India

2.0 Stars – Not Attractive

Macro Outlook

- India's recovery looks increasingly fragile due to upside risks in inflation and an aggressive RBI.
- We expect stickier macro headwinds in the near-term, especially amidst cooling global growth and tighter financial conditions.

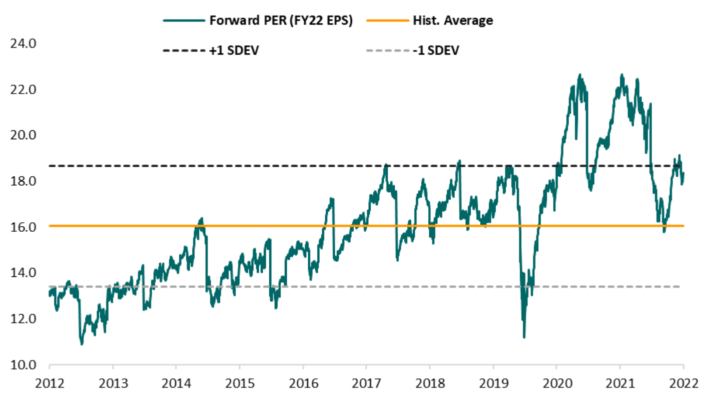
What we like about

- Secular growth opportunities remain intact with positive reforms and domestic tailwinds.
- Key beneficiary of the global supply-chain relocation from China.

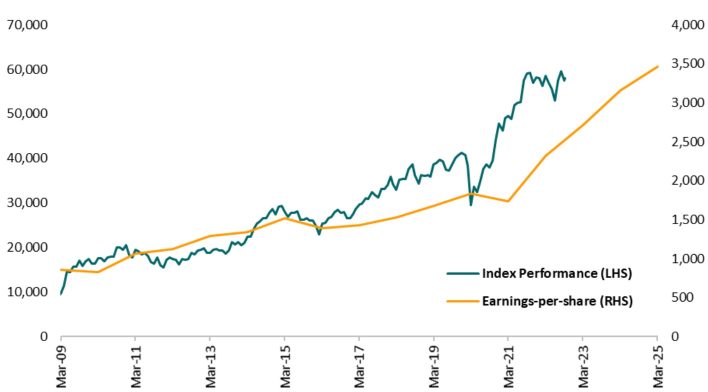
Investment Risks

- Further negative EPS revision is highly likely, with escalating domestic and global macro headwinds expected to weigh on firms' profitability.
- Valuations remain frothy, putting equities at risk of de-rating. The likelihood of additional EPS downgrades will put greater pressures on valuations moving forward.

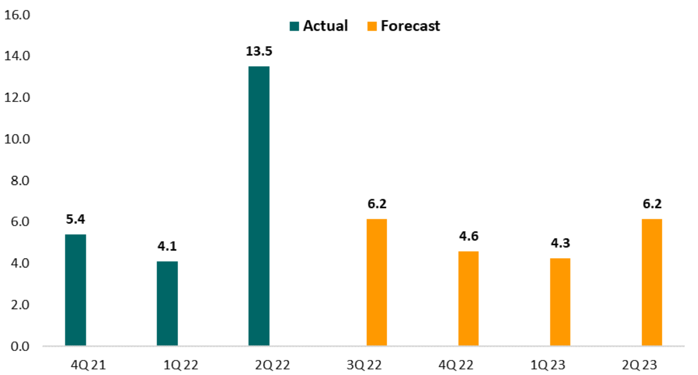
Sensex Index Forward PE Ratio (x)



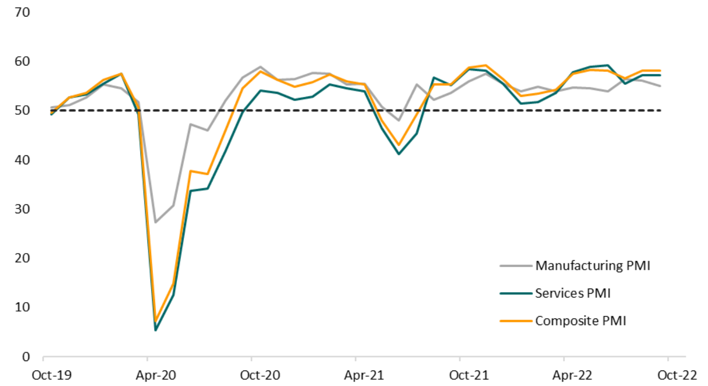
India Equity (Sensex Index) Price vs EPS



Real Quarterly GDP- Actual and Forecast (YoY %)



India Markit PMI



Source : Bloomberg Finance L.P, iFAST compilations. Data as of Sep 2022.