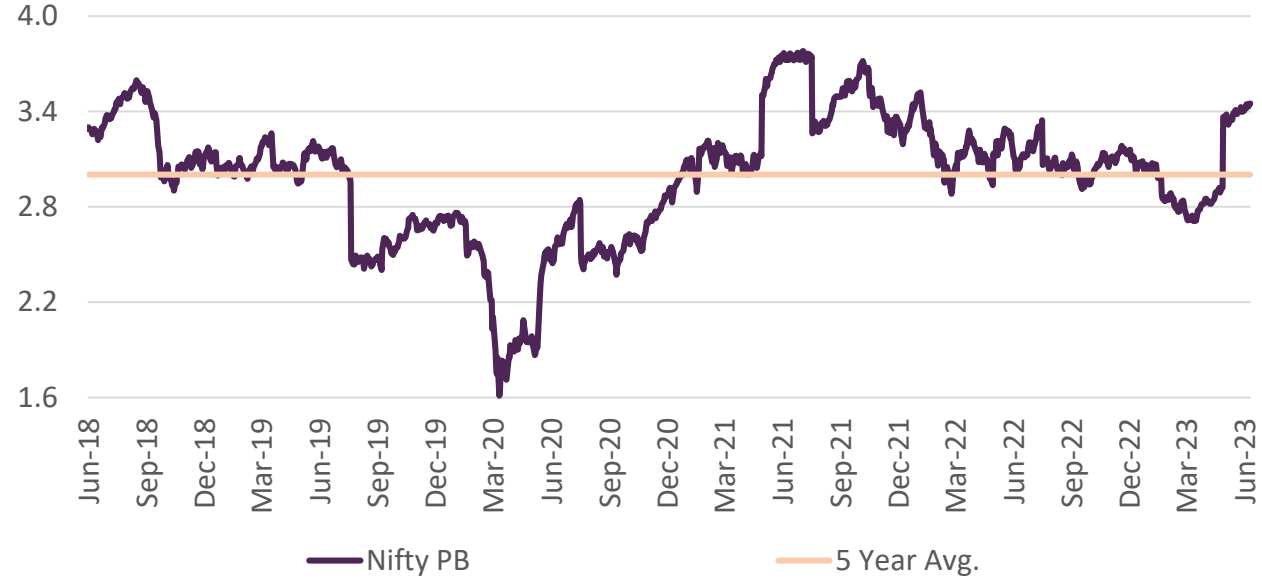
NIFTY monthly performance for trailing 12 months



Nifty Trailing 12M P/E & 5 Yr. Avg. P/E

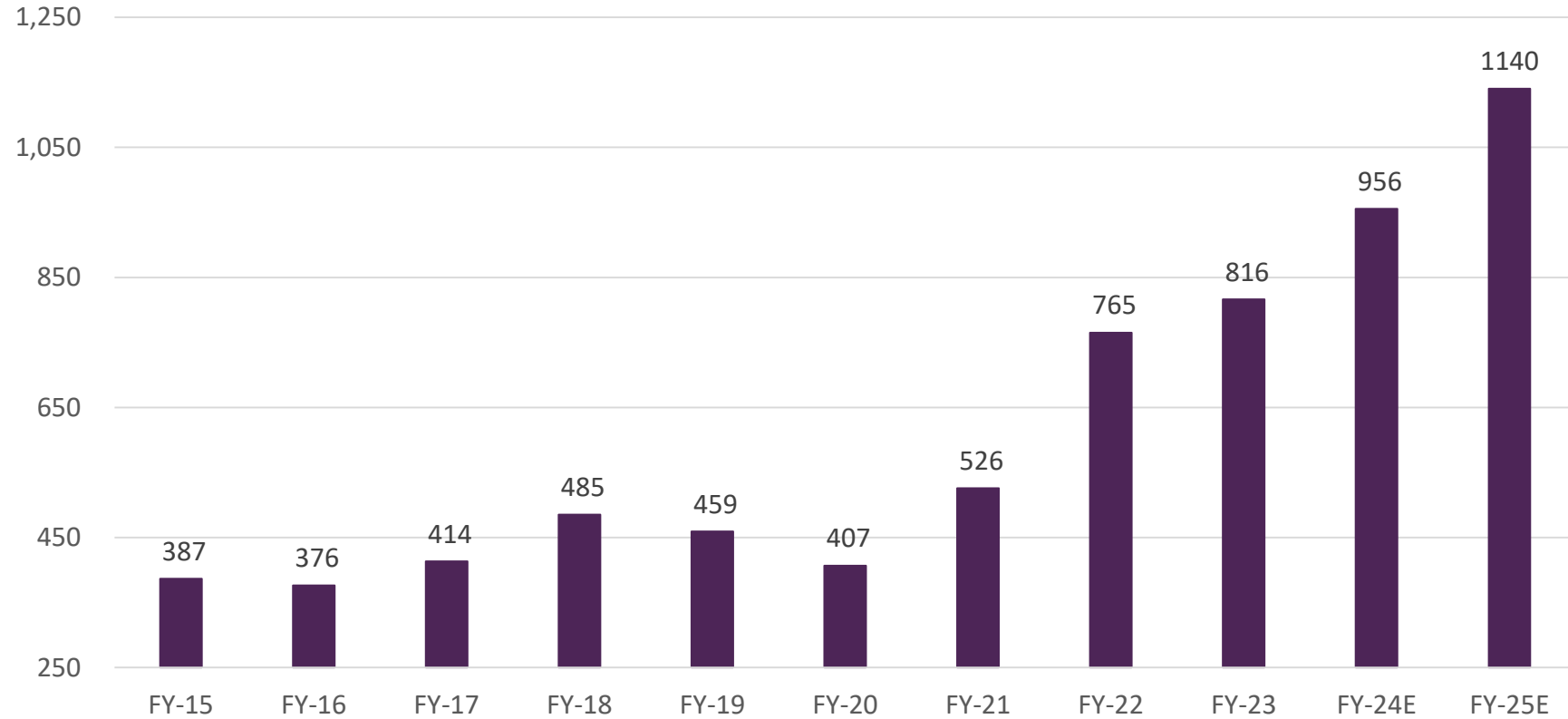


Nifty Trailing 12M P/B & 5 Yr. Avg. P/B



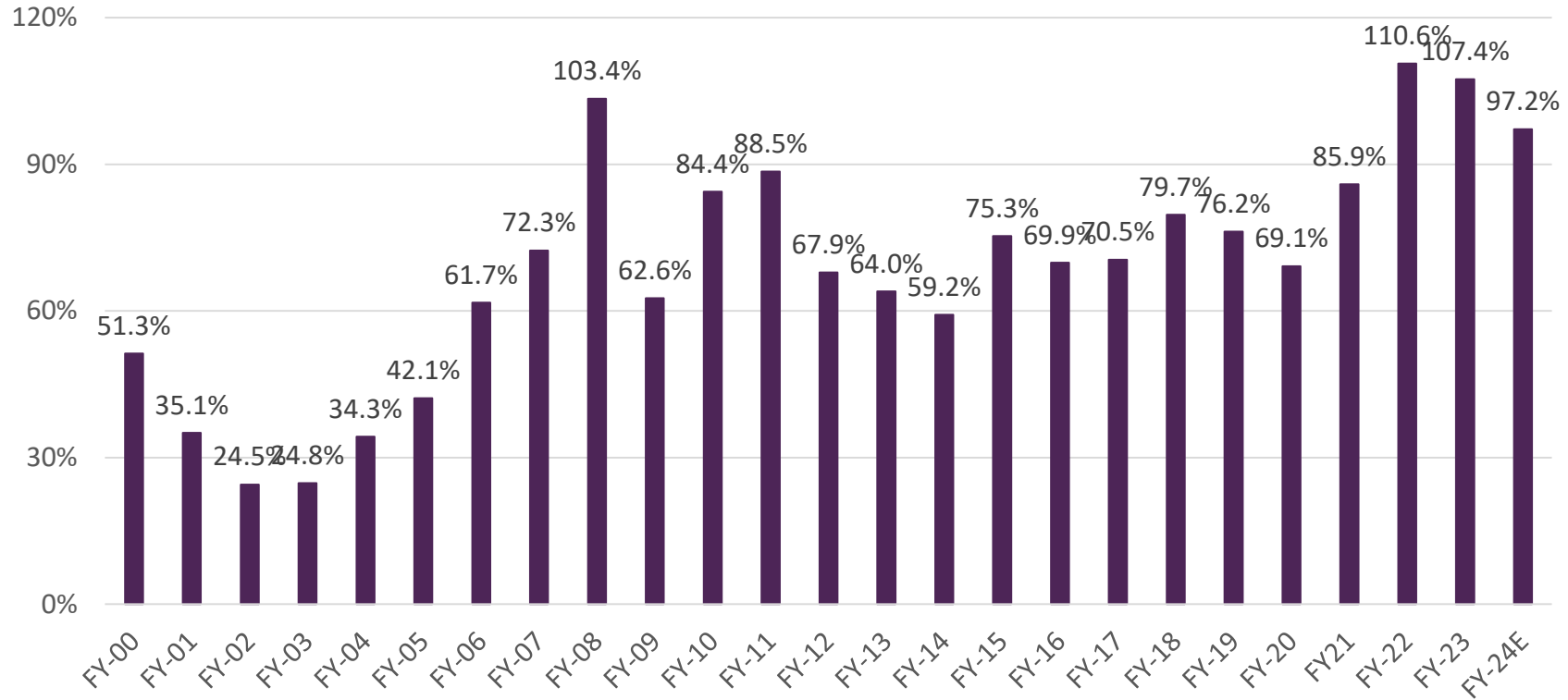
- Currently Nifty50 is trading at around 22.6x its trailing 12-month earnings while its five-year historical average price to earnings ratio stands at around 24.8x. A discount of around 8.6% from its five-year historical average.
- In terms of price to book ratio, the Nifty50 is trading at around 3.5x its book value while its five-year historical price to book ratio stands at around 3x. Trading at a premium of 15% to its five-year historical average.

Nifty Historical and Estimated EPS (Consensus)



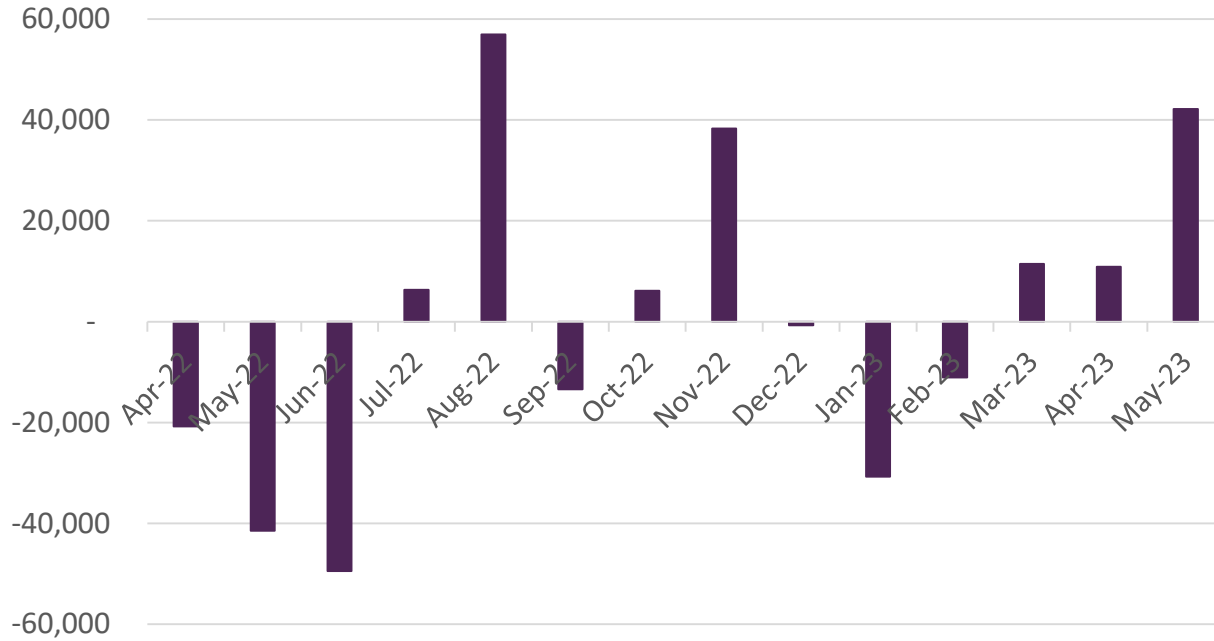
- Nifty50 earnings are estimated (consensus) to grow at a CAGR of about 18% in next two years from FY23 onwards till FY25E.

India Market Cap. to GDP Ratio

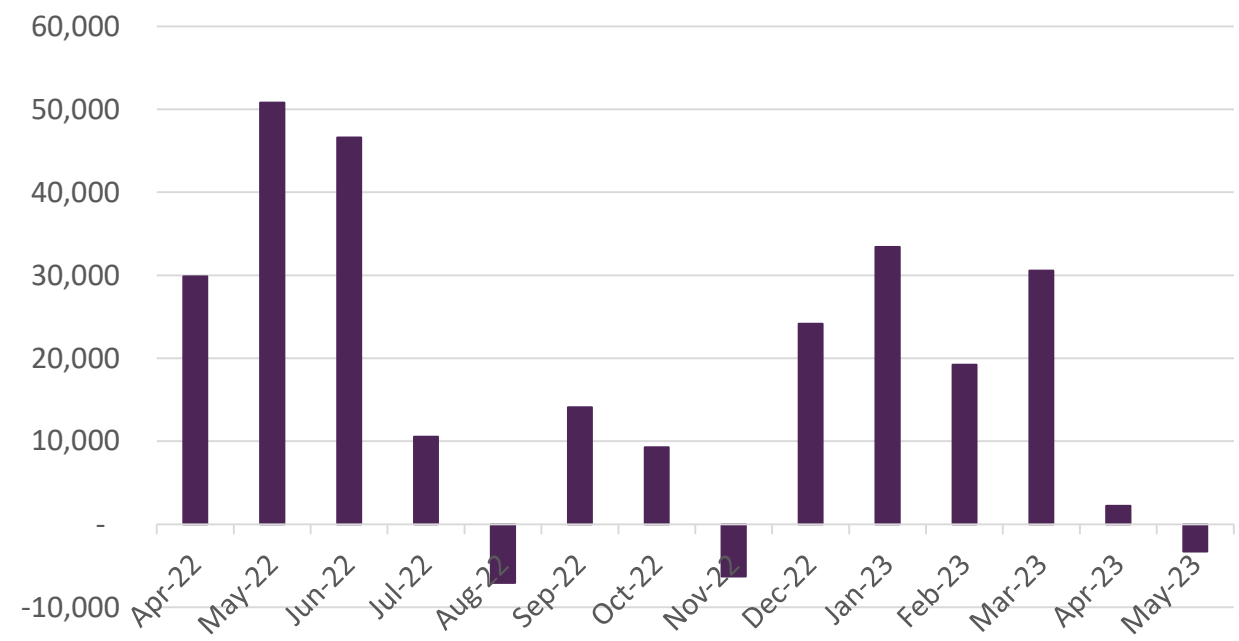


- Currently India's listed companies market capitalisation to GDP ratio stands at about 97.2% (FY-24E). The ratio is considered an indicative of overall equity market sentiments and cycles.
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FII Monthly Inflows in Equity (₹ Crore)

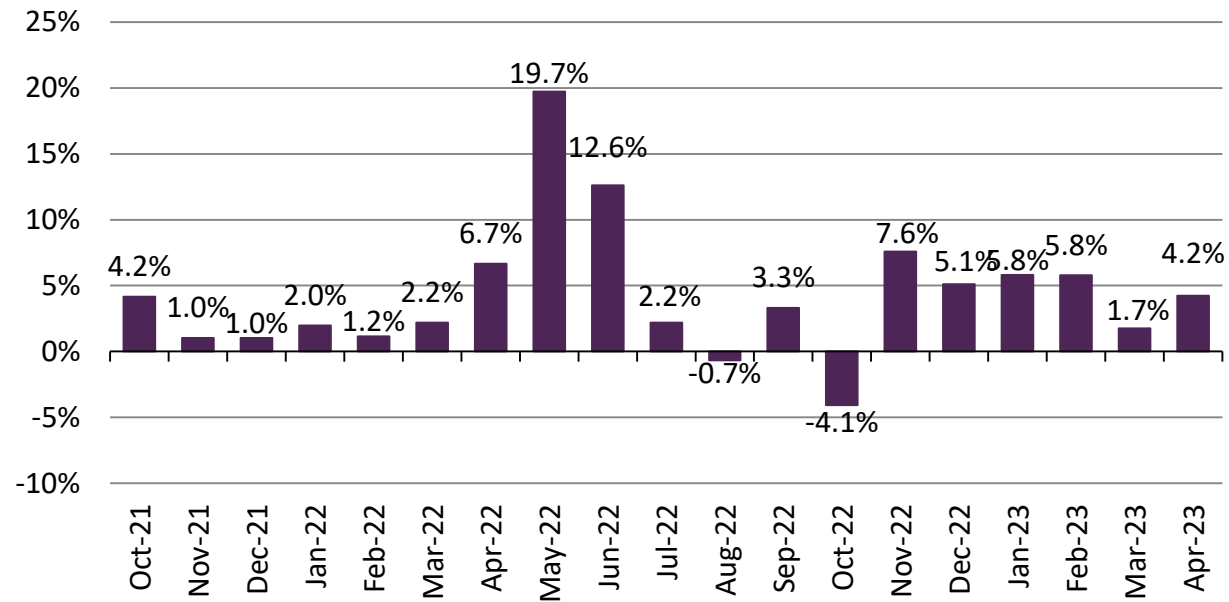


DII Monthly Inflows in Equity (₹ Crore)

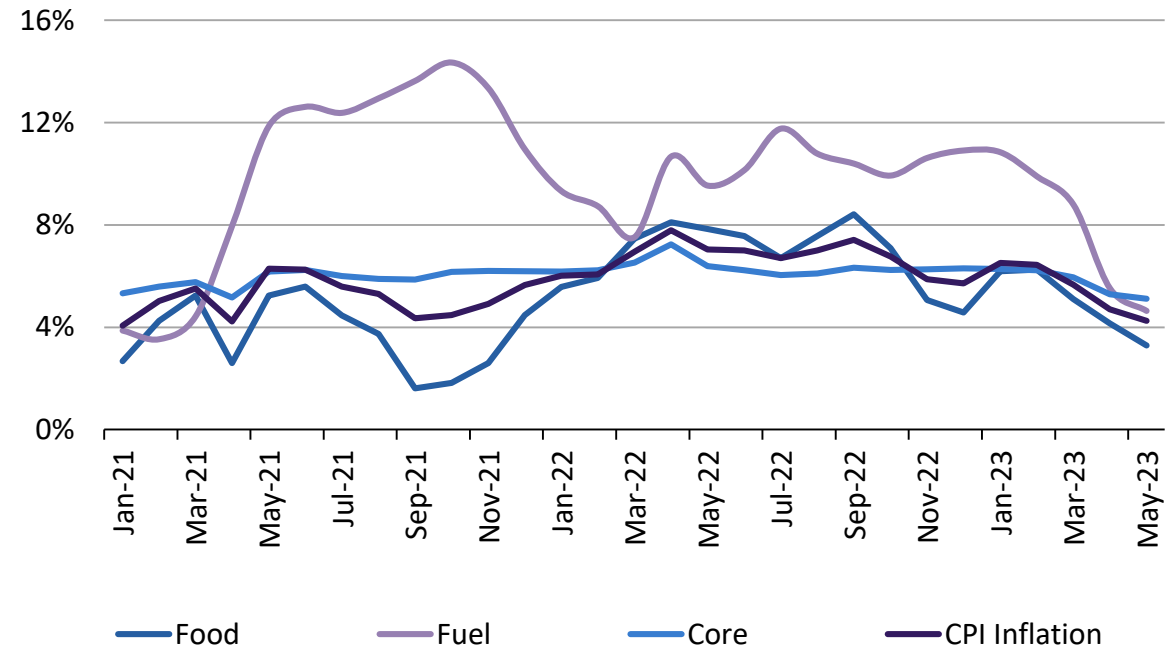


- FII monthly inflows for the month of May-23 has seen net inflows of almost ₹42,192 crores, which is highest inflow for the current calendar year.
- On the other hand, domestic funds have seen monthly net outflows of around ₹3,307 crores, a first net outflow in current calendar year.

IIP Growth (%) trend (2011-12 base)

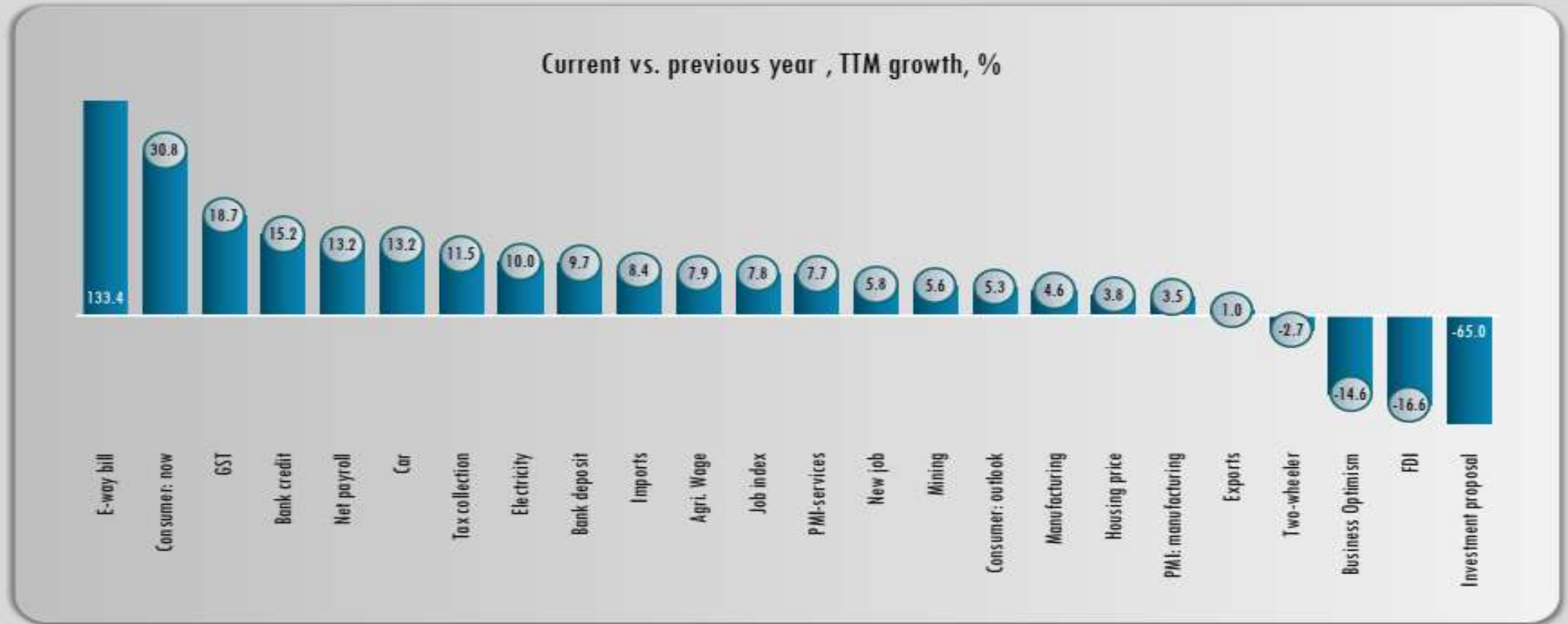


Food, Fuel, Core & CPI Inflation (%) YoY



- Index of Industrial Production (IIP) data for the latest month Apr-23 maintained its positive momentum for the year. The index stood at 4.2% for the month..
- Latest inflation data released showed sharp decrease in inflation. Inflation was seen decreasing with Food inflation declining to 3.3%. The Core inflation for the May-23 month declined to 5.1%.

Growth performance satisfactory for most parts of Indian economy



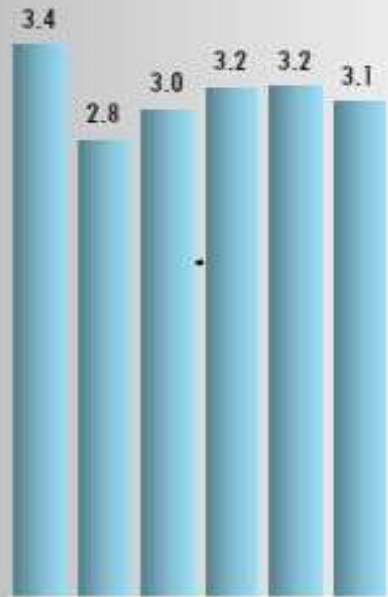
Most macro indicators above 75 percentile

Percentile distribution of macro variables
(100= all-time high, 0=all time low)



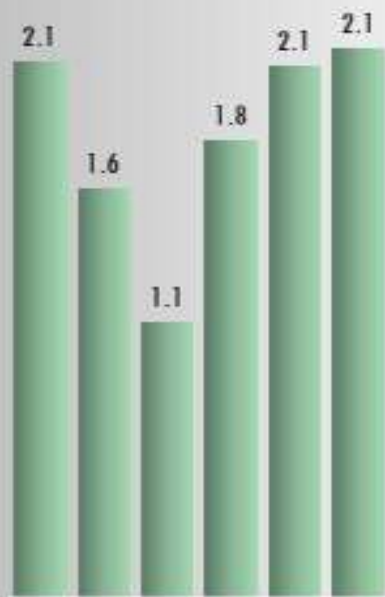
Global economic slowdown in 2023, recession unlikely till 2027

GDP growth: World, %



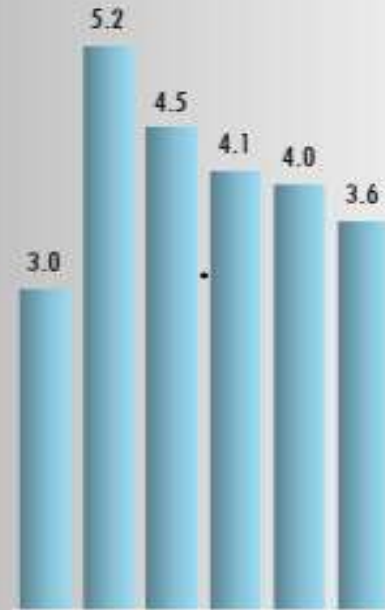
2022 2023 2024 2025 2026 2027

GDP growth: US, %



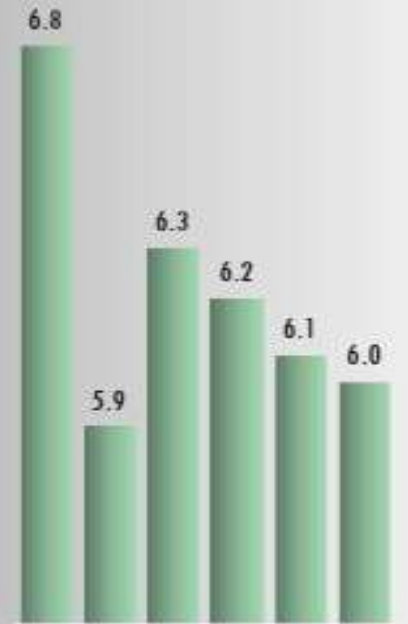
2022 2023 2024 2025 2026 2027

GDP growth: China, %



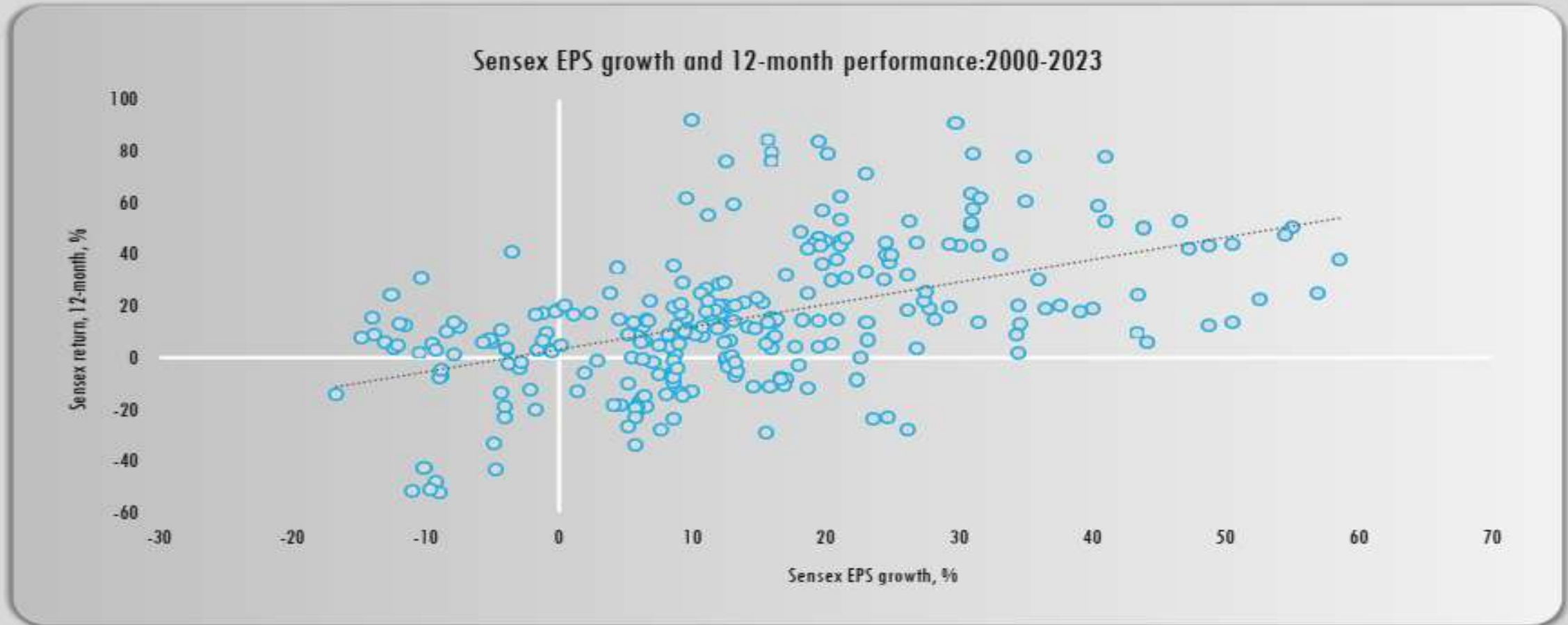
2022 2023 2024 2025 2026 2027

GDP growth: India, %

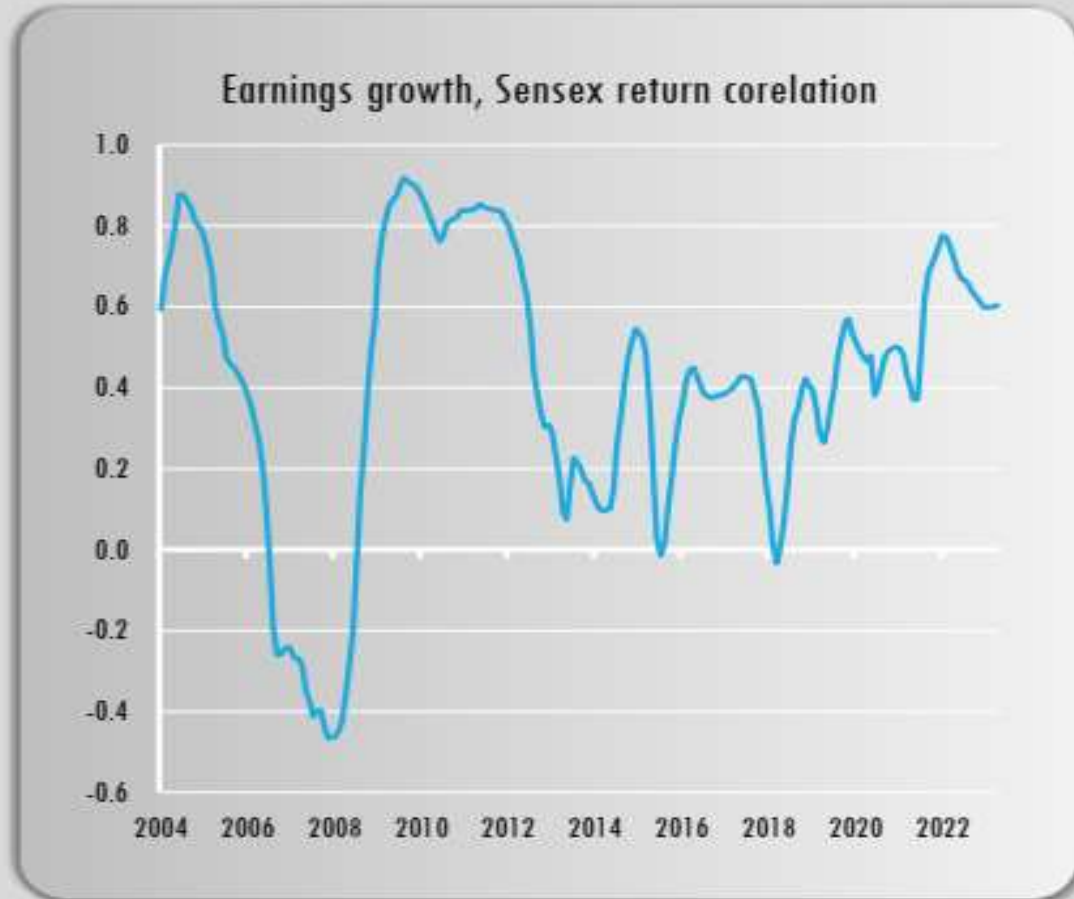


2022 2023 2024 2025 2026 2027

Good corporate earning growth leads to better equity returns

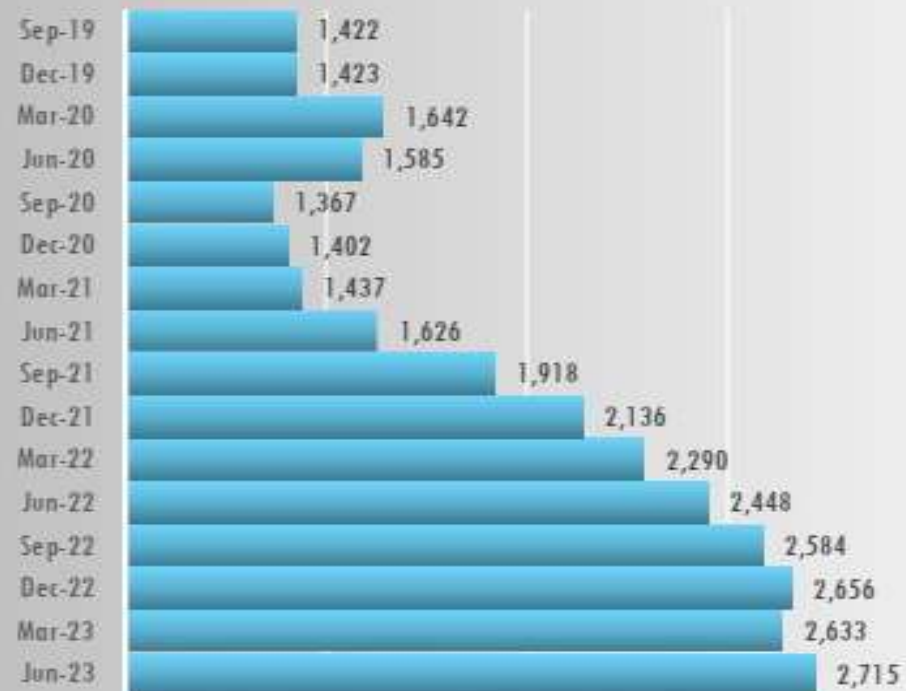


Stronger relation between earnings growth and equity return

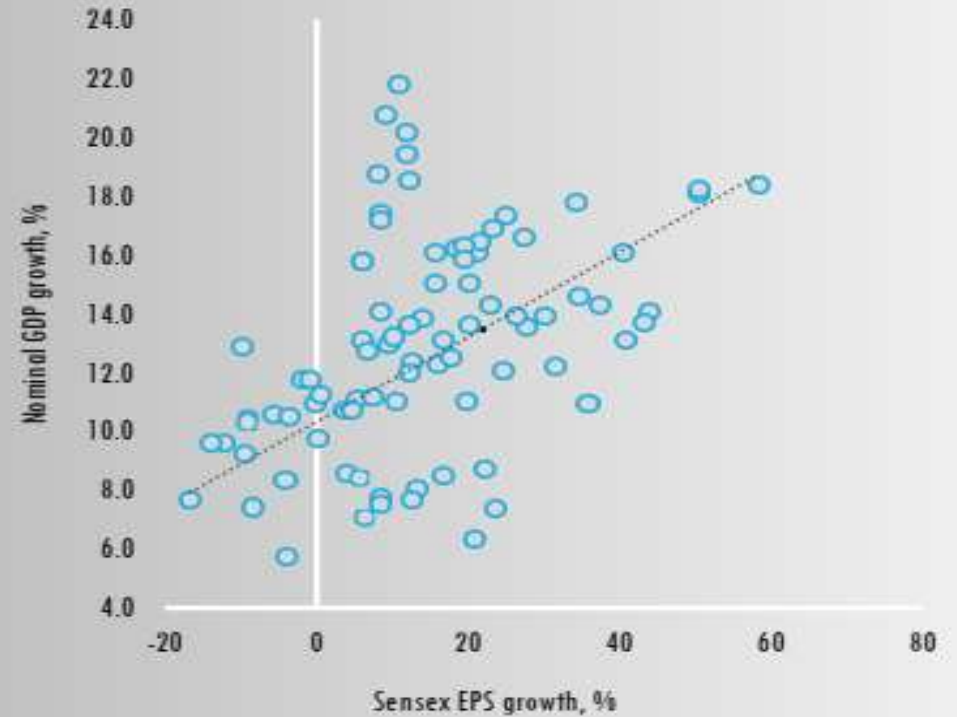


Flattish corporate earnings, this is likely to continue

Sensex earnings per share, Rs.

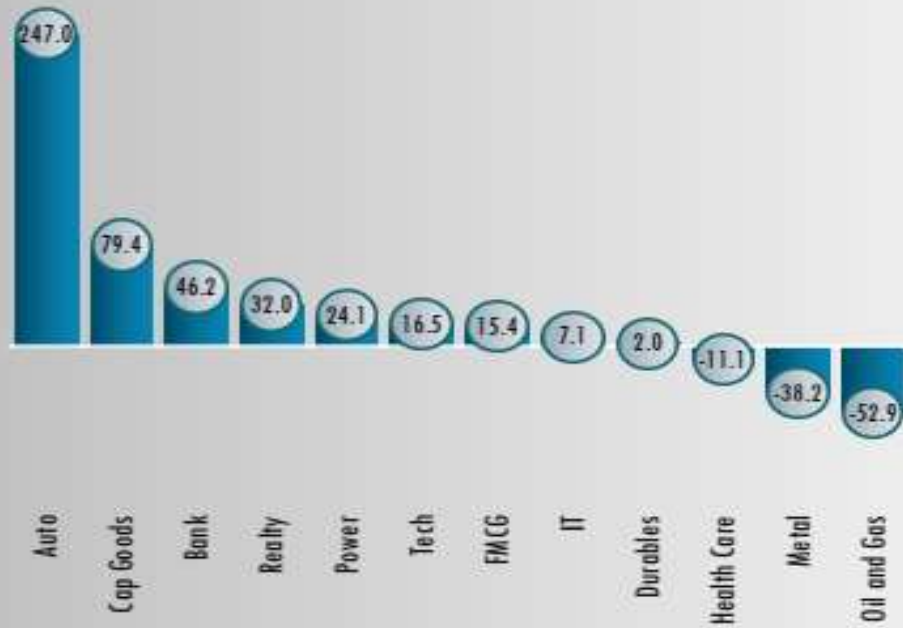


GDP and earning growth: 2000-2023



For most sectors, earnings growth positive

Corporate earnings, current vs. previous year average, growth, %



Percentile rank of current earnings
(100=all time high, 0=all time low)



Sensex valuation close to 23-year median, attractive by recent trends

Sensex PE



Sensex PE distribution



Recommendation

ADVANTAGE INDIA
Key drivers of Indian
equity favourable



1

2



GLOBAL RISK REMAINS
Recession, geo-political
risks continue

LOW DOWNSIDE RISK
Most known negatives
seem to be in price



3

4



UPSIDE MAY NOT BE LARGE
Next 12-month likely return
11-13%, similar to average

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