The markets are ready to roar!

This presentation offers key insights into India’s key financial indicators & their implications.

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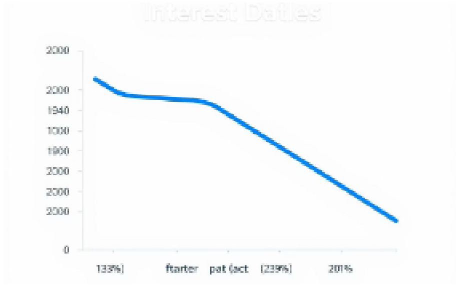
Which are those Key Economic Indicators

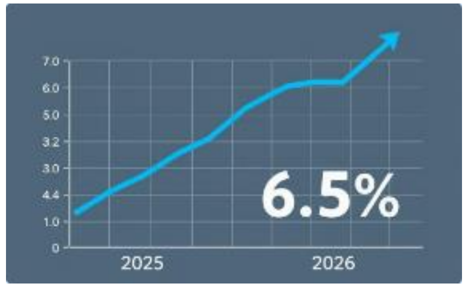


Interest Rates

Liquidity

Inflation Trends

Income Tax Boost



GDP estimates

Capital Expenditure (Capex)

GST Collections

PMI Trends

FII flows

Crude Oil

Earnings

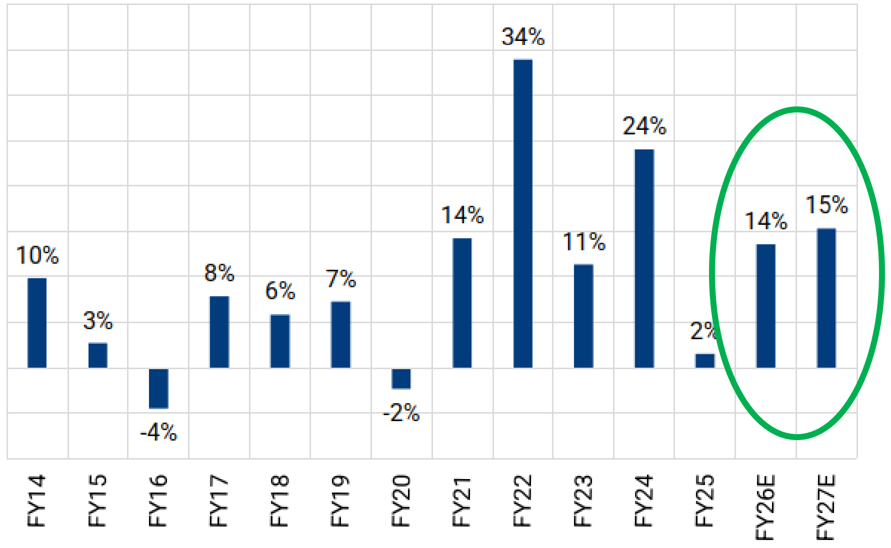
Valuation

Executive Summary

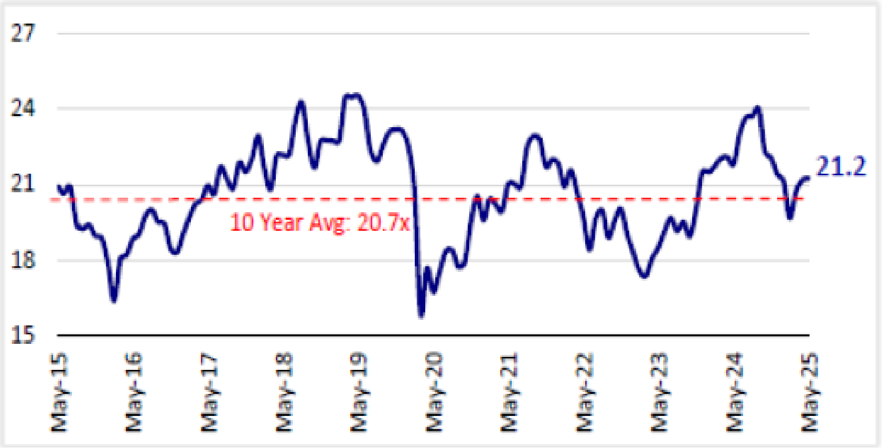
Economic indicators	Expected Earnings & Current Valuations	Flows	Global
• On page 5 covers several key economic indicators comparing – Where “we “were” vs “are” i.e before and after CY25.	• Q2FY25 and Q3FY25 saw increase in missed earning estimates in Nifty 50 companies. • In Q4FY25, the trajectory of misses have come down.	• Liquidity in banking system has been increased by RBI in 2025 after tightening until 2024. • More money in banking system will boost credit.	• Overall Global growth sentiments are weak on account of high interest rates and tariff (no clarity yet) • High US interest rate yields might impact overall FII flows temporarily.
• Inflation cooling off + Interest rates declining. • Manufacturing PMI recovering + GST collections above GDP growth.	• Consensus expectation built in due to economic indicators in favour of earnings growth being 12% for FY26 and FY27. • H2FY26 to show recovery signs.	• With interest rates coming down, Fixed income categories (Debt MFs, Fixed deposits) goes out of favour. Benefitting Equity + Real Estate.	• Increase in Japan’s interest rates continues to worry the yen carry trade effect (i.e FII flows across the world). Impact on India is FII outflow.
• GDP estimates + Government capex growth maintained	• Valuations continues to be in favour of Large caps.	• DII flows continues to be strong	
• Income tax relief + Oil prices reduced drastically	• Valuations for Mid & Small caps are 15-25% above	• Since March 2025, FIIs have had positive flows in Equities after being negative all along from Oct24 – Feb25	

Equity | Nifty today & its Future Earning estimates

Nifty50 EPS Growth (%)



1 year forward Nifty P/E



	Earnings growth Trajectory		Growth %	
	Expected growth	Discounted growth	Expected growth	Discounted growth
FY25	1,108.90	1,108.90		
FY26	1,264.15	1,241.97	*14%*	*12%*
FY27	1,453.77	1,403.43	*15%*	*13%*
Nifty Level at Long term average PE	***22.6***		**Growth % from Current Nifty level of 24,890**	
FY26	28,569.76	28,068.54	***14.8%***	***12.8%***
FY27	32,855.22	31,717.45	***32.0%***	***27.4%***

Nifty is at 24,900 as on 12 June 2025.

1 • FY25 had a muted earning season, however consensus expectation built on low base and improving economic conditions of 14% & 15% Nifty 50 earnings in FY26 & FY27.

2 • Nifty 50 is near fair value both on trailing & forward price to earnings multiple. When multiples are not expensive, all eyes will be on earnings to drive returns.

3 • Nifty 50 could cross 30,000 levels by Dec 2026 (i.e 20% return from current levels)

- **At current levels, we find reasonable comfort in Equity Markets.**
- **Refer next page to understand, your Lumpsum & SIP strategy in Equity & Debt markets**

Equity & Debt | What should you be doing?

Equity	Existing Investments	New Investments
Lumpsum	• Realign to aggressive portfolio • Once the rally starts stay Invested	• 100% to be invested between Jun 25 - Aug 25 • Rationale (recovery in earnings expectation from H2FY26)
SIP	• Continue SIPs	• Initiate SIPs

Debt	Action
View	• **Debt is no more attractive with interest rates coming down.** • 1yr Fixed deposits stands at 6.25% - 6.5% • 3m to 1yr Debt Mutual fund yields at 5.8% to 6.8% (pre expense) • **Note**: Taxed as per income tax slab rates.
Action	• Do not renew your Fixed Deposits. • Move your Fixed Deposits / Debt Mutual Funds to Equity as per Risk appetite. • Only keep Emergency Cash & Near term goal investment in Debt category.

Economic, Flow, Market indicators | Where We "Were" vs "Are"

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Economic Indicator	Until Dec 24	Economic Sign	Since CY25
Interest rates	6.5%		5.5%
Inflation	High inflation at 4.9%		Now below estimates with FY26E at 3.7% from 4%
Income Tax	No relief to Low to Mid income segment		Tax relief up to Rs 1,14,000 per year
GDP estimates	6.5% for FY25		6.5% for FY26
Government Capex	Govt Capex spending not met		10% increase in Capex and being spent in FY26.
GST growth %	Growth declining since Dec23		Pickup from Jan25
Oil prices	$85 per barrel		$65 per barrel
Manufacturing PMI	Low PMI indicated through mid 2024		Since 2025 we have seen PMI pick up rapidly, showing signs of constant improvement.
FII Flows	Selling		Buying
Liquidity	Tightening		Easing
Corporate Earnings	Weaking in Q2FY25 & Q3FY25 on account of poor domestic demand		Signs of recovery but yet not completely played out. Expected to show positive signs during H2FY26 (Oct25 onwards)
Equity Market Valuations	Expensive across Market caps		Down from peak of Sep24 (Large caps – 11%, Midcaps – 24% & Small caps – 6%)

Cut in Interest Rate to boost economic growth

1

High Rates until 2024

Interest rates remained steady at 6.5% to curb inflation until 2024.

2

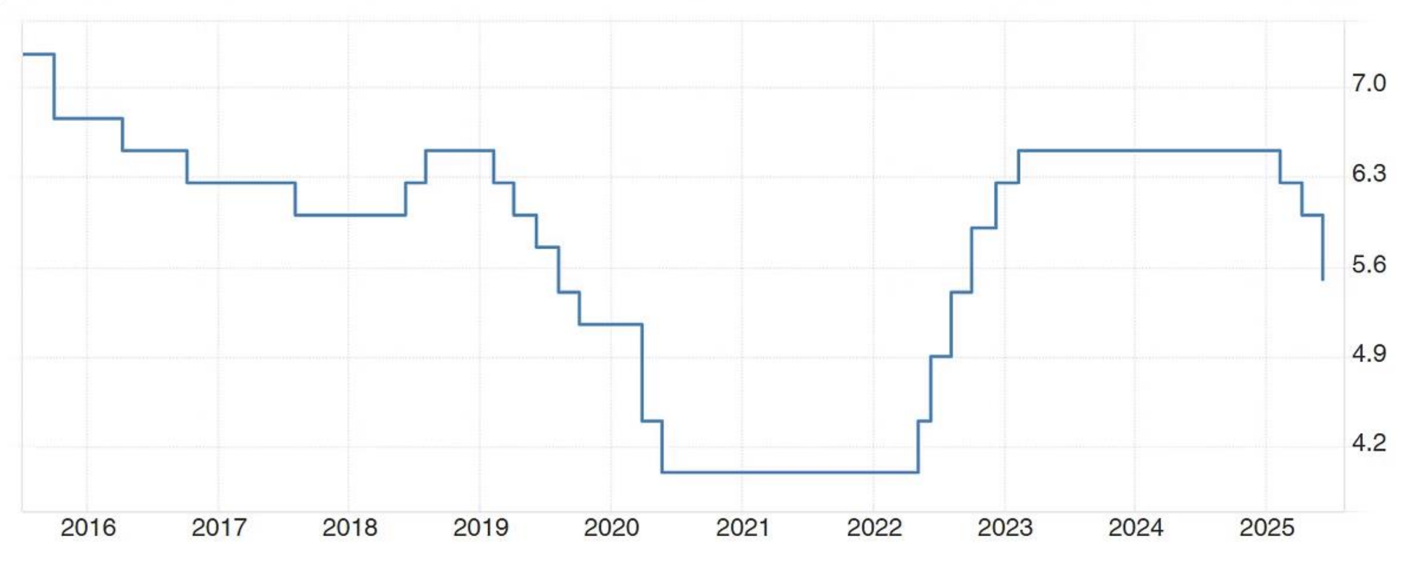
Rate Cuts in 2025

Three rate cuts in 2025 totaled 100bps, reducing rates to 5.5%.

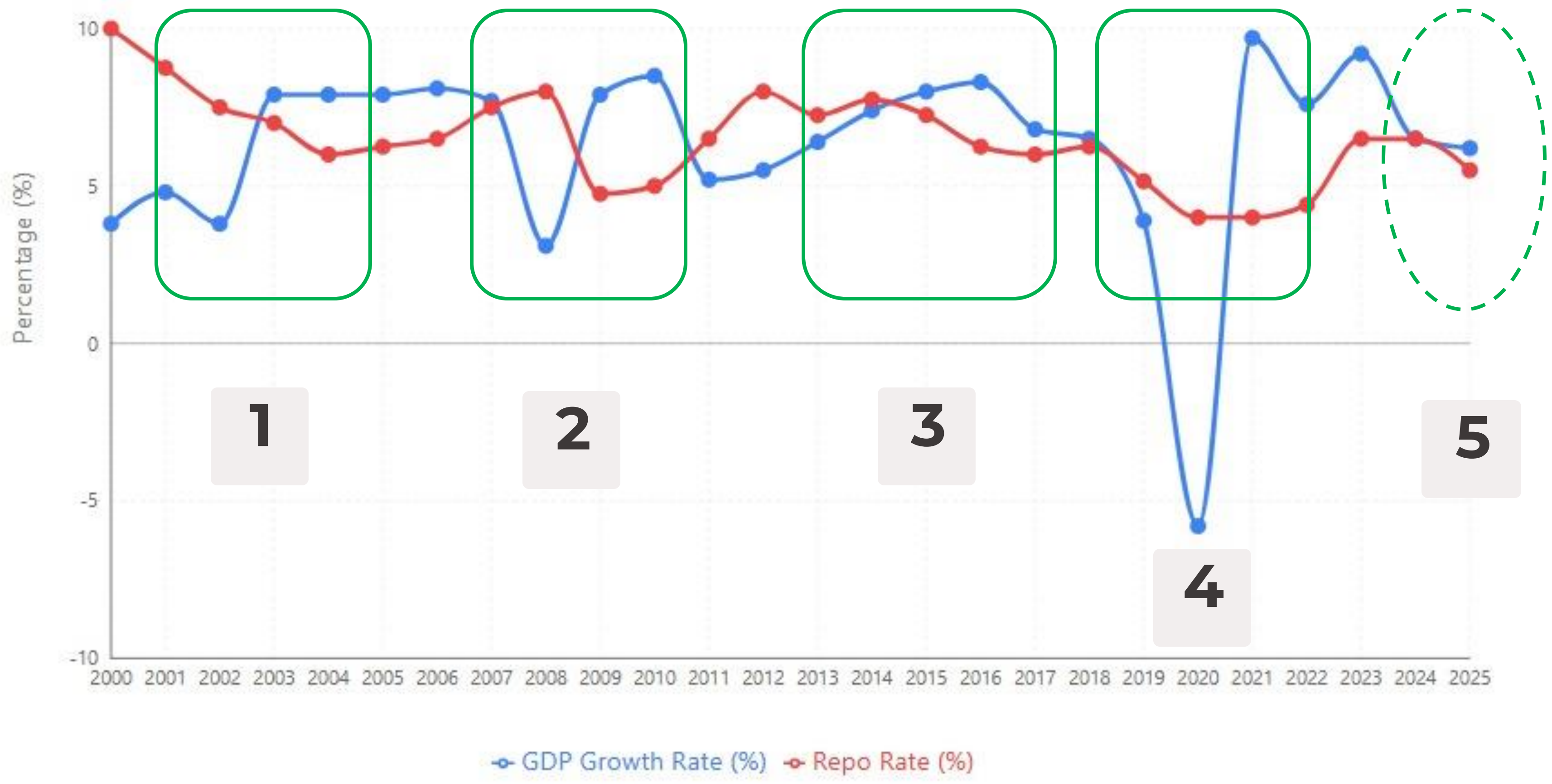
3

Economic Stimulus

Lower rates make borrowing cheaper, increasing consumer spending and private capex.



Improvement in GDP whenever Repo rates have been relaxed



1. IT bubble & Global recession
2. Global financial crisis in 2007 to 2009
3. Taper Tantrum in 2013
4. Covid crisis in 2020
5. **Ongoing:** Global economic slowdown, Tariff war, Weak domestic consumption in 2024

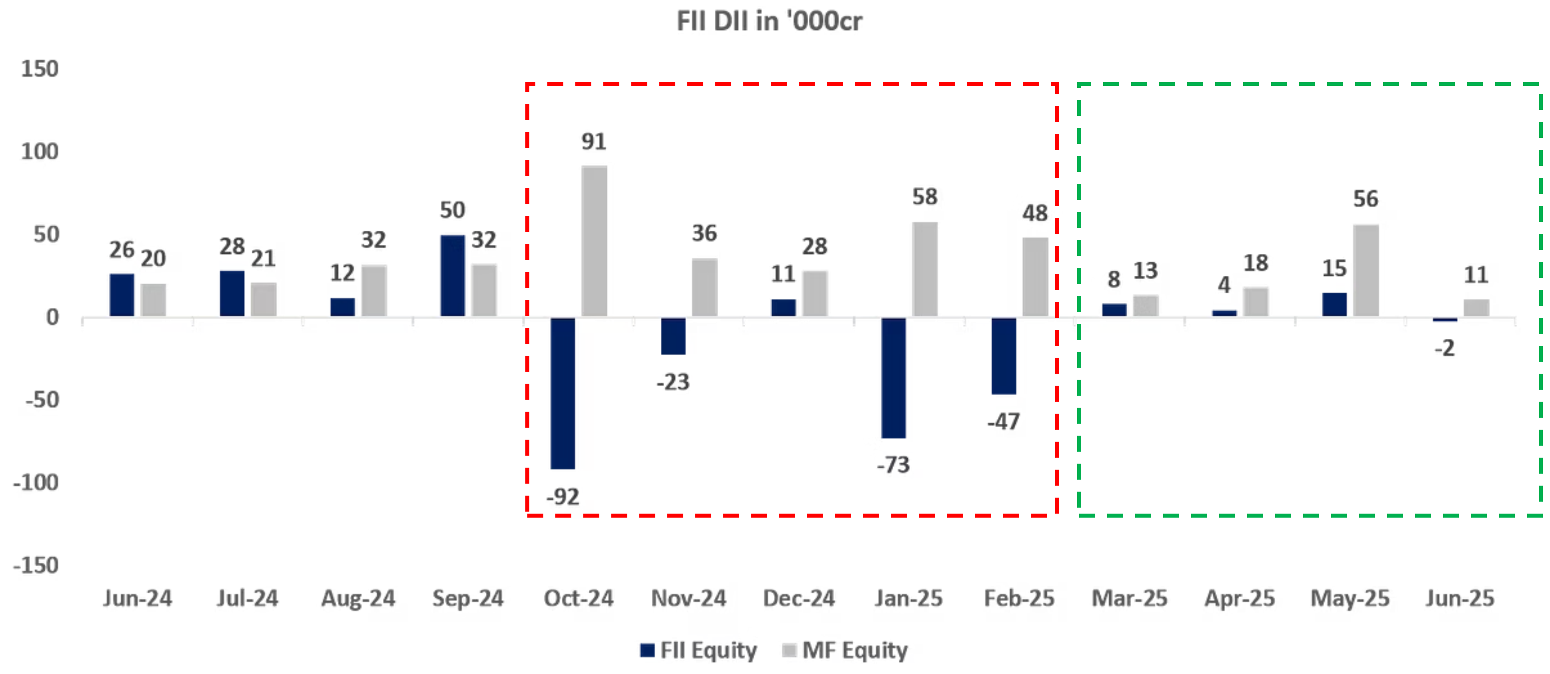
FII gradually coming back to Indian equities

FII Selling (Oct24-Mar25)

Massive selling by FIIs occurred due to high market valuations and weak economic indicators.

FII Buying (Post Mar-Apr25)

FIIs have slowly started buying Indian equities after market correction.



Liquidity tightened by RBI. Now relaxed, will boost credit growth

Liquidity Deficit

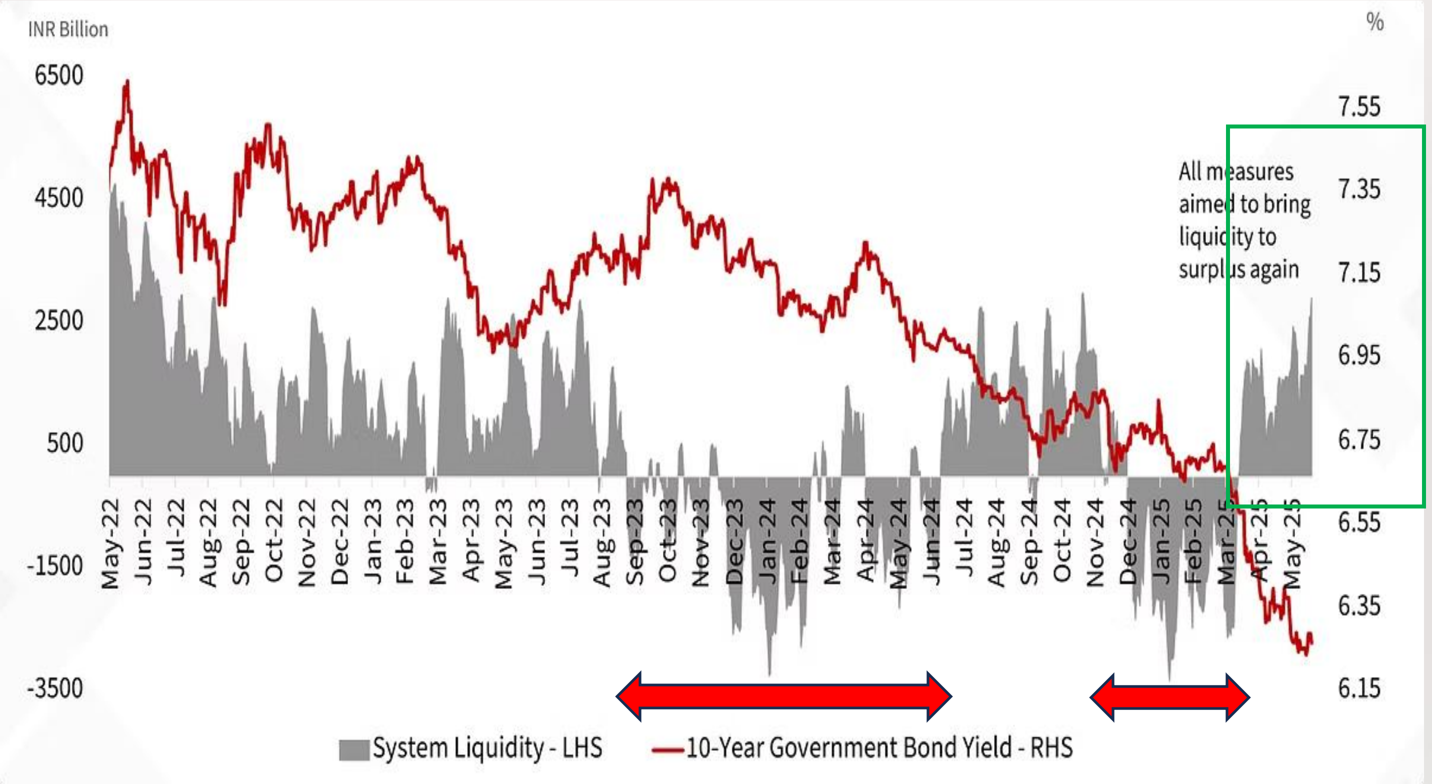
June-November 2024 saw a constant liquidity deficit

RBI Infusion

RBI injected 10 lakh crore rupees into the system in 2025

CRR Cut Impact

In May 2025, RBI further cut CRR from 4% to 3%. This will add Rs 2.5 lakh crore rupees more into the banking system.



Inflation under control

High CPI

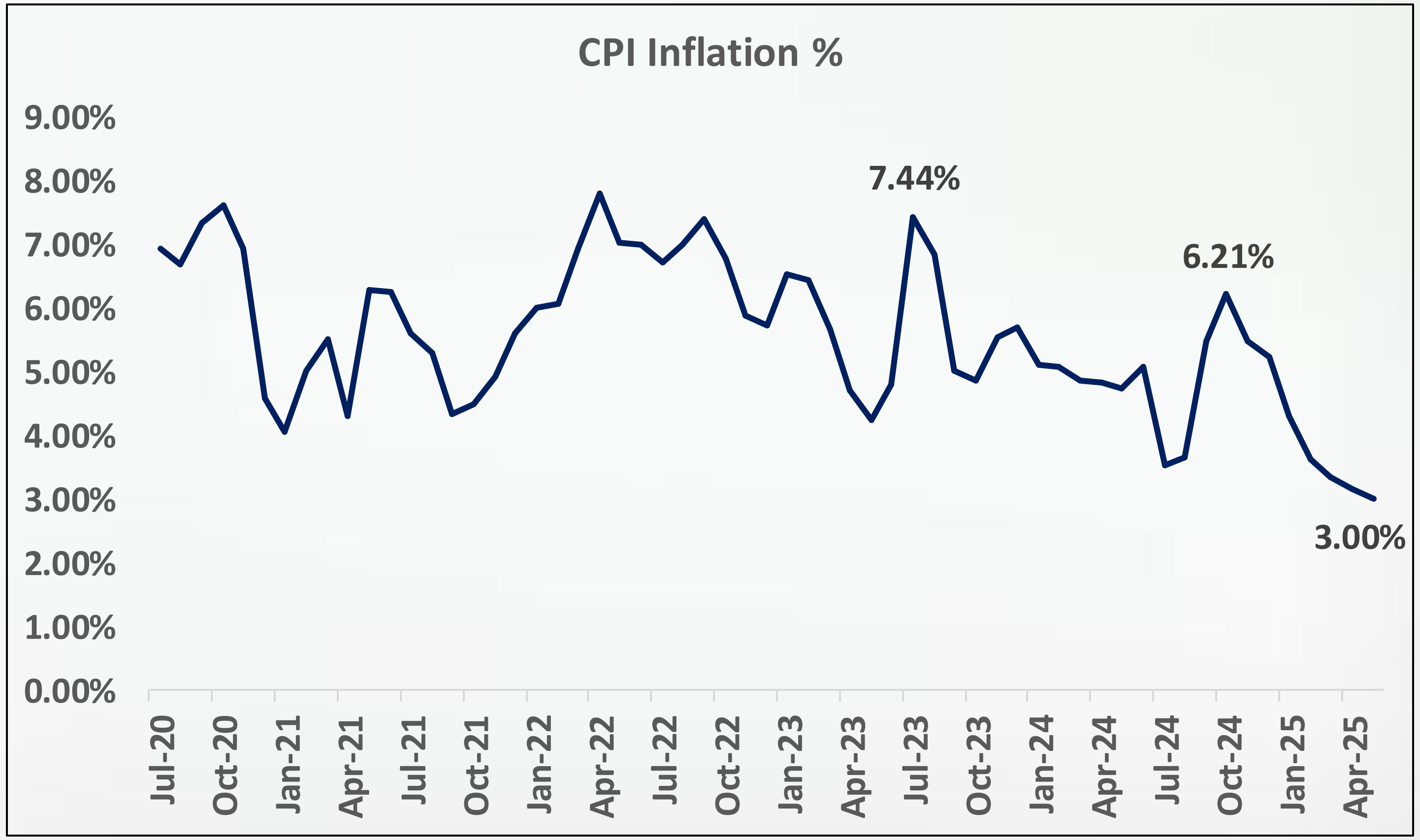
Consumer Price Index (inflation) remained high since 2020.

Declining Trend

CPI began declining from November 2024.

FY26 Outlook

Recent projection shows FY26 inflation will be at 3.7%, below earlier estimates of 4%.



Tax relief to Low & Middle class in FY26 budget

Economic Boost

Increased consumption stimulates the broader economy.

Increased Spending

Individuals can save more and increase consumption.

Tax Slabs Raised

Budget 2025 announced relief in income tax. Rs 1 lac crore to be foregone by Govt. in taxes

OLD TAX		NEW TAX
NIL	0-4 Lakh	NIL
5%	4-8 Lakh	NIL
10%	8-12 Lakh	NIL
15%	12-16 Lakh	15%
20%	16-20 Lakh	20%
25%	20- 24 Lakh	25%
30%	Above 24 Lakh	30%

- Tax payer with Rs 12 lakh income to get benefit of Rs 80,000 in tax
- Income of Rs 18 lakh will get a benefit of Rs 70,000 in tax
- Income of Rs 25 lakh gets a benefit of Rs 1,10,000

GST Collections Surge

Initial Decline

GST collections saw a YOY growth decline from December 2023 to November 2024.

Recent Pickup

A notable pickup in GST collection YOY growth is visible from December 2024.

Record High

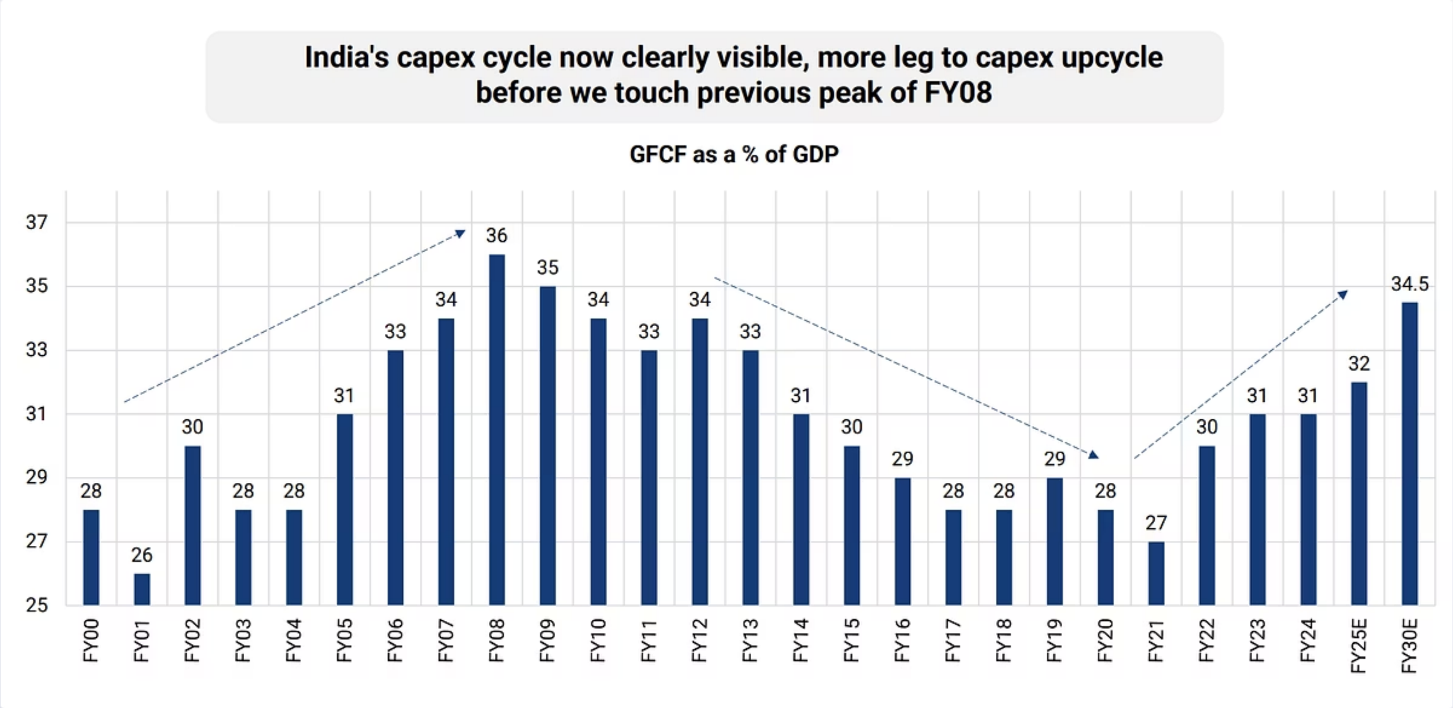
April 2025 recorded the highest GST collections ever.

Economic Stimulus

Higher collections indicate increased economic activity.

Public Capex trends continues to be upwards

- In FY25, Government capex lagged due to elections which led to slowdown in overall economy.
- However in FY26 budget, Government announced yet another 10% which is almost in line with GDP growth.
- Increase in Capex shows continued support as private capex lags.



Private Capex showing recovery

GDP Recovery Driver

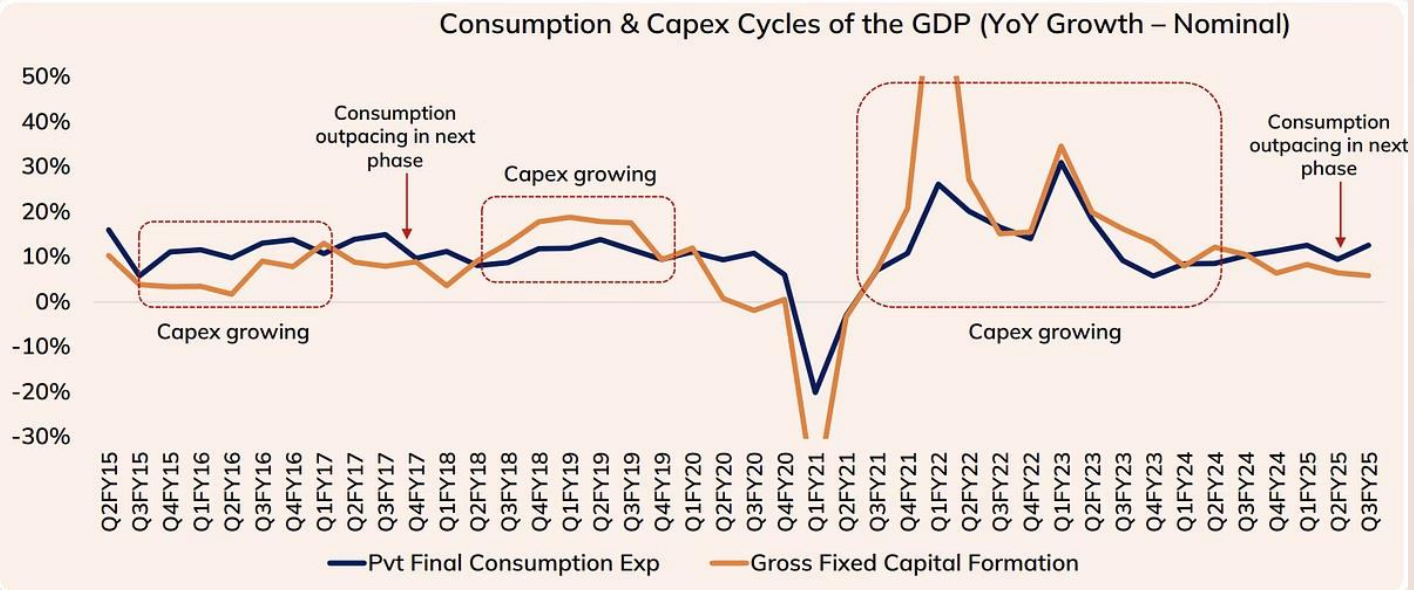
Capex growth led GDP recovery in various phases, especially post-COVID.

Impending Pickup

Private Capex shows signs of not full but gradual pick up.

Confidence Indicator

Improved capex indicates rising business confidence, boosting projects.



Manufacturing PMI shows signs of recovery

Consistent Expansion

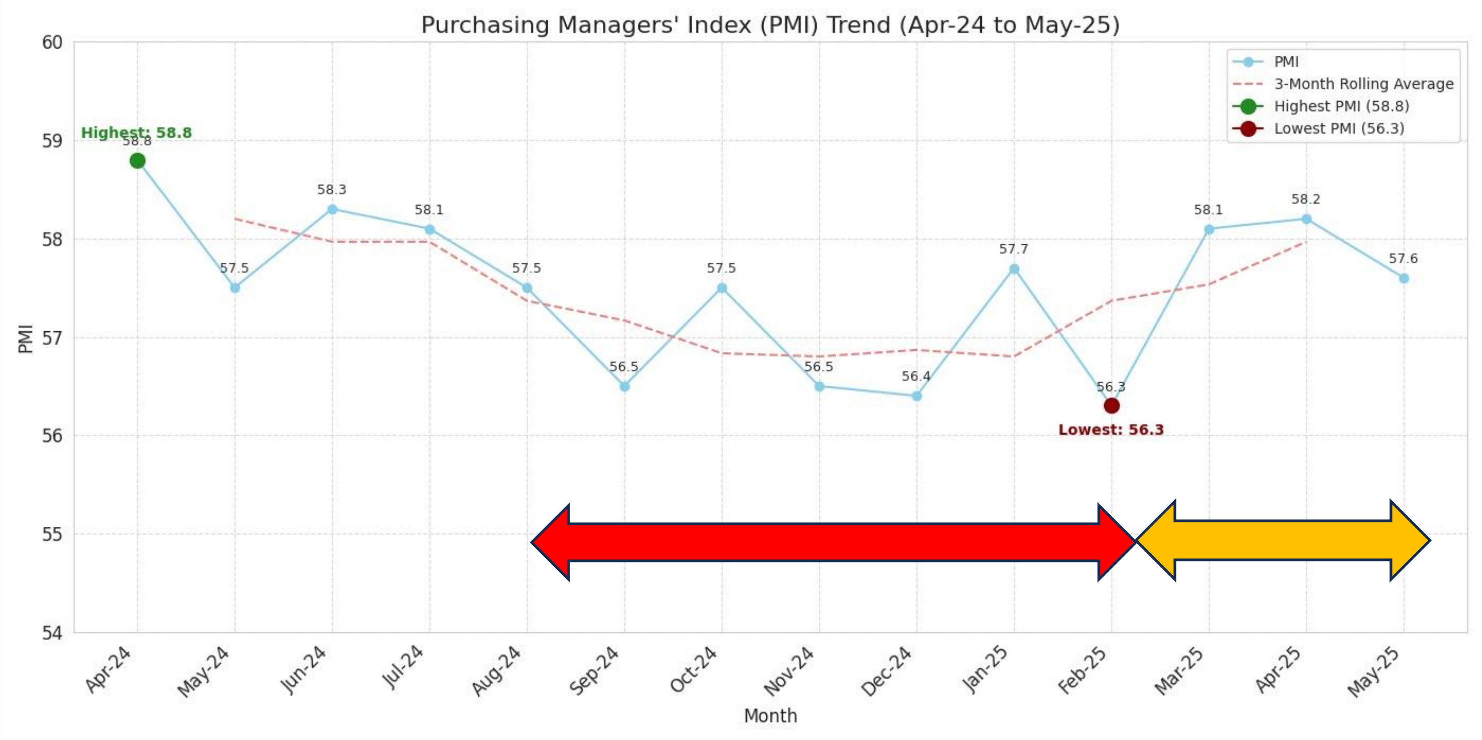
Manufacturing PMI has been above 55 consistently

Intermittent Decline

However we saw decline during Sep24 to Feb25

Signs of recovery

Recovery has been seen post Mar25 which is a positive indicator



Crude Oil Price at a sweet spot

1

Crude oil has shown significant volatility

Peaking in mid-2024 around $85-$87.50.

2

An overall downtrend

Occurred from mid-2024 to early 2025, with a recent sharp dip and currently at $65

3

India is an importer of Oil

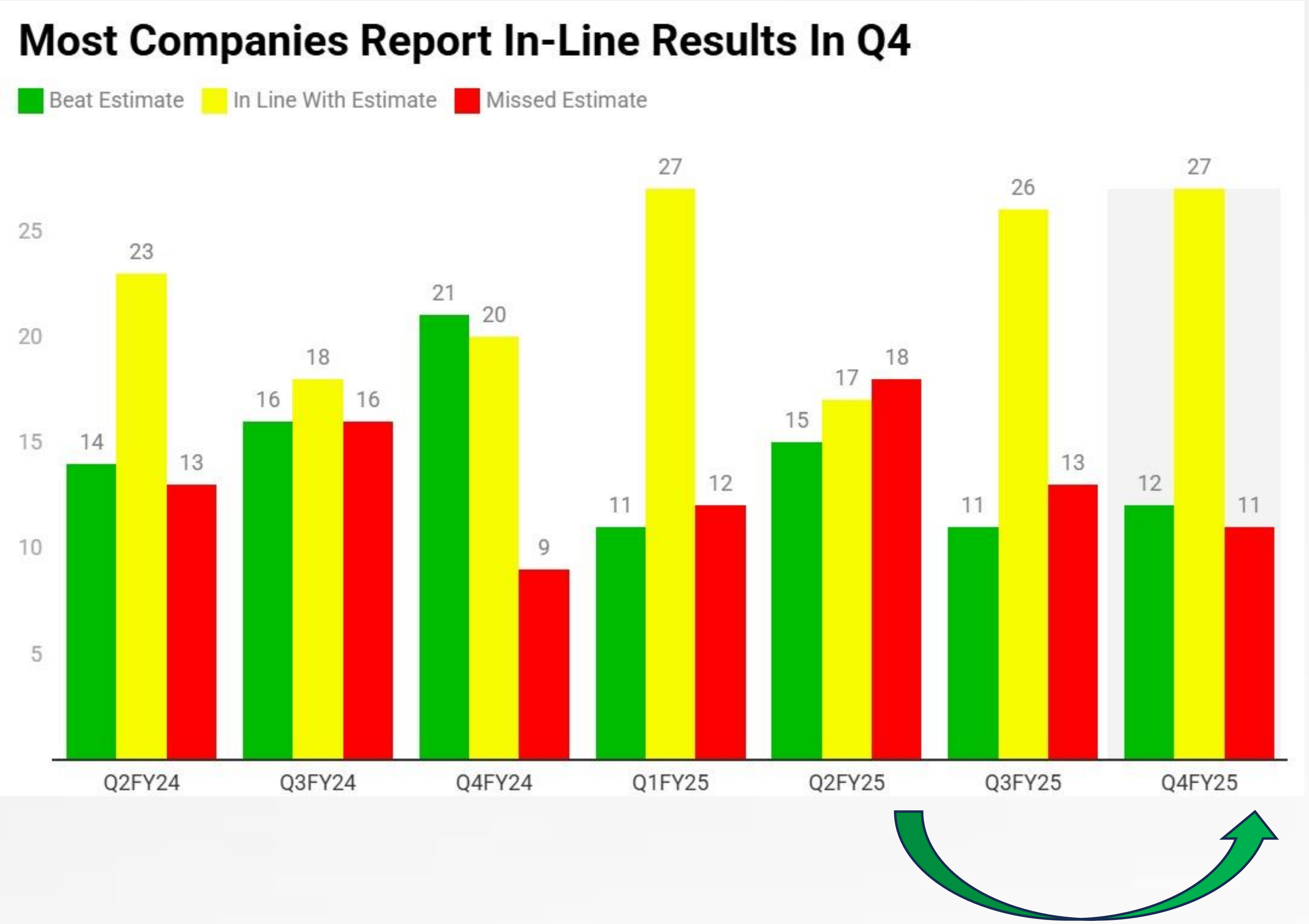
Decline in oil prices brings a big relief in inflation, raw material pricing & forex reserves. Thereby drives domestic consumption, margins & corporate profitability.

Misses in Nifty 50's EPS growth reducing

- Q2FY25 and Q3FY25 saw significant increase in earning estimates getting missed (Nifty 50).
- In Q4FY25, there was some relaxation in number of misses.
- Most of companies saw earnings to be "in line"
- Earnings low growth expected to bottom in Q2FY26 and H2FY26 to show signs of recovery.

Market consensus expectation built in favour of earnings growth being 12% for FY26 and FY27 respectively.

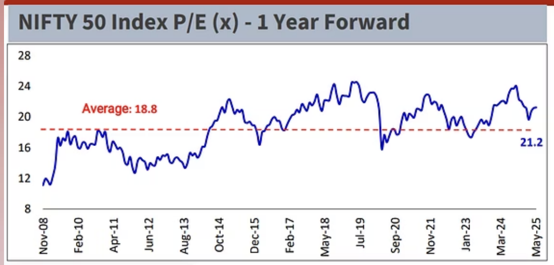
By Dec 2026, Nifty 50 could touch 30,000 levels

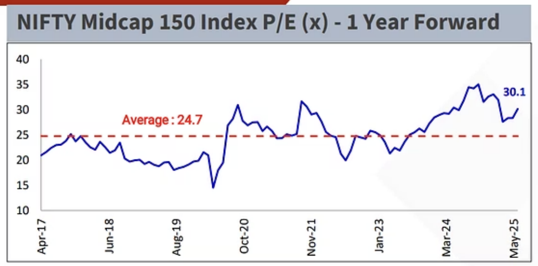


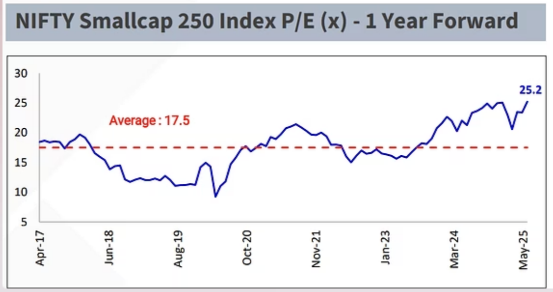
Market Valuation Trends

Overall P/E Ratio in broader markets	Forward PE Higher than historical avg, but cooled since late 2024.	**PE down from Sep24 peak** Large – 11.1% Mid – 23.5% Small – 6.3%
Large vs. Small/Mid Cap	Cooling observed more in Large caps.	Large caps offer lower risk due to better valuations.

12m Forward PE







Valuation*	
Largecap	13% Premium to historical average
Midcap	22% premium to historical average
Smallcap	44% premium to historical average

Trailing PEs