



**Market Perspective**

June 2024

**Viksit Bharat-  
Mega Themes for Investment**

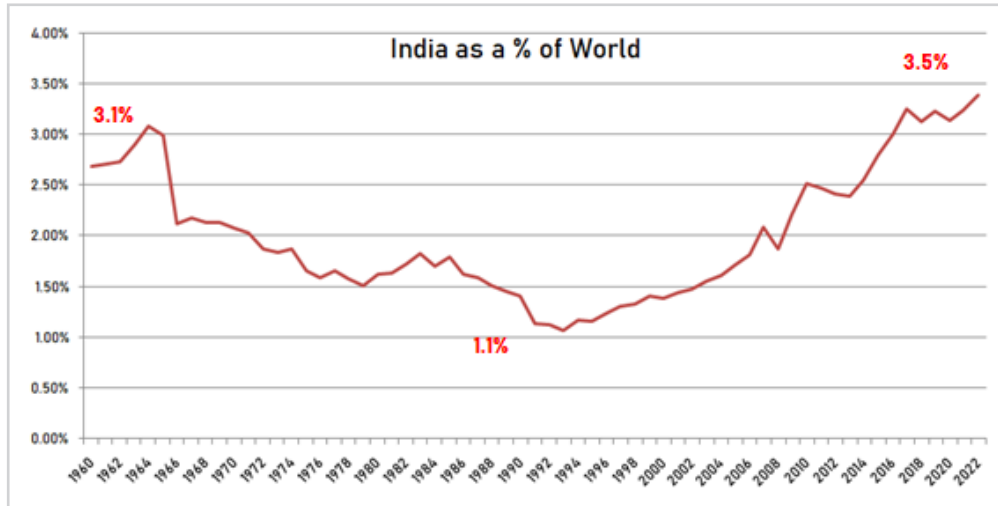
**Indian Equities**

# Indian Stock Market

Last 20 Years



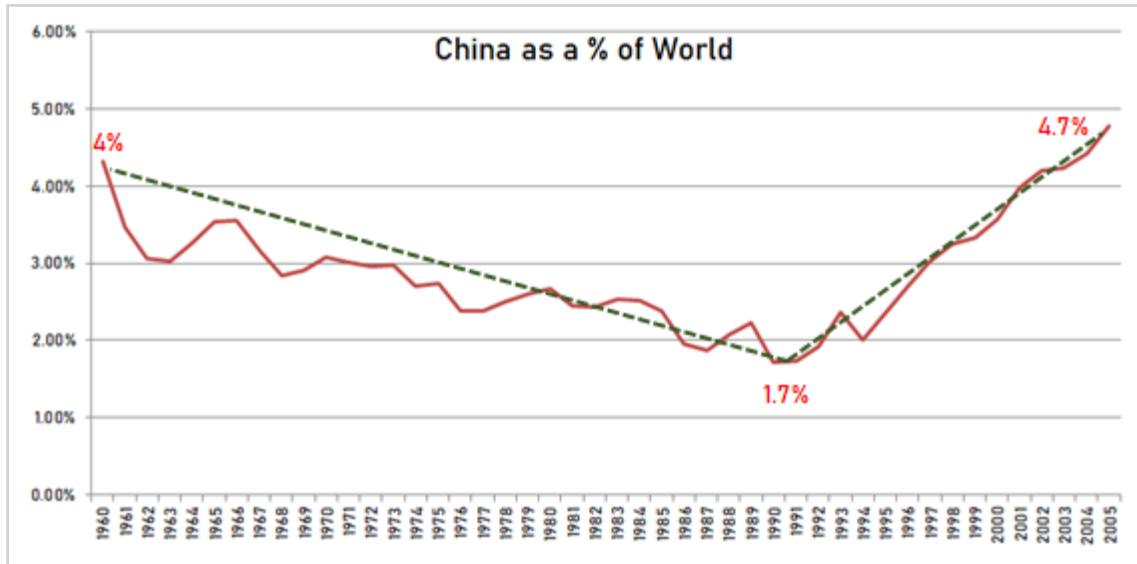
## India-% to World's GDP



Source: World Bank, GDP Current US\$

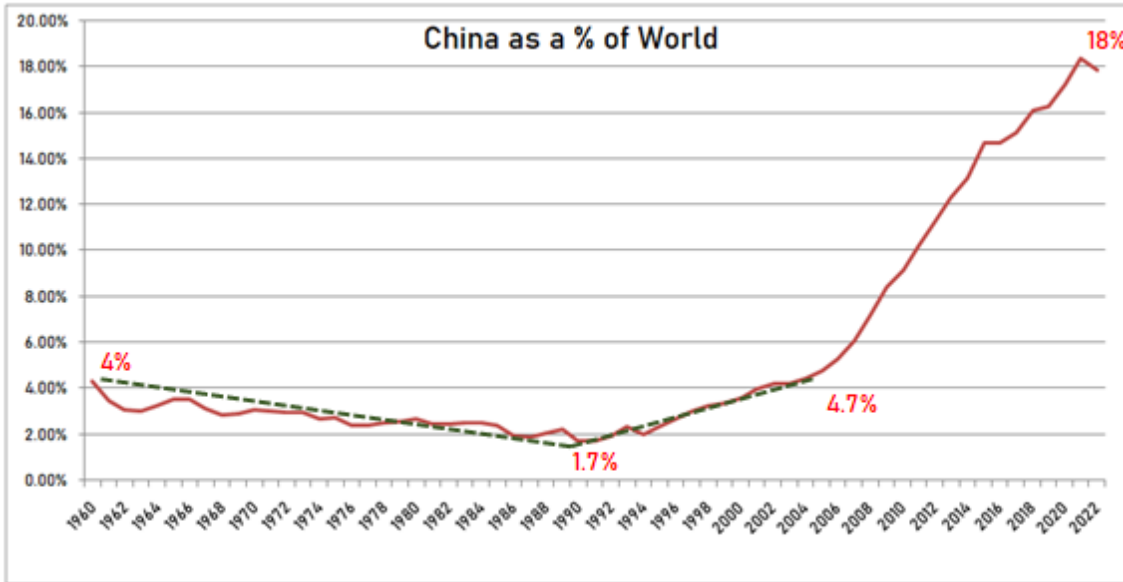
During 1960s, India's GDP was 3% of the world's GDP but then by 1990s, the ratio kept falling upto 1.1% of world GDP. After 1990, the ratio of India's contribution to the world GDP has started increasing and this has gained back its lost share by 2018 onwards and is now hovering around 3.5% of the world's GDP.

## China's GDP Journey



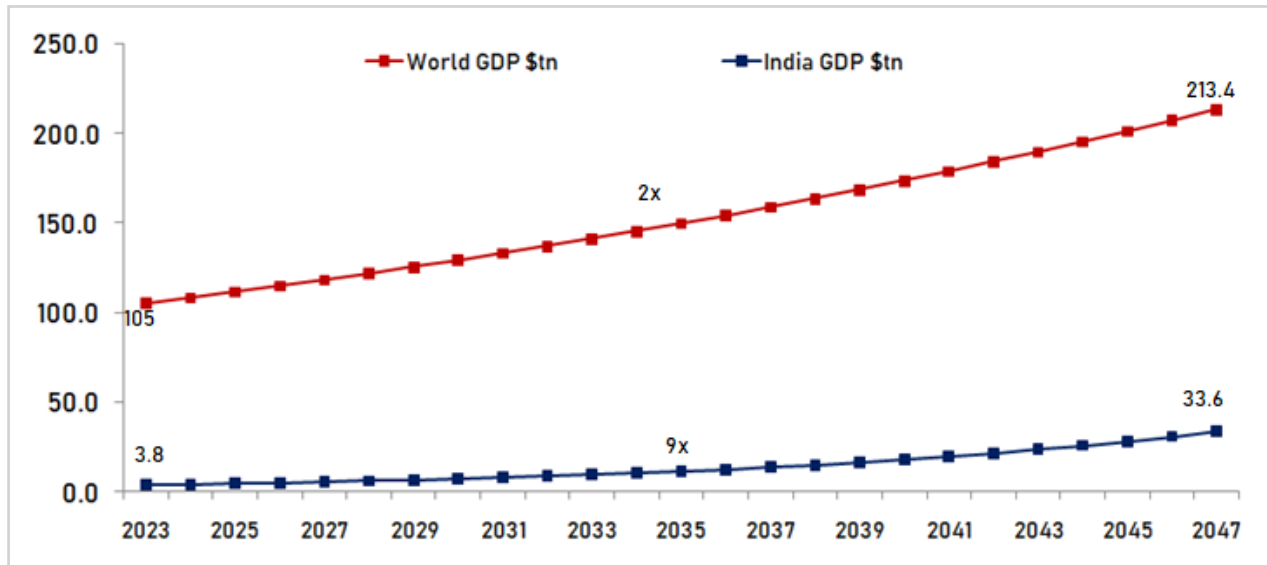
Just Like India's share of World GDP, China too was around 4% in 1960s and kept falling till 1990 to around 1.7%. Post that China's share of World GDP kept rising and reclaimed back to around 4.7% by 2005.

## China's GDP Journey



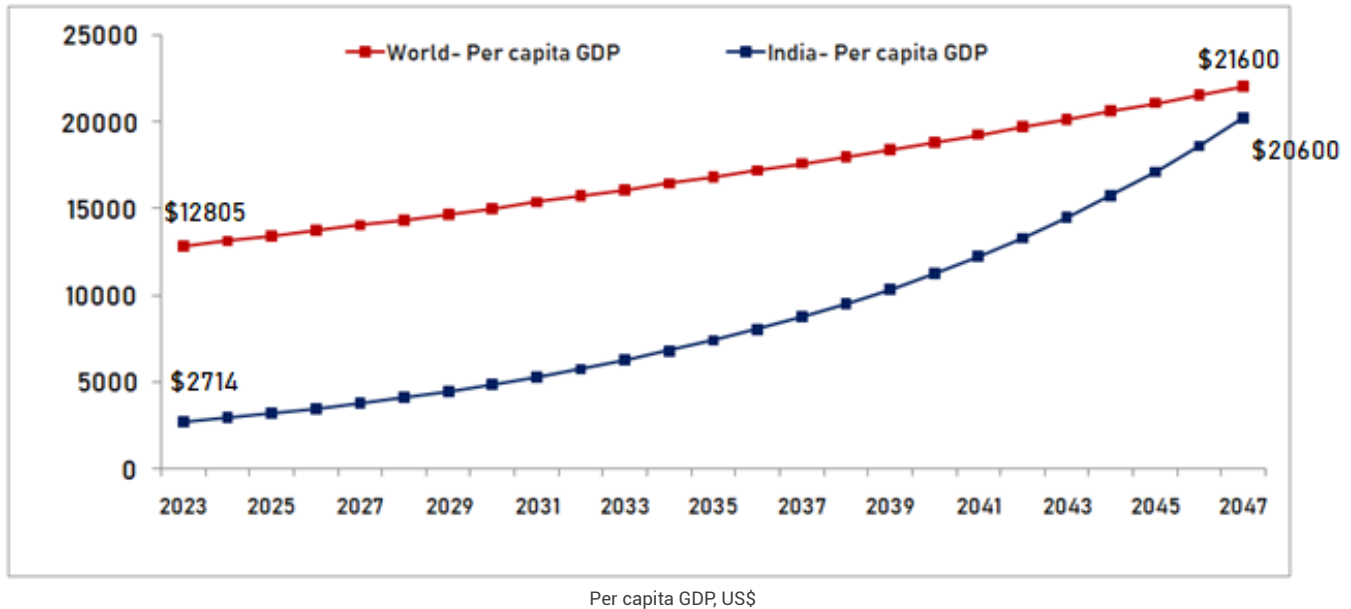
Post 2005, China's share of World GDP kept rising to around 18% of the World GDP by 2022. We assume India's journey of share of world GDP will follow a similar trajectory, though we assume that this journey might take a longer period than China

## Viksit Bharat GDP by Year 2047



By 2047, India's GDP will multiply by 9x while World GDP will double itself as India's growth will outshine World's growth going ahead.

## India Per Capita Forecast by Year 2047



India's Per capita GDP should reach near World's Average which is currently in 2023, at 21% of the World's per Capita GDP

Assumptions:

Population growth @0.7%; World GDP growth @3%, India GDP growth @ 9.5%

# There will be India's Way of Growth

## India's own Cultural Construct will come to shine



### Low Volatility

Anti Inflationary- Crude prices, Proactive Intervention in Agri Commodities Prices. Low Volatility helps predictability of project finance, budgeting etc for Policy makers, Corporate, Banks



### Low Inequality

Wealth to GDP – India Vs Other large economies suggest low Inequality



### Multi Product/ Player/ Pivot

India will have Multi Large Players for a product, Multi Products as substitutes in a Product category and multiple pivots to steer the economy.



### Peace Dividends

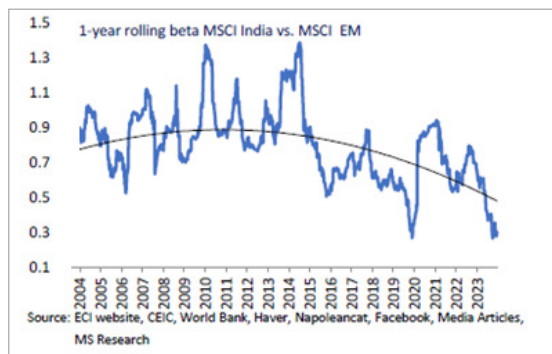
Diplomacy and Deterrence. A country's peace dividend is a major factor in deciding the valuation multiple at which the country should be valued



# There will be India's Way of Growth

Low Volatility

INDIA'S FUNDAMENTALS= LOW BETA



Times of India

<https://timesofindia.indiatimes.com> > ... > kolhapur News

## Centre Intervenes To Stabilise Sugar Prices | Kolhapur News

12 Oct 2023 — Kolhapur: The Centre has allowed mills from across the country to release not more than 15 lakh tonnes of sugar till October 31.



The Financial Express

<https://www.financialexpress.com> > policy > economy

## Govt to intervene in retail rice market to curb prices

8 Jan 2024 — At present, the government is selling chana dal and atta (flour) at subsidised rate of Rs 60/kg and Rs 27.5/kg through farmers' cooperative ...



Business Insider

<https://markets.businessinsider.com> > ... > commodities

## Oil Would Hit \$150 If India Didn't Trade With Russia, Minister ...

8 Feb 2024 — "The world is grateful to India for buying Russia's oil," Indian minister Hardeep Singh Puri told CNBC.



Reuters

<https://www.reuters.com> > markets > currencies > consta...

## Constant RBI intervention to keep rupee in tight range ...

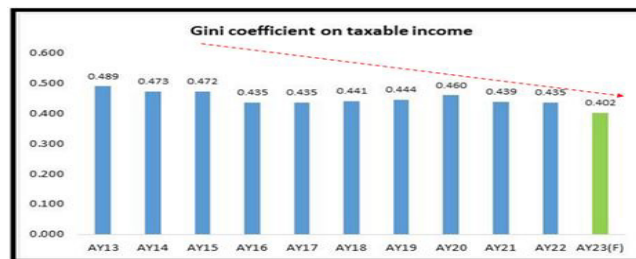
4 Jan 2024 — The Indian rupee will trade in a tight range against the dollar this year as the Reserve Bank of India continues intervening to manage the ...

## India's Way - Low Inequality

Country	Wealth 2022	GDP 2022	Wealth to GDP (x)
	USD bn	USD bn	
India	15,365	3,385	4.54
World	4,54,385	100562	4.52
Spain	8,487	1,398	6.07
Switzerland	4,829	808	5.98
South Korea	9,890	1,665	5.94
Australia	9,720	1675	5.8
France	15,727	2,783	5.65
United States	1,39,866	25463	5.49
Italy	11,020	2,010	5.48
Japan	22,582	4231	5.34
Canada	11,263	2,140	5.26
United Kingdom	15,972	3071	5.2
Netherlands	4,869	991	4.91
China	84,485	17963	4.7

[https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_total\\_wealth](https://en.wikipedia.org/wiki/List_of_countries_by_total_wealth)

Gini Coefficient measure for income inequality where the Coefficient score lies between 0 and 1. Complete equality would result in a Gini Coefficient of 0 and complete inequality would result in 1. SBI Research calculated that Gini Coefficient has declined from 0.472 during AY 14-15 to 0.402 for AY 22-23



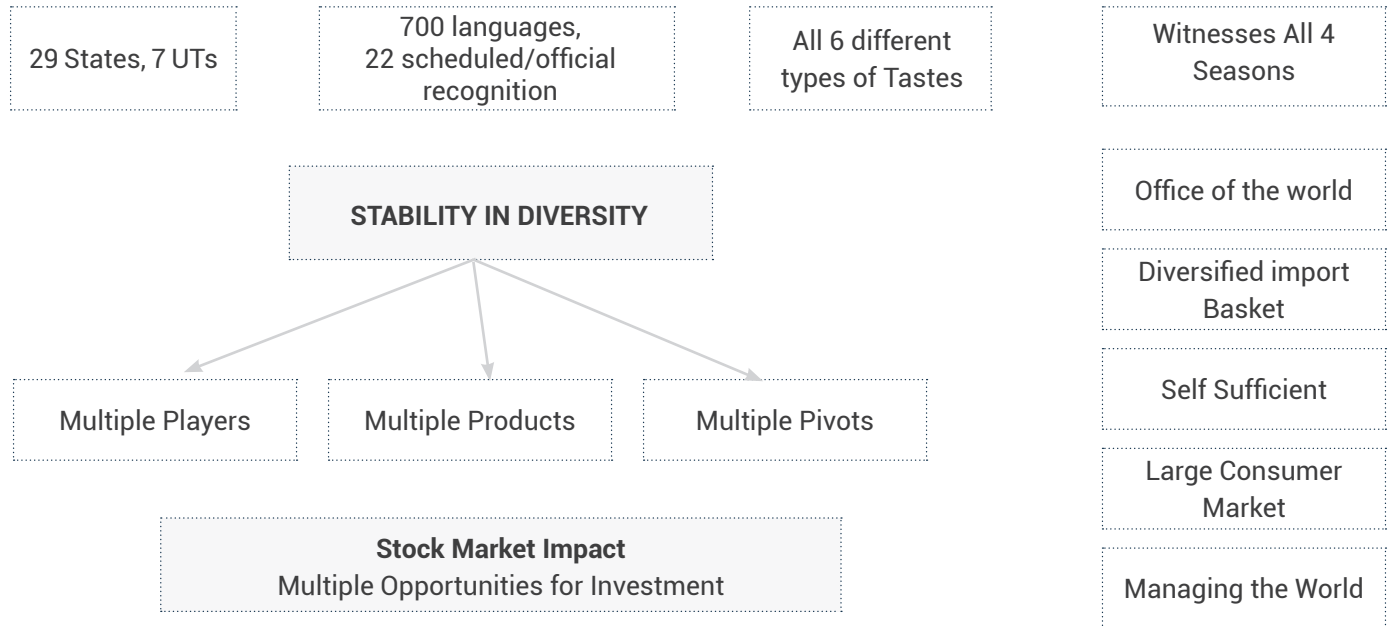
Fall in share of income of Top Taxpayers over total income (%)			
Top Taxpayers	FY14	FY21	Reduction in income Share
Top 2.5% (Taxpayers with Income more than 10 Crores)	2.81	2.28	0.53
Top 1% (Taxpayers with Income more than 100 Crores)	1.64	0.77	0.87

Source: SBI Research

<https://pib.gov.in/PressReleasePage.aspx?PRID=1994259>

## India's Way - Multi PPP

In India, dialects, customs and rituals change every 100km. To look at a country as diverse as India as one homogeneous entity is a gross under-service to the vast cultural and business opportunity it presents," Sanjiv Mehta, HUL



## India's Way- Peace Dividends

India assumes a growing international influence and a prominent voice in global affairs.



Underlining the need of self-Reliance in Defence technology and manufacturing through innovation and research involving all stake-holders

IIIrd largest military expenditure

Multiple Products

Multiple Players

Multiple Products

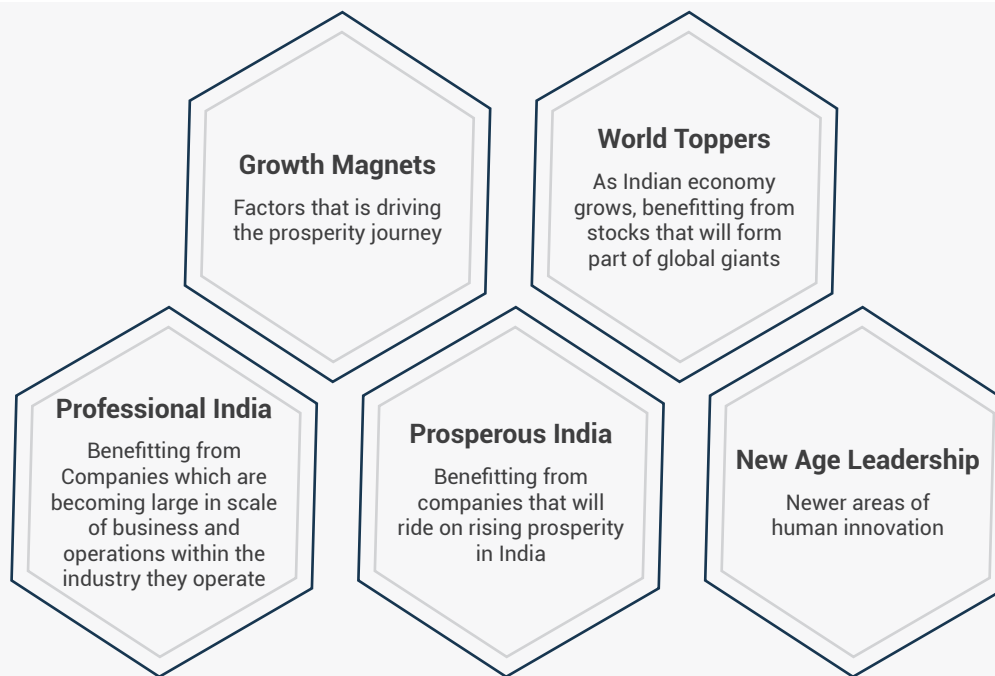
India has been the largest troop contributor to UN missions since inception. So far India has taken part in 49 Peacekeeping missions with a total contribution exceeding 1,95,000 troops and a significant number of police personnel having been deployed.

**India has never initiated War with any country**

**India will define PEACE for the World**

**Stock Market Impact**  
**This will result in consistent returns with lower volatility**

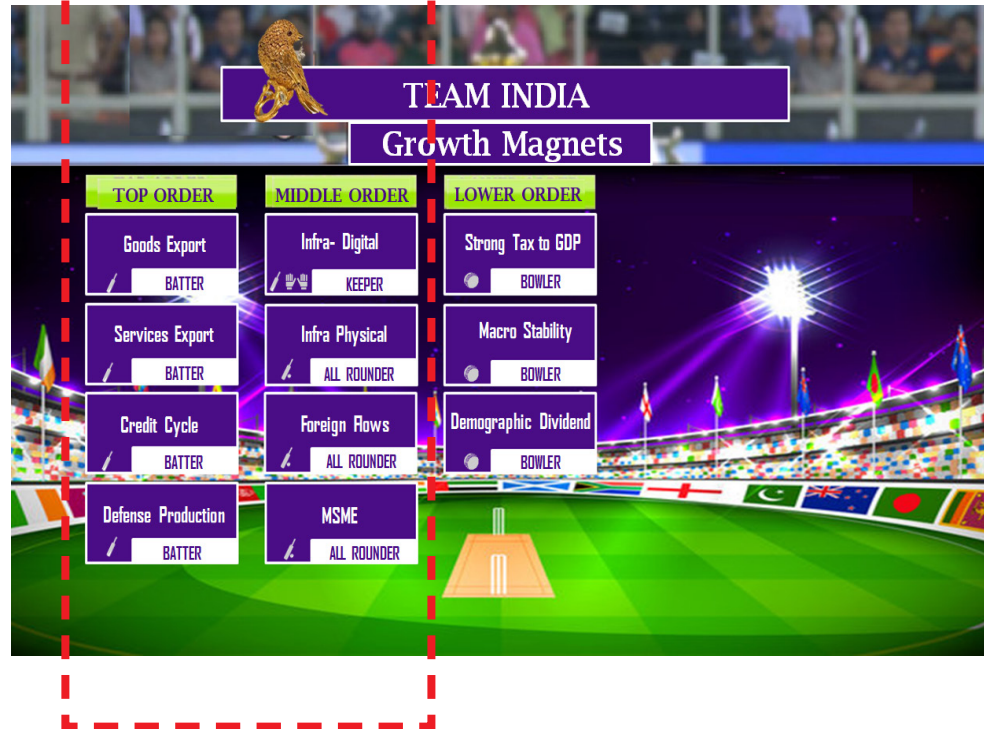
## Mega Themes in India



# Growth Magnets of India

## Growth Magnets

Factors that is driving the prosperity journey



# Growth Magnets

## Merchandise Exports

	Total trade (\$bn)	Annual exports that could shift geographies (\$bn)	India Potential (To Capture Shift)	India's Potential (\$bn)
Auto	1,730		349	349
Electrical equipment	928		319	239
Communication equipment	673		363	182
Chemicals	1,584		172	129
Semi conductors	995		184	92
Machinery and equipment	1,455		362	91
Medical devices	268		120	90
Computer and electronics	708		247	62
Aerospace	333		110	-
<b>Total</b>	<b>\$20.0tn</b>	<b>\$4.6tn (~25%)</b>	<b>~\$ 1tn</b>	<b>~\$ 1tn</b>
	Total trade	Expected Shift in Trade Flow	In sectors with potential to shift	

## Services Exports

India Service Exports=\$0.27tn (6th Rank)

India targets \$1tn of Service Exports by 2030

- » Hospitality- to reach \$1trillion by 2047 from \$40bn in '22
- » Software Exports alone to achieve \$500bn by 2030
- » Indian Healthcare Sector - currently growing @22% CAGR, size of \$350bn
- » Remittance - With \$125 billion in 2023, India tops the world remittance chart followed by Mexico with \$67bn, far below India's figures

## Defense Production

Aerospace and Defense Good Manufacturing-for domestic and Exports

## Digital

Strong Digital boom with JAM Trinity, lowering cost through digital initiatives  
Also, Digital will lead to scalability

## Strong Credit Cycle

Banking and Financial Services. Out of ~8% GDP growth in real terms, ~6% is expected to come from banking and Financial services

## Infra-Road/Rail/Air/Water

Infra Companies, Reduction in logistics cost for corporate, better inventory management

## Making to World Toppers' List

### World Toppers

As Indian economy grows, benefitting from stocks that will form part of global giants

As Indian companies grow and India continues its ladder towards becoming 3rd largest economy of the world, many Indian companies will start becoming global giants. Currently, out of Top 600 companies globally, India has 24 names to its credit, China has 65 and US has 273 companies in World's Top 600 list

Year 2023	US	China	India
GDP as % of the World	25.80%	16.90%	3.60%
No of Top Companies out of Top 600 in World	273	65	24
% of companies in Top 600	45.50%	10.80%	4.00%

<https://statisticstimes.com/economy/projected-world-gdp-ranking.php>



## Attractive Opportunity to Scale

Global Market Cap by Sector in \$ billion					Compared to India (x)		
SECTOR	INDIA	ASIA (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

## Professional India

### Professional India

Benefitting from Companies which are becoming large in scale of business and operations within the industry they operate

While India continues to grow at 10-12% Nominal GDP growth, there are certain segments of the economy that are growing at 15-20%, and even within these segments, there are companies which will exhibit even higher growth and continuously gaining market share. Many of such companies have great professional talent pool and are positioning the business with strong moat and are set to exhibit wide scale growth in Business Operations.

Strong Demography

Managerial  
Class

Entrepreneur Mindset

- » Management consulting firm Korn Ferry reports that by 2030 there will be a global labour skills shortfall of 85 mn workers while 1mn Indians join the workforce every month. Reports suggest that India will be only country to have Talent Surplus by 2030s
- » 50% of workforce to join in next 20 years are Indian
- » Two in three Indian emigrants are highly educated, India looking to partner 30 nations to supply skilled workforce
- » With more than 6,000 engineering and technology institutes, India has the world's largest technical infrastructure which annually produce more than 1.5 million technical graduates

# Professional India

India is 18% of world population but 32% of Digital workforce population

India leads in terms of fresh engineering graduates added every year

Countries	Engineering Graduates
India	16,34,596
China	6,00,000
Russia	4,54,436
USA	2,37,826
Iran	2,33,695

## Global companies with India-origin CEOs

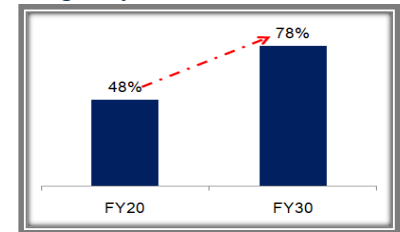
Company Name	CEO Names
Alphabet	Sundar Pichai
Microsoft	Satya Nadella
Youtube	Neal Mohan
Adobe	Shantanu Narayen
World Bank	Ajay Banga
IBM	Arvind Krishna
Albertsons	Vivek Sankaran
NetApp	George Kurian
Palo Alto Networks	Nikesh Arora
Arista Networks	Jayshree Ullal
Novartis	Vasant Narasimhan
Starbucks	Laxman Narasimhan
Micron Technology	Sanjay Mehrotra
Flex	Revathi Advaiti
Wayfair	Niraj Shah
Chanel	Leena Nair
OnlyFans	Amrapali Gan
Motorola Mobility	Sanjay Jha
Cognizant	Ravi Kumar S
Vimeo	Anjali Sud

Source: Media Articles, Jefferies

## Opportunity in Mid and Small Cap companies



## Large Cap Cos.- Revenue to GDP%



Source-India's Turning Point Mckinsey Global Institute 2020

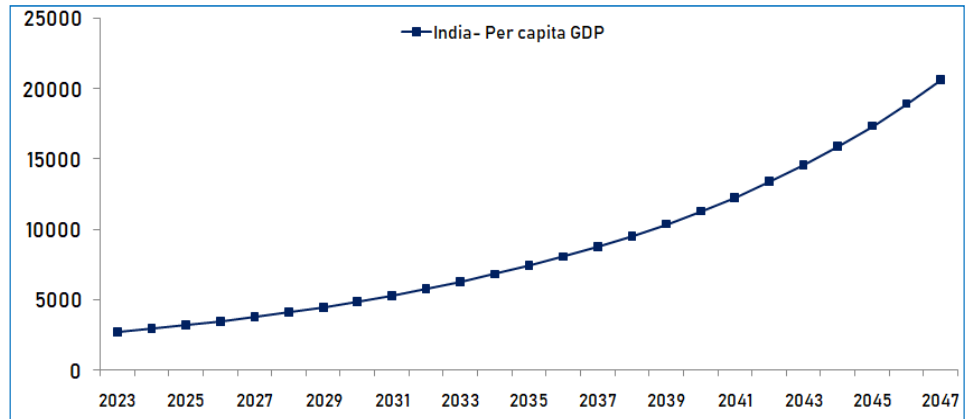
# Prosperous India

## Prosperous India

Benefitting from  
companies that will  
ride on rising prosperity  
in India

Middle Class is 30% of the population and contributes 50% to the income/ Expenditure and Savings. Middle Class is the country's biggest contributor in terms of Income, spending and savings. By 2030-31, Middle Class income will become 47% of the total population.

Companies operating in Consumer Discretionary goods, Services and Financials will be the highest beneficiary



# Prosperous India

## Number of Billionaires

### Per Forbes (April 2023)

Rank Per Capita	Country/Territory	No of Billionaires	% Share
	World	2,640	
15	United States	735	28%
51	China+ HK	495+66	21%
61	India	169	6%
19	Germany	126	5%
28	Russia	105	4%
32	Italy	64	2%
23	Canada	63	2%
30	United Kingdom	52	2%
17	Taiwan	52	2%
54	Brazil	51	2%
22	Australia	47	2%
35	France	43	2%
8	Switzerland	41	2%
55	Japan	40	2%

## Strong Growth in Discretionary Services and Goods



Travel & Tourism

Total revenues of US\$23.72bn in 2024 and expecting CAGR of 10% over 24-28. Govt. envisions \$56Bn forex, creating around 140 Mn jobs in tourism by 2030 through inclusive growth and particularly focusing on cruise tourism, ecotourism and adventure tourism.



Electronics & Disc Goods

India's consumer market set to become the world's third largest by 2027, behind the U.S. and China. The growth in India's household spending per capita will outpace that of other developing Asian economies like Indonesia, the Philippines and Thailand at 7.8% YoY as per BMI report. With the country's ongoing urbanization, companies can more easily access consumers and open more physical retail stores to cater to them.



Automobiles Incl. EVs

India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles. By 2030, Govt. has committed that 30% of the new vehicle sales in India would be electric. India is on track to become the largest EV market by 2030, with a total investment opportunity of more than US\$ 200 billion over the next 8-10 years.

## New Age Leadership

### New Age Leadership

Newer areas of  
human innovation

Indian companies are catalyzing innovation through breakthrough ideas in clusters across clean energy- renewable- Advanced solar and wind technology, Green hydrogen, smart mobility and water adequacy. Also, India has a reputation for low-cost medical-device innovation. The healthcare sector can capitalize on this reputation by encouraging the production of pharmaceuticals and medical devices

Historically, major economies during their growth spurts tend to dominate the key technologies of that era. China, for example, capitalized on telecom equipment, electric vehicles, and solar power during its high-growth period (2005-2020). Similarly, Japan and South Korea established themselves in consumer electronics (like televisions) during their economic booms.

India is now on the cusp of its own prime growth phase, and AI is poised to be the defining technology of the next decade or two. As a result, Indian companies that provide are part of AI development are likely to experience significant growth for many years to come.



NASSCOM Highlights: India emerges as Global leader in AI Skills

Source: <https://nasscom.in/knowledge-center/publications/ai-patents-driving-emergence-india-ai-innovation-hub>

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