

## Overview:

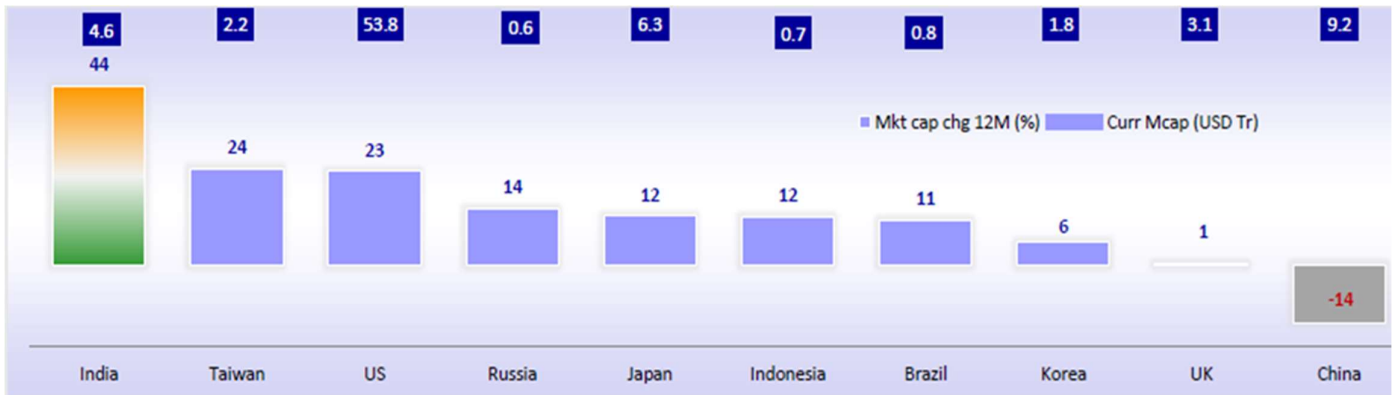
For the month ended April 2024, Nifty 50 index closed 1.24% higher over the previous month's close. Large caps underperformed midcaps and smallcaps. NSE Midcap 100 index was up 5.81% and NSE Smallcap 100 index was up 11.40% over the previous month. Within sectors auto, metal, oil & gas, consumer durables, realty and banks outperformed Nifty 50 whereas information and technology, healthcare and media lagged.

Sr No.	Index Name	Apr-24
		M-o-M Change
1	NIFTY 50	1.24%
2	NIFTY Midcap 100	5.81%
3	NIFTY Smallcap 100	11.40%
4	NIFTY Auto	4.95%
5	NIFTY Bank	4.82%
6	NIFTY Financial Services	4.06%
7	NIFTY FMCG	0.54%
8	NIFTY IT	-4.86%
9	NIFTY Media	5.40%
10	NIFTY Metal	11.12%
11	NIFTY Pharma	-0.13%
12	NIFTY Private Bank	4.16%
13	NIFTY PSU Bank	8.54%
14	NIFTY Realty	8.06%
15	NIFTY Consumer Durables	7.09%
16	NIFTY Oil & Gas	3.37%
17	NIFTY Healthcare Index	-0.70%

Source: National Stock Exchange of India

Foreign funds (FIIs/FPIs) were net sellers in April 2024 at USD2.8bn whereas domestic institutions were net buyers at USD5.3bn. Over the last 12 months, global market cap increased 11%, whereas India's market cap surged 44%. India's market cap is around USD4.6tn.

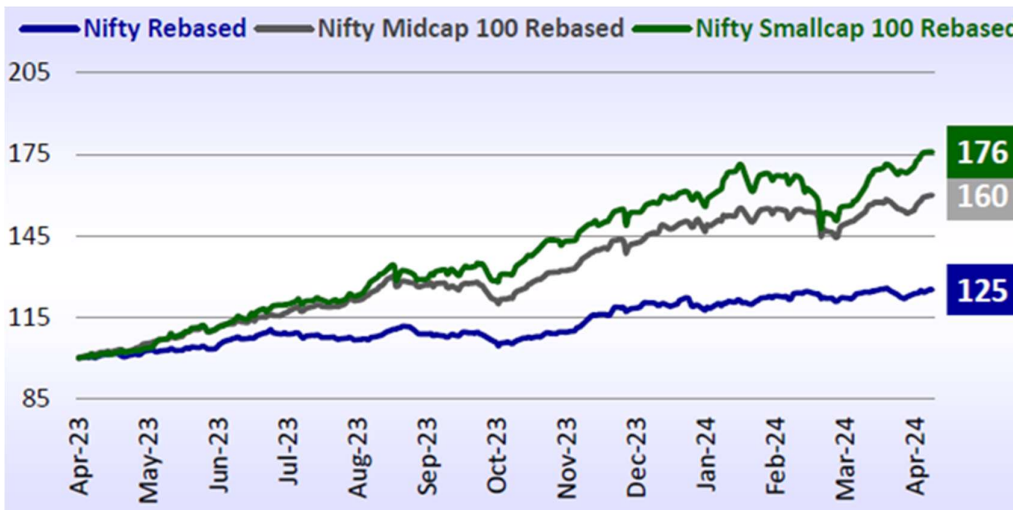
**Fig: Monthly Domestic fund flows**



Source: Motilal Oswal Securities

Over the last 12 months, midcaps and smallcaps have gained 60% and 76%, respectively, while large caps have risen 25% only. Over the last five years, midcaps have outperformed large caps by 98%, while smallcaps have outperformed large caps by 71%.

**Fig: Performance of large caps vs mid and small caps**

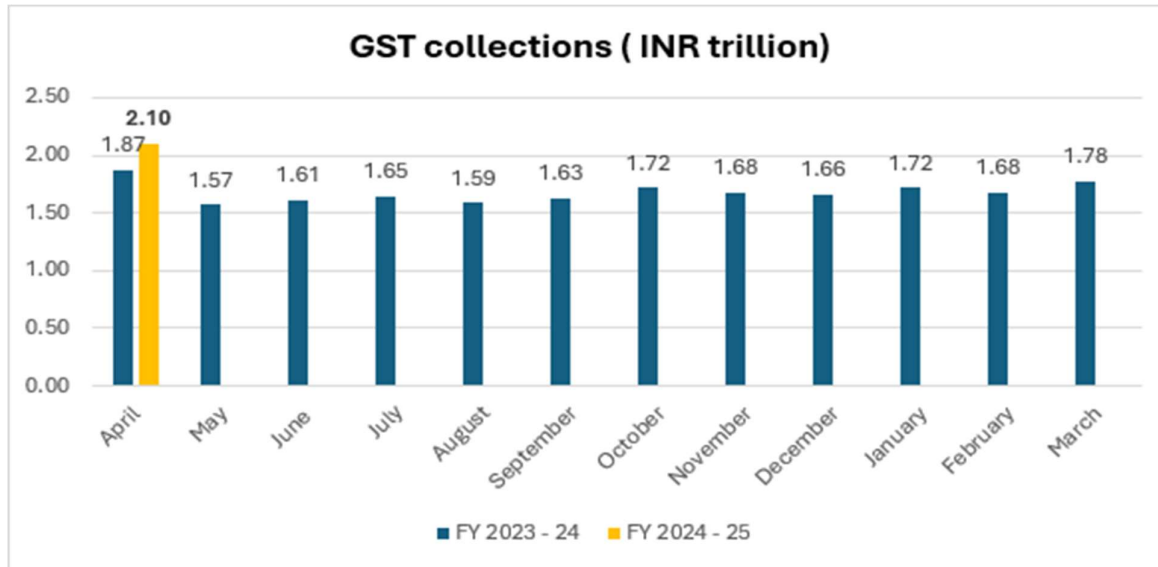


\*Indices rebased to 100

With a market capitalisation of USD4.6 trillion and a historical high contribution/weight of 4% to world market cap, India is now among top 5 markets in the world. Both, India's market cap and India's weight in global market cap are now ahead of France, UK, Canada, and Germany.

On the macroeconomic front, Good and Services Tax (GST) revenue for April 2024 witnessed the highest collection ever at INR2.1 trillion, with a 12.4% YoY growth. GST collections reached a landmark with collections crossing Rs.2 trillion for the first time.

**Fig: GST Collections trend (in INR trillion)**



Source: Government of India, EquiPoise Capital research

**Our view:**

India is now the 5th largest equity market due to a consistent history of 10-12% USD CAGR over the last 10 & 20 years. Experts estimate India’s market cap to touch USD10tn by 2030. Focus on reforms should maintain India’s ‘Fastest growing large economy’ status. Strong trends in domestic flows have reduced market volatility and decadal low foreign ownership offers valuation cushion. RoE focused corporate sector with 167 companies having a market cap greater than USD5bn offer ample choices to foreign investors.

We believe markets, hereon, will likely be driven by the following factors:

- 1) Political stability and continuity: General elections are currently on in India with results scheduled on June 4, 2024. Multiple opinion polls are predicting a return of the pro-growth, pro-reform incumbent government with a full majority for a third term. This augurs well for continued policy momentum, with a focus on capex, manufacturing, and infrastructure.
- 2) Private capital expenditure: indications are that the private sector capex will kick in post elections results which are scheduled for June 4.
- 3) Institutional fund flows: Domestic institutions and foreign funds flows stood at ~USD54 in FY2024, the highest ever in any financial year. The continued rise in retail participation, along with increasing SIP contributions and the addition of new demat accounts (over 3.6m accounts per month during Oct’23-Mar’24) amid the ongoing trend of financialization of savings, has supported the markets in the face of global volatility. We believe this is also one of the reasons which have resulted in Indian market commanding higher P/E multiple.

We remain cautious and knowing well there is crucial national general election in May 2024. Around 1 BILLION Indians are expected to vote or are eligible to vote this time. We are also mindful of the ongoing West Asia crisis, Red Sea crisis, Ukraine Russia crisis, and a tough global macro environment.

Given this background, we remain focused on our portfolio and on bottom-up approach. We maintain our focus towards domestic sectors viz infrastructure, defence manufacturing, engineering and construction, and capital goods. We maintain that India's long term growth story is getting only better by the day and corrections present an opportunity for long term investors.

**Ashish Wakankar**

Director and Investment Adviser

**EquiPoise Investment Advisers**

**(A division of EquiPoise Capital Management Pvt. Ltd.)**

May 6, 2024.

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