

Narnolia[®]

Market Perspective

Feb 2024

Investment Opportunity@22000

Indian Stock Market Returns

2024	Jan-24	21,240	Absolute Return%	CAGR Return%	2008	Jan-08	6,144	Absolute Return %	CAGR Return %
1 Year	Jan-23	18,197	17%	17%	1 Year	Jan-07	4,007	53%	53%
2 Year	Jan-22	17,625	21%	10%	2 Year	Jan-06	2,836	117%	47%
3 Year	Jan-21	14,019	52%	15%	3 Year	Jan-05	2,115	190%	43%
4 Year	Jan-20	12,183	74%	15%	4 Year	Jan-04	1,912	221%	34%
5 Year	Jan-19	10,910	95%	14%	5 Year	Jan-03	1,100	458%	41%

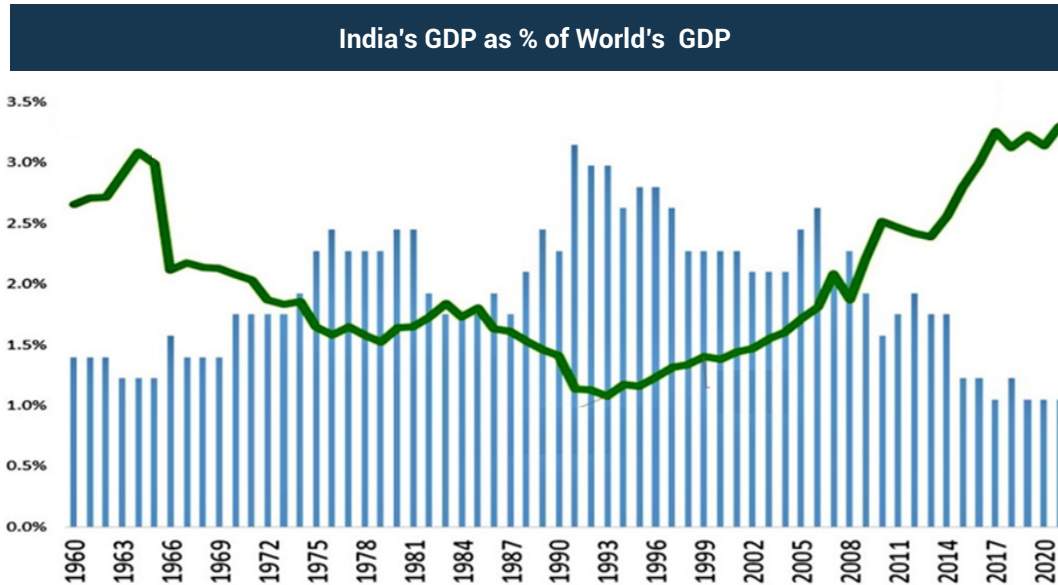
Indian Stock markets crossed levels of 22000 Nifty 50 Index values. The Index crossing milestone levels gives a sense of heated up markets and hence it raises questions amongst investors whether to book profits or stay invested or Invest more. However, Nifty at 21240 is delivering a return of 14% CAGR over a 5 year period which is the normal return one should expect from Indian Stock Markets. In 2008, Nifty 1 yr return was 53%, 2 yr CAGR return was 47%, 5 yr CAGR was 41%. In this context, we can see that market is not over heated. Hence we believe that there is enough steam left in the Indian stock markets before we think that the market is heated up for profit booking.

India in Context to the World

	World	India	India as a % of World
GDP (\$Tn)	103	3.7	3.7%
Gross Debt (\$ tn)	98	3.1	3.1%
Wealth (\$ tn)	463	14.2	3.1%
Market Cap (\$ tn)	109	4.33	3.9%
Expected GDP Growth %	~2%	~6%	
Population (Bn)	8	1.4	18%

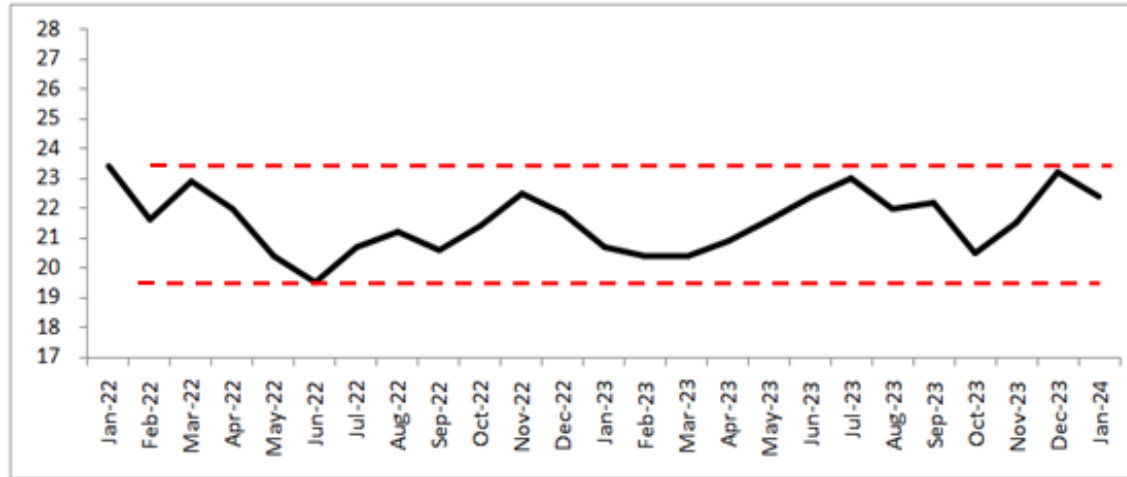
India's GDP is ~3.7% of the world. India's Debt to World Debt is 3.1% and similarly our Wealth is 3.1% of the World's Wealth. Now our stock market capitalization is also similar 3.9% of the world. These figures suggest, that Indian stock market is not yet costly. Instead, India's GDP is growing at a much faster rate to the World. Going forward, our GDP ratio will be higher than what it is today. When compared on Population parameter, Our population to the World's population is 18%. For all ratios to remain in tandem, We expect Indian Stock market to outperform World Indices going ahead.

Journey to 'Good' Completed | Next-'Good to Great'



During 1960s, India's GDP was 3% of the world's GDP but then by 1990s, the ratio kept falling upto 1.1% of world GDP. After 1990, the ratio of India's contribution to the world GDP has started increasing and this has gained back its lost share by 2018 onwards and is again hovering around 3.3% of the world's GDP. This suggests that the current onward journey of GDP has only been a reclamation of the lost share. As GDP of India grows at a faster rate than the world, the ratio to the world is expected to go much higher

Nifty PE - Suggestive Price Range



24x

19x

FY 23 EPS

812

FY 24 EPS

970

FY 25 EPS

1100

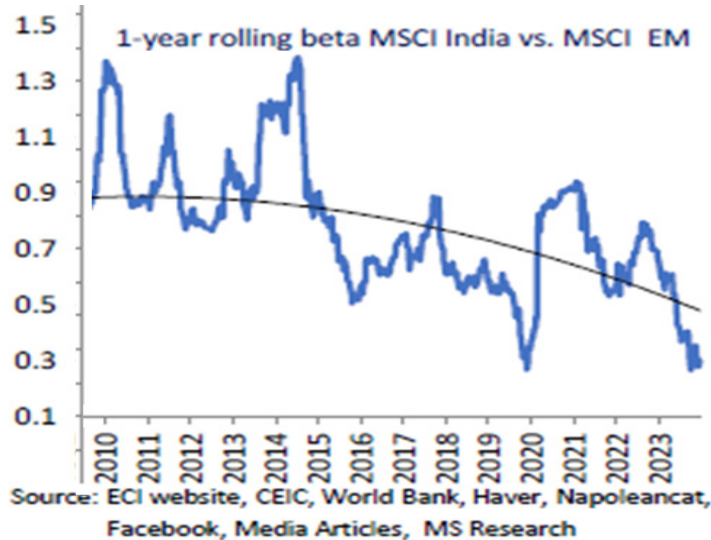
We expect the market to trade within a PE range of 19 to 24 times EPS. As EPS is growing @10-12% CAGR, Nifty lower range is expected to keep moving higher. With FY24E EPS at 970, we expect the market to trade in the range of 19800-23280 for Q1CY24.

India's Fundamentals=Low Beta

CY 23
performance

MSCI EM up by
9.83%

NIFTY 50 up by
20%



Nifty has outperformed the MSCI Emerging market Index by around ~10% for the CY2023. As we see that the beta with Emerging market Index is falling, the gains in Indian indices are a result of the alpha which has been a factor of strong GDP growth and better macro economic stability vis a vis World.

India in Context to the World

EVENT	UKRAINE Crisis	COVID	GFC	NASDAQ Bubble
Peak Year	Jan 2022	Jan 2020	Jan 2008	Jan 2000
SPX	-1%	46%	228%	226%
DAX	3%	24%	108%	145%
CAC 40	3%	23%	52%	31%
FTSE 100	7%	2%	31%	20%
NIFTY 50	27%	85%	260%	1235%

Indian Stock Market has delivered better returns even for Investments made during the peak before a crisis year.

Indian Stock Market



Nifty has multiplied 20x over a 20 year period. Indian stock markets have delivered better returns than any other asset classes.

India is a Higher Top-Higher Bottom Market



Use Swings to your advantage and not go in decision paralysis mode



TEAM INDIA

Growth Magnets

TOP ORDER

Goods Export

BATTER

Services Export

BATTER

Credit Cycle

BATTER

Defense Production

BATTER

MIDDLE ORDER

Infra- Digital

KEEPER

Infra Physical

ALL ROUNDER

Foreign Flows

ALL ROUNDER

MSME

ALL ROUNDER

LOWER ORDER

Strong Tax to GDP

BOWLER

Macro Stability

BOWLER

Demographic Dividend

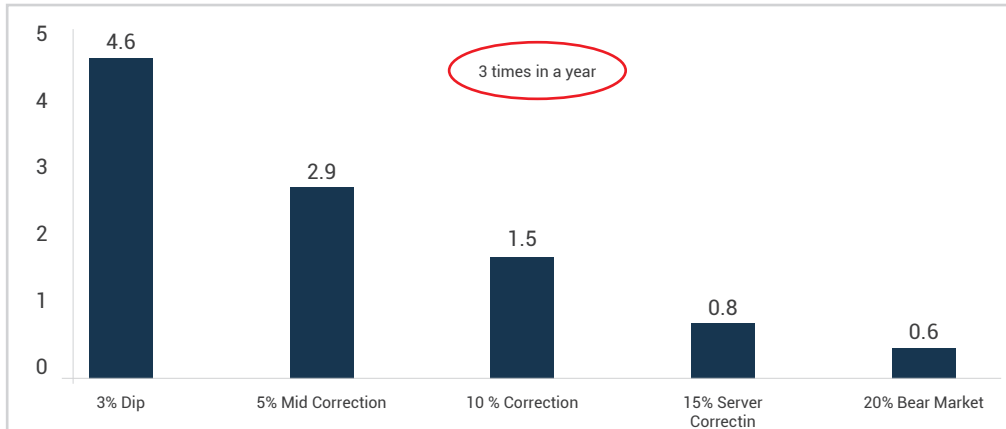
BOWLER

India journey from "Good to Great" has started

Industry Wise Ccope for Appreciation

Global Market Cap by Sector in \$ billion					Compared to India (x)		
SECTOR	INDIA	(Ex India)	EUROPE	AMERICAS	ASIA (Ex India)	EUROPE	AMERICAS
BANKS	142	219	144	392	2x	1x	3x
FOOD COMPANIES	70	28	289	186	-	4x	3x
TELECOMMUNICATION	64	176	107	163	3x	2x	3x
INSURANCE	46	105	93	486	2x	2x	11x
AUTO	38	237	79	659	6x	2x	17x
PHARMA	32	51	418	532	2x	13x	17x
RETAIL	29	66	107	433	2x	4x	15x
BEVERAGE COMPANIES	14	288	106	239	20x	7x	17x
HEALTHCARE	8	23	54	486	3x	7x	58x
CHEMICALS	8	61	181	31	8x	23x	4x
TRANSPORTATION	5	20	32	115	4x	6x	23x
EXCHANGES	3	45	54	75	15x	18x	25x
RESTAURANT CHAIN	3	22	2	186	8x	1x	69x

Swings are the Toll/Opportunity we Pay/Utilize to Invest



Statistics suggest that Indian Stock market gives a correction of ~5% , 3times in a year. Once Market Correct by 5% from its peak, Going All-In in the Market for long term investment is being Rationale

Narnolia Financial Services Ltd. is a SEBI REGISTERED PMS- INP000006420, CIN- U51909WB1995PLC072876. Registered office: Marble Arch, 2nd Floor, Office 201, 236B, A J C Bose Road, Kolkata 700 020,033 40501500; Corporate Office: 803, A wing, Kanakia Wall Street, Chakala, Andheri East, Mumbai - 400093, Maharashtra; PHONE NO.: +91 22 6270 1200.

Disclaimer: This report has been prepared by Narnolia Financial Services Ltd. (NFSL) and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Investment in Securities Market is subject to Market risks, read all the related documents carefully before investing. Past performance may not be indicative of future results and no promise or guarantee can be given for the same. Performance related information is not verified by SEBI. For detailed disclosures & disclaimers please refer to our website at www.narnolia.com. For grievances kindly mail us at ig@narnolia.com or call us at 022-6270 1200